Quarterly Report 31 March 2000

SANPAOLO IMI

SOCIETÀ PER AZIONI

REGISTERED OFFICE: PIAZZA SAN CARLO 156, TURIN

SECONDARY OFFICE: VIALE DELL'ARTE 25, ROME

REGISTERED WITH THE TURIN COURT, COMPANY NO. 4382/91

PARENT BANK OF THE SANPAOLO IMI BANKING GROUP

MEMBER OF THE INTERBANK DEPOSIT GUARANTEE FUND

Contents

Key figures

	1st quarter 2000 (Euro/mil)	1st quarter 1999 (Euro/mil)	FY 1999 (Euro/mil)	Change 1Q '00-1Q '99 pro forma (%)	1st quarter 2000 (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 extraordinaries	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			9.6		
Total capital / Weighted assets			10.3		
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

The pro forma financial data for the first quarter of 1999 have been restated similarly to those of the first quarter 2000, according to the criteria explained in the notes attached to the present report.

The quarterly data have not been audited.

Group structure

Corporate Centre

- **Commercial Banking**
  - Parent Bank
  - Banque Sanpaolo *(France)*
  - Sanpaolo IMI Asset Management
  - Sanpaolo Vita
  - Sanpaolo Life *(Ireland)*
  - Sanpaolo Bank *(Luxembourg)*
  - Sanpaolo Bank *(Austria)*
  - Sanpaolo Fiduciaria
  - Sanpaolo Gestion Internationale *(Luxembourg)*
  - Sanpaolo Leasint
  - Finconsumo (*)
- **Large Corporate**
  - Parent Bank
  - Sanpaolo IMI Bank Ireland *(Ireland)*
- **Public Agencies and infrastructure**
  - Parent Bank
  - IMI Lease (**)
- **Investment Banking**
  - Banca IMI Group
    - Banca IMI
    - @IMIWEB
    - IMI Sigeco UK *(United Kingdom)*
    - IMI Bank *(Luxembourg)*
    - IMI Investments *(Luxembourg)*
    - IMI Capital Markets USA *(United States)*
    - Banca IMI Securities *(United States)*
- **Personal Financial Services**
  - Fideuram Group
    - Banca Fideuram
    - Fideuram Fondi
    - Fideuram Vita
    - Fideuram Capital
    - Fonditalia Mgt *(Luxembourg)*
    - Fideuram GPM
    - Fideuram Bank *(Luxembourg)*
    - Interfund Advisory Co *(Luxembourg)*
    - Fideuram Assicurazioni
    - Fideuram Fund *(Luxembourg)*
    - Fideuram Fiduciaria
    - Turis *(Switzerland)*
    - ISAC *(Luxembourg)*
    - Fideuram Gestions *(Luxembourg)*
    - Imitec
  - Sanpaolo Invest Banca (***)
- **Merchant Banking**
  - Nuova Holding Subalpina
  - LDV Holding *(Netherlands)*
- **Workout**
  - Parent Bank
  - Sanpaolo Immobiliare
- **Other major Shareholdings in subsidiaries**
  - Sanpaolo IMI International *(Luxembourg)*
  - Sanpaolo US Financial *(United States)*
  - Sanpaolo IMI Bank International Madeira *(Portugal)*
  - Sanpaolo Riscossioni Genova
  - Sanpaolo Riscossioni Prato
- **Minority Investments**
  - Cassa di Risparmio di Firenze *(19.1%)* (****)
  - INA *(9.2%)*
  - Banco Santander Central Hispano *(2.8%)*
  - Beni Stabili *(16.8%)*

(*) *Company controlled jointly with Banco Santander Central Hispano S.A.*
(**) *The transfer to IMI Lease of the Parent Bank's "Public Agencies and Infrastructure" is under review.*
(***) *From 15 April 2000 with the authorization by Banca d'Italia to become a bank.*
(****) *15% held by the Parent Bank and 4.1% by NHS*

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 '99 (%)	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
- personnel	*-386*	*-379*	*-1,534*	*+1.8*	*-747*
- other administrative costs	*-190*	*-174*	*-763*	*+9.2*	*-368*
- indirect duties and taxes	*-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**

The pro forma income statement for the first quarter of 1999 has been restated consistently with that of the first quarter 2000, according to the criteria explained in the notes attached to the present report.

