

Quarterly Report 31 March 2001

SANPAOLO IMI
SOCIETÀ PER AZIONI

REGISTERED OFFICE: PIAZZA SAN CARLO 156, TURIN, ITALY

SECONDARY OFFICE: VIALE DELL'ARTE 25, ROME, ITALY

COMPANY REGISTER OF TURIN 06210280019

SHARE CAPITAL EURO 3,931,250,954.4 FULLY PAID

PARENT BANK OF THE SANPAOLO IMI BANKING GROUP

MEMBER OF THE INTERBANK DEPOSIT GUARANTEE FUND

Contents

4	Key figures
5	Group structure
6	Reclassified consolidated statement of income
7	Analysis of quarterly consolidated statement of income
8	Reclassified consolidated balance sheet
9	Analysis of quarterly consolidated balance sheet
11	Report on Group Operations
12	Action points and initiatives in the quarter
14	Analysis of consolidated results
20	Equity Capital
21	Financial risk management
23	Supplementary information
23	• Performance of share prices
24	• Shareholders
24	• Ratings
25	Group Business Areas
45	Explanatory Notes
49	Attachments
50	Statement of reclassified consolidated pro forma statement of income for the first quarter of 2000
51	Statement of reclassified consolidated pro forma balance sheet at 31/3/2000
52	Statement of reclassified consolidated pro forma statement of income for the full year 2000

Key figures

	First quarter 2001	First quarter 2000 pro forma (1)	Change first quarter 2001 / First quarter 2000 pro forma (%)	FY 2000	
				Pro forma (1)	Financial Statement 2000
CONSOLIDATED STATEMENT OF INCOME (€/mil)					
Net interest income	726	687	+5.7	2,874	2,572
Net commissions and other dealing revenues	653	730	-10.5	2,804	2,641
Administrative costs	-873	-846	+3.2	-3,528	-3,076
Operating income	604	716	-15.6	2,506	2,460
Provisions and net adjustments to loans and financial fixed assets	-101	-112	-9.8	-640	-581
Income before extraordinary items	470	564	-16.7	1,698	1,789
Net extraordinary income	73	109	-33.0	401	396
Group net income	327	364	-10.2	1,233	1,292
CONSOLIDATED BALANCE SHEET (€/mil)					
Total assets	174,371	174,062	+0.2	172,101	172,101
Loans to customers (excluding net non-performing and SGA loans)	92,861	88,268	+5.2	94,953	94,953
Securities	25,029	25,178	-0.6	25,000	25,000
Equity investments	4,313	3,220	+33.9	3,573	3,573
Customer deposits and securities issued	104,785	103,873	+0.9	104,144	104,144
Subordinated liabilities	5,148	3,906	+31.8	5,158	5,158
Group shareholders' equity	8,089	7,577	+6.8	7,353	7,353
FINANCIAL ASSETS OF CUSTOMERS (€/mil)					
Total financial assets	301,045	316,298	-4.8	304,141	304,141
- Direct deposits	104,785	103,873	+0.9	104,144	104,144
- Indirect deposits	196,260	212,425	-7.6	199,997	199,997
- Asset administration	71,259	84,627	-15.8	71,084	71,084
- Asset management	125,001	127,798	-2.2	128,913	128,913
- Group products	120,976	123,834	-2.3	124,907	124,907
- Other products	4,025	3,964	+1.5	4,006	4,006
PROFITABILITY RATIOS (%)					
Annualized RoE (2)	16.8	20.7		18.5	18.1
Cost / Income ratio (3)	59.8	54.3		59.0	56.2
Net commissions / Administrative costs	74.8	86.3		79.5	85.9
CREDIT RISK RATIOS (%)					
Net non-performing loans / Net customer loans	1.0	2.1		1.0	1.0
Net problem and loans in restructuring / Net customer loans	1.0	1.6		1.0	1.0
CAPITAL ADEQUACY RATIOS (%) (4)					
Tier 1 capital / Weighted assets	7.7	n.a.		7.1	7.1
Total capital / Weighted assets	9.3	n.a.		9.2	9.2
SANPAOLO IMI SHARES					
Number of shares (millions)	1,404	1,402	+0.1	1,404	1,404
- number of shares in circulation	1,387	1,399	-0.8	1,365	1,365
- number of own shares held by the Parent Bank	17	3	n.s.	39	39
Quoted price per share (€; reference prices)					
- average	16.782	13.593	+23.5	16.612	16.612
- low	14.002	11.483	+21.9	11.483	11.483
- high	18.893	16.319	+15.8	20.800	20.800
Earnings per average number of shares in circulation (€)	0.23	0.28	-14.8	0.93	0.93
Dividend per share (€)				0.57	0.57
Dividend / average annual price (%)				3.42	3.42
Shareholders' equity per share in circulation (€)	5.83	5.42	+7.6	5.39	5.39
OPERATING STRUCTURE					
Employees	35,933	35,240	+2.0	35,729	35,729
Domestic branches	2,154	2,096	+2.8	2,137	2,137
Foreign branches and representative offices	94	82	+14.6	91	91
Financial planners	5,503	5,146	+6.9	5,495	5,495