The quarterly data have not been audited.

ANALYSIS OF QUARTERLY CONSOLIDATED STATEMENT OF INCOME

	2000	1999			
	1st quarter (Euro/mil)	4th quarter (Euro/mil)	3rd quarter (Euro/mil)	2nd quarter (Euro/mil)	1st quarter pro forma (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
- personnel	*-386*	*-387*	*-382*	*-386*	*-379*
- other administrative costs	*-190*	*-217*	*-183*	*-189*	*-174*
- indirect duties and taxes	*-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**

The pro forma income statement for the first quarter of 1999 has been restated consistently with that of the first quarter 2000, according to the criteria explained in the notes attached to the present report.

The quarterly data have not been audited.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

	31/3/2000 (Euro/mil)	31/3/1999 pro-forma (Euro/mil)	31/12/1999 (Euro/mil)	Change 31/3/00 - 31/3/99 pro forma (%)	31/3/2000 (L/bln)
ASSETS					
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					
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**

(*) 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 3,251,000 with a book value of Euro 40 million at 31 March 2000.

The pro forma balance sheet data at 31 March 1999 has been restated consistently with that at 31 March 2000, according to the criteria explained in the notes attached to the present report.

The quarterly balance sheet data have not been audited.

Report on Group operations

Group performance

The Sanpaolo IMI Group, in a generally positive environment, has recorded in the first quarter of 2000 a strong increase in profitability: net interest and other banking income, operating income and net income have grown on an annual basis by 16.7%, 33.4% and 66.2% respectively.

The development of the results is due firstly to commissions from services which grew by 36.5% compared to the first three months of 1999. Commission revenues were influenced by the positive development of the markets, which contributed to both a further increase in assets managed for families, and a portfolio structure more directed towards higher added value products.

The Group has also benefited from the reversal of the trend in net interest income, which has shown an increase of 3.3%. The recovery was made possible by the growth in volumes transacted and by market interest rate movements. The result should be considered together with the further improvement in asset quality, which has allowed a further reduction in provisions against credit risks: net interest income, net of adjustments, has in fact registered a growth of 7.3%.

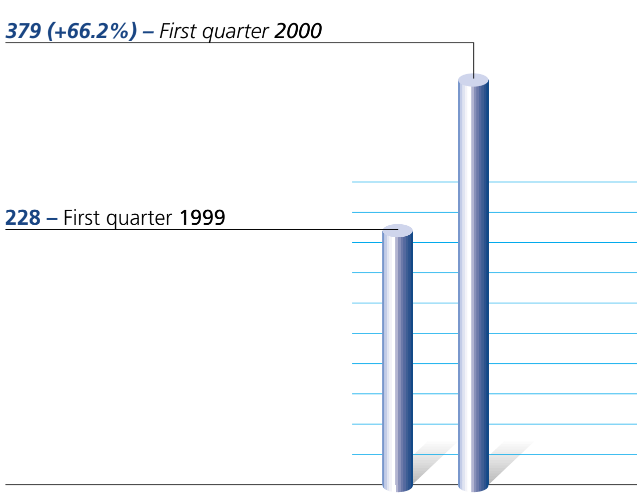
The increase in profitability has been achieved notwithstanding considerable investments in course in those areas with greatest potential. The growth in administrative expenses and amortization, net of recoveries, has been held to 3.5%, as rationalization in operating costs has allowed a partial compensation for those charges arising from projects in course, particularly in developing innovative distribution channels.

Prospects for the coming months are positive. It is expected that rates of increase will be inferior to those, particularly positive, seen in the first part of the year.

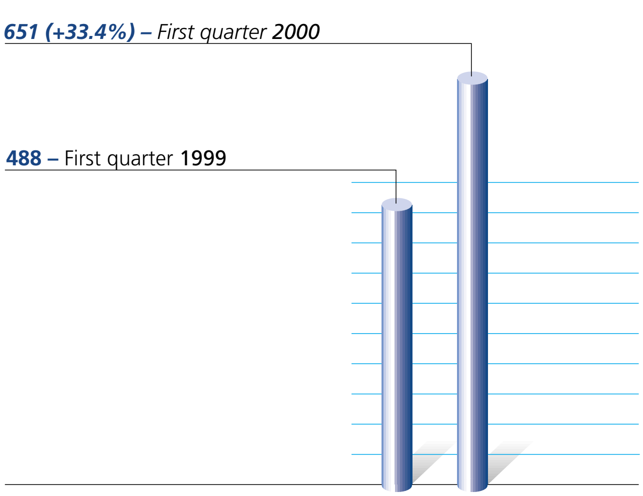
Analysis of consolidated results

In terms of detailed operational performance in the course of quarter, it should first be noted that customer assets under management by the Group exceeded Euro 119,000 million at the end of the period, with a growth of almost 8% from the beginning of the year and more than 30% compared to 31 March 1999. Both the inflow of net funds into mutual investment funds, portfolio management and life policies, (Euro 4,900 million in the quarter) and the effect of asset appreciation as a result of the increase in equity prices (Euro 3,650 million) had a decisive effect.

The performance of investment into mutual funds and portfolio management invested in funds has allowed the Group to consolidate its leadership position in the sector: the market



Net income
millions of Euro



Operating income
millions of Euro

share in Italy rose in the three months from 17.5% to 17.7%. The positive tone of the capital markets contributed to a further increase in mutual funds invested in shares, whose share of the total rose from 38% to 44%. Life policies grew by 8.4%, thanks to a net inflow of Euro 740 million .

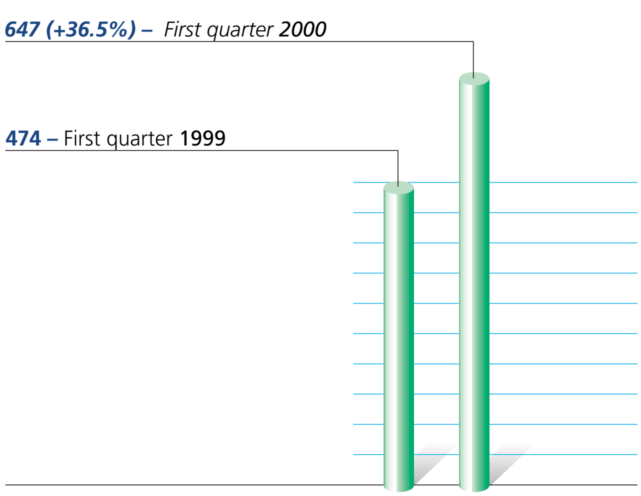
The impact of these changes on the income statement of the Group was significant: commissions from asset management and transactions contributed, compared to 31 March 1999, to a growth of 36.5% seen in income from services which represent 50% of net interest and other banking income and wholly cover administrative expenses.

The quarter also witnessed a considerable expansion in lending activity by the Group. Loans to customers, which closed 1999 at levels little higher than at the beginning of the year, increased in the three months by Euro 1,851 million, with a growth of 7.8% on an annual basis. The increase, achieved within strictly selective lending criteria, included business both with companies and with families; new retail mortgage loans, in particular, amounted in the quarter to Euro 349 million.