(1) The pro forma data have been restated, according to the criteria set out in detail in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli from 1/1/2000. This provides a consistent comparison with 2001.

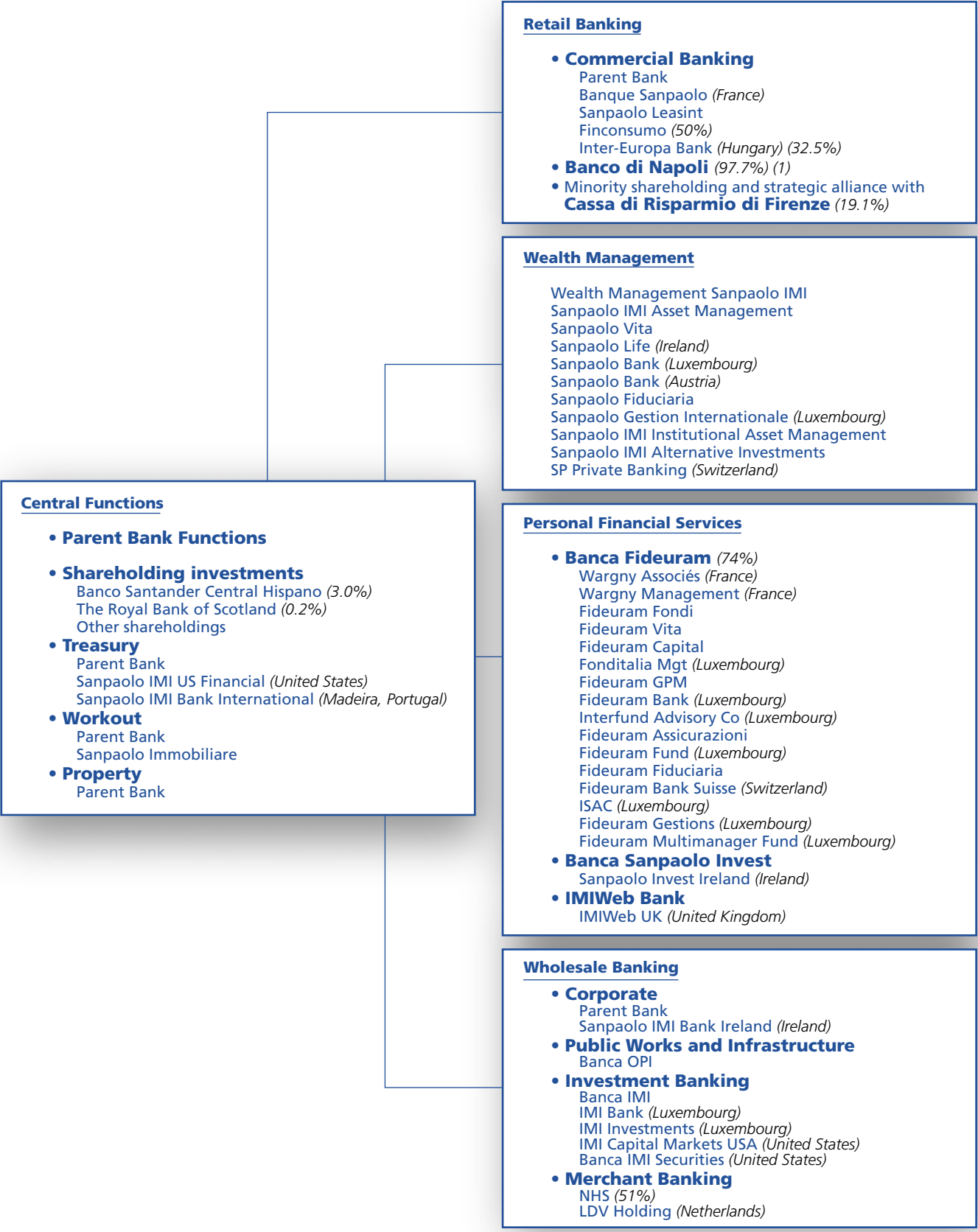
(2) Annualized net income / Average net shareholders' equity excluding income for the period.

(3) Administrative costs (net of recoveries) and amortization (net of value adjustments on goodwill, merger differences and consolidation) / Net interest and other banking income.

(4) The data for 31 March 2001 reflect the ratios at 31 December 2000 updated to take account of the effects of the use of own shares for the acquisition of a shareholding of 10.9% in the Cardine Group concluded in January 2001.

The pro forma data for the first quarter of 2000 and for the year 2000 as well as the data for the first quarter of 2001 are not audited.

Group structure



Central Functions

- **Parent Bank Functions**
- **Shareholding investments**
 - Banco Santander Central Hispano (3.0%)
 - The Royal Bank of Scotland (0.2%)
 - Other shareholdings
- **Treasury**
 - Parent Bank
 - Sanpaolo IMI US Financial (United States)
 - Sanpaolo IMI Bank International (Madeira, Portugal)
- **Workout**
 - Parent Bank
 - Sanpaolo Immobiliare
- **Property**
 - Parent Bank

Retail Banking

- **Commercial Banking**
 - Parent Bank
 - Banque Sanpaolo (France)
 - Sanpaolo Leasing
 - Finconsumo (50%)
 - Inter-Europa Bank (Hungary) (32.5%)
- **Banco di Napoli** (97.7%) (1)
- **Minority shareholding and strategic alliance with Cassa di Risparmio di Firenze** (19.1%)

Wealth Management

- Wealth Management Sanpaolo IMI
- Sanpaolo IMI Asset Management
- Sanpaolo Vita
- Sanpaolo Life (Ireland)
- Sanpaolo Bank (Luxembourg)
- Sanpaolo Bank (Austria)
- Sanpaolo Fiduciaria
- Sanpaolo Gestion Internationale (Luxembourg)
- Sanpaolo IMI Institutional Asset Management
- Sanpaolo IMI Alternative Investments
- SP Private Banking (Switzerland)

Personal Financial Services

- **Banca Fideuram** (74%)
 - Wargny Associés (France)
 - Wargny Management (France)
 - 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
 - Fideuram Bank Suisse (Switzerland)
 - ISAC (Luxembourg)
 - Fideuram Gestions (Luxembourg)
 - Fideuram Multimanager Fund (Luxembourg)
- **Banca Sanpaolo Invest**
 - Sanpaolo Invest Ireland (Ireland)
- **IMIWeb Bank**
 - IMIWeb UK (United Kingdom)

Wholesale Banking

- **Corporate**
 - Parent Bank
 - Sanpaolo IMI Bank Ireland (Ireland)
- **Public Works and Infrastructure**
 - Banca OPI
- **Investment Banking**
 - Banca IMI
 - IMI Bank (Luxembourg)
 - IMI Investments (Luxembourg)
 - IMI Capital Markets USA (United States)
 - Banca IMI Securities (United States)
- **Merchant Banking**
 - NHS (51%)
 - LDV Holding (Netherlands)

(1) Shareholding in ordinary capital.