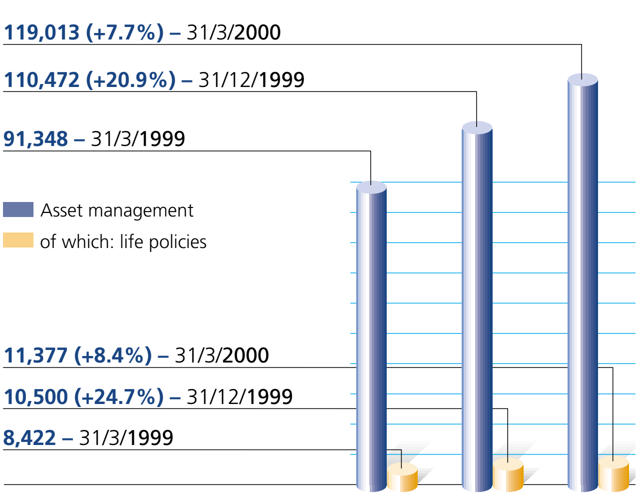
Direct deposits from customers demonstrated between January and March a positive change of Euro 877 million. The sight component of the Italian branches of the Parent Bank, in particular, has posted in the three months an inflow of more than Euro 1,000 million and an increase on an annual basis of 9.3%; further reduced were certificates of deposit and bonds, as the process of turning them into asset management continued.

The expansion in volumes was reflected in a recovery in net interest income, which showed growth of 3.3%. This item also benefited from the rise in market rates, which has generated a greater return from the imbalance between the interest bearing assets and the interest bearing liabilities of the Group.

The growth of net interest income has been accompanied by a further hold on provisions and writedowns on loans and financial fixed assets, thanks to the continuing process of improvement in asset quality. Provisions and adjustments were in fact reduced by 12.5%, taking to 7.3% the increase in net interest income net of expected loan losses.
The attention placed on the risk profile and the effectiveness of the loan recovery activity have made possible, in these three months, a reduction of 4.2% in net non-performing loans, and the proportion to total loans to customers has fallen to 2.2%. Other doubtful loans, represented by problem loans, loans in restructuring and loans to residents in countries subject to country risk, fell by 4.6%, bringing their ratio to total customer loans to 1.7%. The importance accorded to asset quality also contributed to the arrange-



Net commissions and other dealing revenues
millions of Euro

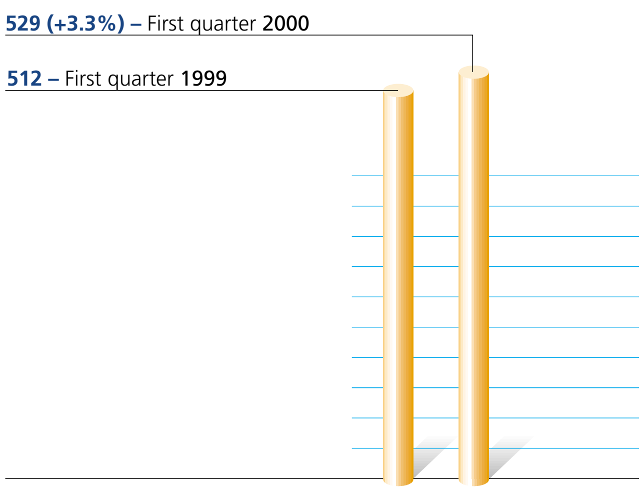


Asset management
millions of Euro

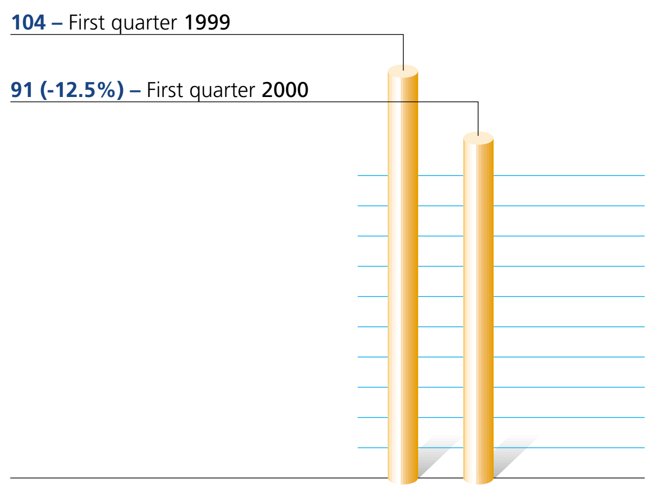
ment of a non-recourse sale of almost 40,000 non-performing loans, mostly in the property sector; as a result of this transaction, which will be closed in the coming weeks at a price expected to be in excess of book value, the ratio of net non-performing loans will fall to little more than1%, an excellent level by international standards.