Reclassified consolidated statement of income

	First quarter 2001 (€/mil)	First quarter 2000 pro forma (1) (€/mil)	Change first quarter 2001 / First quarter 2000 pro forma (%)	FY 2000	
				Pro forma (1) (€/mil)	Financial Statement 2000 (€/mil)
NET INTEREST INCOME	726	687	+5.7	2,874	2,572
Net commissions and other dealing revenues	653	730	-10.5	2,804	2,641
Profits and losses from financial transactions and dividends on shares	65	114	-43.0	291	263
Profits from companies carried at equity and dividends from shareholdings	59	35	+68.6	147	146
NET INTEREST AND OTHER BANKING INCOME	1,503	1,566	-4.0	6,116	5,622
Administrative costs	-873	-846	+3.2	-3,528	-3,076
- <i>personnel</i>	-555	-539	+3.0	-2,234	-1,929
- <i>other administrative costs</i>	-268	-255	+5.1	-1,087	-958
- <i>indirect duties and taxes</i>	-50	-52	-3.8	-207	-189
Other operating income, net	54	57	-5.3	247	213
Adjustments to tangible and intangible fixed assets	-80	-61	+31.1	-329	-299
OPERATING INCOME	604	716	-15.6	2,506	2,460
Value adjustments on goodwill, merger differences and consolidation	-33	-40	-17.5	-168	-90
Provisions and net adjustments to loans and financial fixed assets	-101	-112	-9.8	-640	-581
INCOME BEFORE EXTRAORDINARY ITEMS	470	564	-16.7	1,698	1,789
Net extraordinary income	73	109	-33.0	401	396
INCOME BEFORE TAXES	543	673	-19.3	2,099	2,185
Income taxes for the period	-195	-285	-31.6	-768	-785
Change in reserves for general banking risks	2	-	n.s.	2	2
Income attributable to minority interests	-23	-24	-4.2	-100	-94
Reversal of second half income Banco di Napoli group (2)	-	-	n.s.	-	-16
NET INCOME	327	364	-10.2	1,233	1,292

(1) The pro forma statement of income for the first quarter of 2000 and that for the year 2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli from 1/1/2000. This allows a more consistent comparison with 2001.

(2) The caption refers to the share of the net result of the second half of 2000 of the Banco di Napoli group included in the price of the various tranches acquired by SANPAOLO IMI during 2000. As described in the Explanatory Notes to the consolidated financial statements at 31/12/2000, the reversal is made necessary in that the income statement contribution of the Neapolitan bank into the preceding year's consolidated financial statements was reflected line by line throughout the whole of the second half.

The pro forma income statements for the first quarter of 2000 and for the year 2000 as well as the income statement for the first quarter of 2001 are not audited.

Analysis of quarterly consolidated statement of income

	2001 1st quarter (€/mil)	2000 pro forma (1)				
		Quarterly average (€/mil)	4th quarter (€/mil)	3rd quarter (€/mil)	2nd quarter (€/mil)	1st quarter (€/mil)
NET INTEREST INCOME	726	719	760	718	709	687
Net commissions and other dealing revenues	653	701	724	669	681	730
Profits and losses from financial transactions and dividends on shares	65	73	75	55	47	114
Profits from companies carried at equity and dividends from shareholdings	59	37	41	30	41	35
NET INTEREST AND OTHER BANKING INCOME	1,503	1,530	1,600	1,472	1,478	1,566
Administrative costs	-873	-883	-917	-879	-886	-846
- <i>personnel</i>	-555	-559	-595	-555	-545	-539
- <i>other administrative costs</i>	-268	-272	-269	-273	-290	-255
- <i>indirect duties and taxes</i>	-50	-52	-53	-51	-51	-52
Other operating income, net	54	62	66	60	64	57
Adjustments to tangible and intangible fixed assets	-80	-82	-128	-75	-65	-61
OPERATING INCOME	604	627	621	578	591	716
Value adjustments on goodwill, merger differences and consolidation	-33	-42	-47	-39	-42	-40
Provisions and net adjustments to loans and financial fixed assets	-101	-160	-264	-104	-160	-112
INCOME BEFORE EXTRAORDINARY ITEMS	470	425	310	435	389	564
Net extraordinary income	73	100	43	48	201	109
INCOME BEFORE TAXES	543	525	353	483	590	673
Income taxes for the period	-195	-193	-98	-184	-201	-285
Change in reserves for general banking risks	2	1	-1	-	3	-
Income attributable to minority interests	-23	-25	-23	-24	-29	-24
NET INCOME	327	308	231	275	363	364

(1) The pro forma quarterly statements of income for 2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli from 1/1/2000. This allows a more consistent comparison with 2001.

The pro forma quarterly statements of income for 2000 and the first quarter income statement for 2001 are not audited.

Reclassified consolidated balance sheet

	31/3/2001 (€/mil)	31/3/2000 pro forma (1) (€/mil)	Change 31/3/01- 31/3/00 pro forma (%)	31/12/2000 (€/mil)
ASSETS				
Cash and deposits with central banks and post offices	507	514	-1.4	708
Loans	117,966	118,642	-0.6	117,825
- due from banks	21,382	24,623	-13.2	19,119
- loans to customers	96,584	94,019	+2.7	98,706
Dealing securities	19,283	18,543	+4.0	18,329
Fixed assets	12,197	11,946	+2.1	12,396
- investment securities	5,746	6,635	-13.4	6,671
- equity investments	4,313	3,220	+33.9	3,573
- intangible fixed assets	356	324	+9.9	359
- tangible fixed assets	1,782	1,767	+0.8	1,793
Differences arising on consolidation and on application of the equity method	966	842	+14.7	989
Other assets	23,452	23,575	-0.5	21,854
Total assets	174,371	174,062	+0.2	172,101
LIABILITIES				
Payables	135,464	134,399	+0.8	133,740
- due to banks	30,679	30,526	+0.5	29,596
- due to customers and securities issued	104,785	103,873	+0.9	104,144
Provisions	4,857	4,191	+15.9	4,601
- for taxation	1,432	1,352	+5.9	1,230
- for termination indemnities	753	739	+1.9	743
- for risks and charges	1,553	900	+72.6	1,500
- for pensions and similar	1,119	1,200	-6.8	1,128
Other liabilities	20,077	23,296	-13.8	20,534
Subordinated liabilities	5,148	3,906	+31.8	5,158
Minority interests	736	693	+6.2	715
Shareholders' equity (2)	8,089	7,577	+6.8	7,353
Total liabilities	174,371	174,062	+0.2	172,101

(1) The pro forma balance sheet data at 31/3/2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli from 1/1/2000.

(2) Reserves are net of own shares held by the Parent Bank, 3,251,000 at a book value of 40 million Euro at 31 March 2000, 39,345,982 at a book value of 697 million Euro at 31 December 2000 and 16,712,003 at a book value of 289 million Euro at 31 March 2001.

The quarterly balance sheet data for 2001 are not audited.