The control of ordinary costs by the Group has held growth in costs to 3.5%, net of recoveries, and amortization and depreciation, notwithstanding investments in course in those areas of greatest growth potential. Personnel expenses, in particular, showed an increase of 1.8% and other administrative costs grew by 9.2%; it should be noted that, for the Parent Bank, where cost rationalization has been concentrated, these costs showed respectively a fall of 2.5% and were substantially flat against the first three months of 1999.

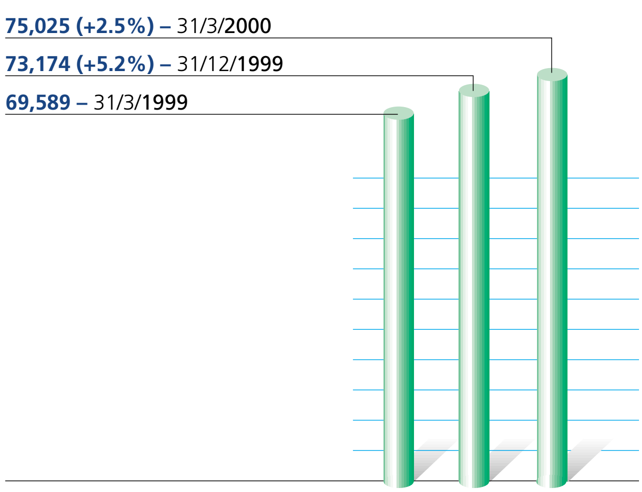
Extraordinary income, finally, is attributable to the sale of minority interests and own shares; these last were reduced from 2.06% to 0.36% in the quarter.



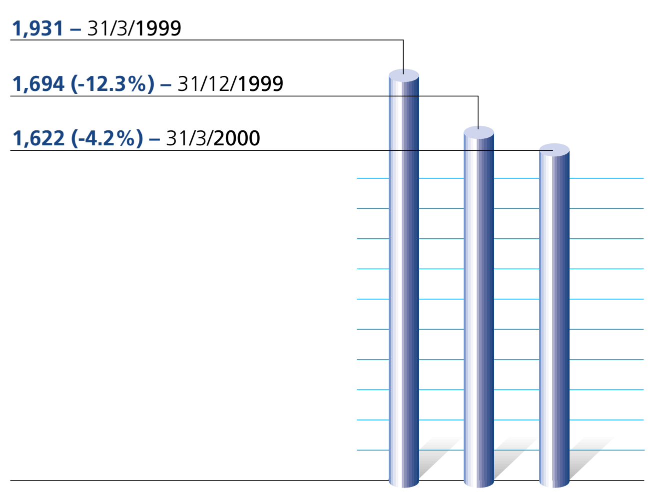
Net interest income
millions of Euro



Provisions and net adjustments to loans and financial fixed assets
millions of Euro



Net loans to customers
millions of Euro



Net non performing loans
millions of Euro

Risk management

The strong emphasis which the Group places on the management and monitoring of risk has led it to furnish, on a quarterly basis, starting from this report, indications of the financial risks in the period.

Market risk generated by the lending activities of the Group in the quarter was at levels slightly lower than those seen on average in the course of the preceding year. The change in the market value of the banking book of the Parent Bank, measured in terms of shift sensitivity as an upward movement of 100 basis points in the interest-rate curve, has been on average Euro 88 million. The Value at Risk of the portfolio, calculated as maximum unexpected potential loss of the market value of the portfolio which could occur in the 10 following working days with a statistical confidence of 99%, was approximately Euro 200 million at the end of March.