Analysis of quarterly consolidated balance sheet

	2001	2000			
	31/3 (€/mil)	31/12 (€/mil)	30/9 pro forma (1) (€/mil)	30/6 pro forma (1) (€/mil)	31/3 pro forma (1) (€/mil)
ASSETS					
Cash and deposits with central banks and post offices	507	708	676	617	514
Loans	117,966	117,825	118,117	121,115	118,642
- due from banks	21,382	19,119	22,925	25,720	24,623
- loans to customers	96,584	98,706	95,192	95,395	94,019
Dealing securities	19,283	18,329	18,588	20,907	18,543
Fixed assets	12,197	12,396	12,406	12,155	11,946
- investment securities	5,746	6,671	7,103	7,120	6,635
- equity investments	4,313	3,573	3,196	2,914	3,220
- intangible fixed assets	356	359	333	333	324
- tangible fixed assets	1,782	1,793	1,774	1,788	1,767
Differences arising on consolidation and on application of the equity method	966	989	835	867	842
Other assets	23,452	21,854	21,212	21,948	23,575
Total assets	174,371	172,101	171,834	177,609	174,062
LIABILITIES					
Payables	135,464	133,740	135,087	138,246	134,399
- due to banks	30,679	29,596	31,374	35,111	30,526
- due to customers and securities issued	104,785	104,144	103,713	103,135	103,873
Provisions	4,857	4,601	4,201	4,032	4,191
- for taxation	1,432	1,230	1,147	999	1,352
- for termination indemnities	753	743	743	740	739
- for risks and charges	1,553	1,500	1,129	1,102	900
- for pensions and similar	1,119	1,128	1,182	1,191	1,200
Other liabilities	20,077	20,534	20,454	23,568	23,296
Subordinated liabilities	5,148	5,158	3,803	3,760	3,906
Minority interests	736	715	747	723	693
Shareholders' equity (2)	8,089	7,353	7,542	7,280	7,577
Total liabilities	174,371	172,101	171,834	177,609	174,062

(1) The pro forma balance sheet data at 31/3/2000, 30/6/2000 and 30/9/2000 have been prepared, according to the criteria detailed in the Explanatory Notes, on the basis of the acquisition of control of Banco di Napoli from 1/1/2000.

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

The pro forma balance sheet data at 31/3/2000, at 30/6/2000 and 30/9/2000 as well as the balance sheet data at 31/3/2001 are not audited.

Report on Group Operations

ACTION POINTS AND INITIATIVES IN THE QUARTER

ANALYSIS OF CONSOLIDATED RESULTS

EQUITY CAPITAL

FINANCIAL RISK MANAGEMENT

SUPPLEMENTARY INFORMATION

Performance of share prices

Shareholders

Ratings

GROUP BUSINESS AREAS

Action points and initiatives in the quarter

In the first quarter of 2001 actions were taken to reinforce the sectors of Retail Banking, Wealth Management and Personal Financial Services through development initiatives both internally and externally to the SANPAOLO IMI Group. In Wholesale Banking, in a context of considerable market competitiveness, the objective of a growing operational specialization and optimized ratio between risk and return has been pursued.

The development plan for Banco di Napoli

SANPAOLO IMI acquired control of Banco di Napoli in the second half of 2000 and launched actions aimed at reaching the objectives indicated in the industrial plan, and in particular the alignment of levels of efficiency, productivity and credit control of the Neapolitan bank to Group standards. These objectives are to be achieved through the Banco's adoption of a business specialization model which envisages a focus on families, small entrepreneurs and small- and medium-sized enterprises. This will be done through the creation of lean structures, supported by high technology instruments and products of high standing.

In the first months of 2001, the Banco di Napoli integration project achieved its first concrete steps. The network of 731 Italian branches was reorganized through the establishment of 11 territorial areas to allow the concentration of business activity on the potentially most dynamic sectors of Southern Italy, in particular in asset management. Furthermore, the first steps aimed at rationalizing the shareholding portfolio and the Banco's foreign presence were made: in particular, the integration into Wealth Management of the fund management businesses, the transfer of the Hong Kong branch to Corporate and the sale of the London branch to a third party are in course. Further actions will shortly be taken, in line with the detailed business plan, shortly to be approved, prepared by specific working groups.

In May, SANPAOLO IMI also proceeded with the residual public offer for the ordinary capital of the Banco, intended to take its current stake of 97.7% to 100%. The transaction, currently in course, concerns 42.1 million ordinary shares at a price, fixed by Consob, of 1.549 Euro. That will thus mean a maximum disbursement of approximately 65 million Euro.