The proprietary financial trading risks of the Group, concentrated in the subsidiary Banca IMI, had an average value of Euro 11 million, measured in terms of Value at Risk.

The market value, at 31 March 2000, of shareholding investments held by the Parent Bank and by the subsidiary Sanpaolo IMI International in quoted companies outside the Group was Euro 2,645 million, with a potential capital gain compared to book value of Euro 190 million. The market value of the shareholding portfolio of the merchant bank NHS, in which Sanpaolo IMI has a stake of 51%, amounted at the end of March to Euro 357 million; the potential capital gain, compared to book values, was Euro 97 million.

The VaR for listed shareholding investments outside the Group held by the Parent Bank and by the subsidiaries Sanpaolo IMI International and NHS, in terms of Sanpaolo IMI, was in total Euro 239 million at the end of March.

Group operating sectors

The increase in profitability registered by the Group in the quarter was possible thanks to positive performance in the various Business Areas. In summary:

- *Commercial Banking*, operating with the customer base of families and small- and medium-sized enterprises through the network of banking branches, saw an increase in the quarter of 5.8% in customer asset management, with a net inflow of Euro 1,600 million. The business also saw an increase in lending volumes: loans to customers grew by 3.4% in the three months. These developments were reflected in a positive performance;
- *Personal Financial Services*, which operates through the sales networks of Banca Fideuram and Sanpaolo Invest, has also increased significantly the assets managed for customers; these grew in the quarter by 10.8%, with a net inflow of almost Euro 3,300 million;
- *Investment Banking*, whose activity is conducted by Banca IMI, has benefited from the positive mood of the financial markets; notwithstanding substantial investments in Internet banking, it registered a strong performance;
- *Large Corporate and Public Agencies and Infrastructure* have both shown in the quarter an increase in loan volumes;
- *Merchant Banking*, whose activity has since last September been conducted by NHS, 51% held by Sanpaolo IMI, has also shown a positive performance.

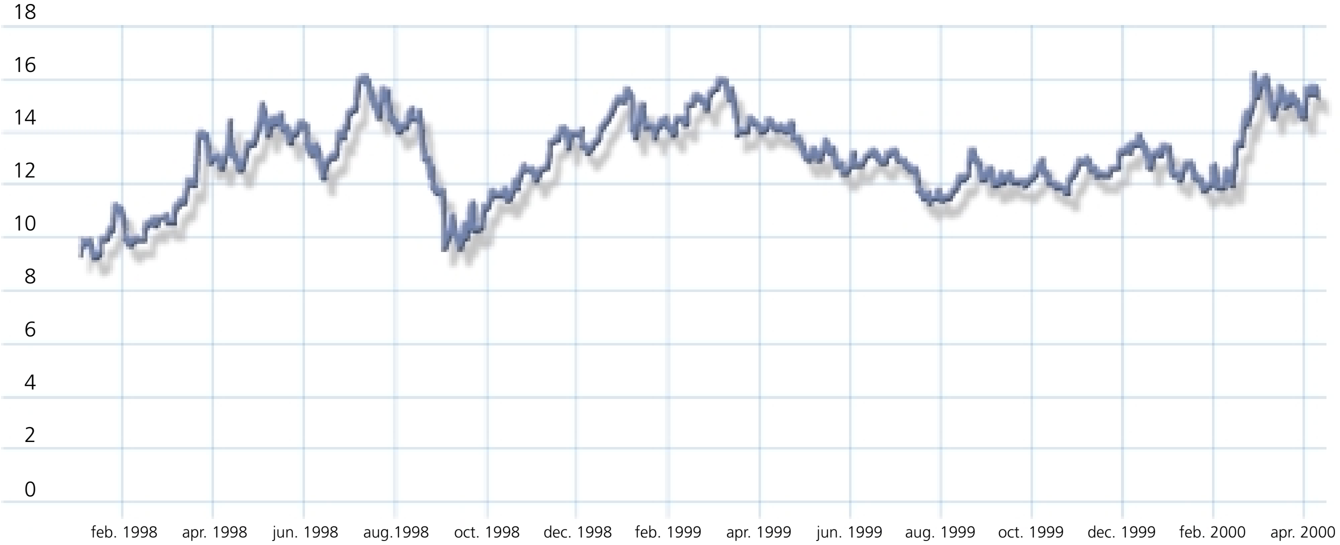
Important facts

In the first months of the new year, certain initiatives have been launched, as anticipated in the 1999 Annual Report. Among them are:

- the strategic agreement with the Internet Provider, Tiscali, to reinforce @IMIWEB, the on-line trading company created by the Sanpaolo IMI Group at the end of 1999;
- the closing of the agreement with the Cassa di Risparmio di Firenze, which involved, on the one hand, the purchase by Sanpaolo IMI of a further shareholding stake of 15% in the Tuscan Bank and, on the other, the purchase by Ente Cassa di Risparmio di Firenze of a stake of 2% in the capital of Sanpaolo IMI;
- the increase to 2.8% of the shareholding held in Banco Santander Central Hispano.

In April the sale to the Franco-Belgian Dexia Group of the residual interest of 40%, held by Sanpaolo IMI in Crediop, was also concluded; the sale, which followed agreements made at the end of 1998 with Dexia, will lead to the posting in the second quarter of post-tax capital gains of more than Euro 100 million at consolidated level.

Also in April, Sanpaolo Invest was granted banking status and Moody's raised the medium- and long-term debt rating of Sanpaolo IMI from A1 to Aa3.



Sanpaolo IMI share price
in Euro

Explanatory notes

The Quarterly Report of the Sanpaolo IMI Group at 31 March 2000 has been prepared according to Consob Regolamento 11971 of 14 May 1999.

The balance sheet and income statement at 31 March 2000, as reclassified consistently with those in the Annual Report at 31 December 1999, have been based on the same accounting principles and valuation used in the Annual Report to which reference for greater detail is made. In summary, they are as follows:
- the infrannual position has been established using the discrete approach where the period of reference is treated as an independent accounting period. Thus, the infrannual income statement reflects the ordinary and extraordinary items relating to the period in accordance with accrual principles. In particular, income taxes for the quarter reflect the charge relative to the period on the basis of the current and deferred taxation structure, calculated prudently without taking account of advantages pursuant to the Ciampi Law (L. 461/98 and D. Lgs. 153/99);
- the accounts used for consolidation are those prepared by subsidiaries at 31 March 2000, adjusted, where necessary, in line with Group accounting principles;
- adjustments and provisions made exclusively for tax purposes by consolidated subsidiaries have been reversed;
- own shares held by the Parent Bank are valued at cost and placed against net shareholders' equity reserves;
- significant intercompany transactions and balances have been eliminated.

Information on performance by operating sectors has been in part estimated, limitedly to activity undertaken within the Business Areas within the Parent Bank.

The scope of consolidation, compared to 31 December 1999, remains the same. However, as compared to 31 March 1999 the following companies have been excluded with effect from the quarterly report at 30 June 1999:
- Crediop (and its subsidiaries, Crediop BV, Crediop Overseas Bank and C.Fin), no longer controlled by Sanpaolo IMI, following the sale of a stake of 20% in June 1999;
- Imigest Immobiliare (and its subsidiaries Tradital and Immobiliare Italia Gestioni), included in the property spin-off;

and the inclusion of:
- Nuova Holding Subalpina, operating in the merchant banking sector, 51% controlled, following the transfer of that sector by the Parent Bank in September 1999.

Given the importance of Crediop's contribution to the Group, the balance sheet and income statement for the first quarter of 1999 have been restated on an equity basis rather than fully consolidated to assist comparison. The quarterly balance sheet and income statement at 31 March 2000 have not been independently audited.

Turin, 28 April 2000

The Board of Directors