Other internal initiatives

Among the other initiatives made in the quarter in the domestic market, of particular importance is the customer launch from Commercial Banking of operational and statement services through the Internet and GSM telephones. This represents an important step in the creation of a distribution model to allow clients to operate in an integrated manner through the traditional and direct channels, such as Internet banking, telephone banking and mobile banking. In March, the first month of the multichannel product offer, subscriptions to the service exceeded 22,000, to add to approximately 110,000 telephone banking clients.

The strengthening of the distribution structure has also been directed to the development, both in quantity and in quality, of the Commercial Banking branch network. In the first three months of 2001 the number of branches rose to 1,348, 16 more than at the end of 2000. Further activities aimed at the introduction of a new organizational network model, which will lead to the specialization of each operating branch on its main customer segment, have been pursued; in particular, trials have been made with the first business centers and steps to extend the model throughout the country have been planned.

The strengthening of the domestic distribution network also involved Banca Sanpaolo Invest, which conducted during the quarter a recruiting plan directed to experienced consultants, taking their number to 1,525, or 37 more than at the end of 2000. The Banca, whose quotation is envisaged before the end of the year, has also launched information and operational services to customers through the call center, with more than 50 operators, and the new Internet banking channel.

The first months of 2001 also saw the realization of the project aimed at creating an autonomous Business Area dedicated to Wealth Management, intended to provide asset management products and services both to the internal distribution networks of the Group (Commercial Banking, Banco di Napoli and Banca Sanpaolo Invest) and to other networks and institutional investors. In April, the transfer from the Parent Bank to the Wealth Management Sanpaolo IMI holding of the stakes in subsidiary companies operating in mutual funds, asset management, private banking and life insurance was completed.

In order to diversify sources of earnings, SANPAOLO IMI has identified selected foreign markets in which to export

the distinctive capacities developed by the Group in Italy in private banking. These policies were translated, at the end of 2000, in the acquisition of control by Banca Fideuram of the Wargny Group which, as well as a preeminent position in France in traditional and on-line securities trading, holds a niche presence in private banking. In the first quarter of 2001, Banca Fideuram has set out the new business plan of Wargny, which envisages the acquisition of a banking license and the launch of asset management activities next autumn, using the model already developed in Italy.

Again in international private banking, two initiatives developed in the quarter in Switzerland were important. In February, Fideuram Bank Suisse began operations and is proceeding to open offices in Lugano and Zurich dedicated to asset management for affluent customers. In the same month, Wealth Management established SP Private Banking, with headquarters in Geneva and also a branch in Lugano.

Among the initiatives set out in the first months of 2001 the agreement reached for a non-recourse sale of non-performing loans with a book value of 109 million Euro should also be noted; the completion of the transaction in May, will bring the ratio of net non-performing to loans to less than 1%.

Finally, it should be noted that in May a deal for the sale of a stake of approximately 10% of the capital of Beni Stabili, from the 14.2% held by the SANPAOLO IMI Group, was reached with a major Italian company. The sale, whose

conclusion is envisaged by June, will lead to a capital gain of some 50 million Euro.

Alliances and commercial agreements

Concrete results have also been obtained in the strategic alliance which links SANPAOLO IMI to Cassa di Risparmio di Firenze. In line with the agreements made in 2000, which make SANPAOLO IMI the primary point of reference for the Cassa in asset management, CR Firenze Gestion Internationale, a Luxembourg mutual fund investment company, held 20% by SANPAOLO IMI and 80% by Cassa di Risparmio di Firenze, became operational in April. In April the Cassa and its subsidiaries, through their network of more than 400 branches, placed more than 40 million Euro of funds managed by the company.

Among the initiatives made in the domestic market, the conclusion in January of the purchase from Fondazione Cassa di Risparmio di Venezia of a stake of 10.9% in the capital of Banca Cardine should also be noted. The Cardine Group, created from the merger of the Casse Venete and the Cassa di Risparmio di Bologna, is of prime banking importance in the regions of North-East Italy, where it has a network of approximately 800 branches. SANPAOLO IMI took its stake and sold to the Fondazione Cassa di Risparmio di Venezia approximately 27.5 million own shares, or 1.96% of the capital, valued at 516 million Euro.

Analysis of consolidated results

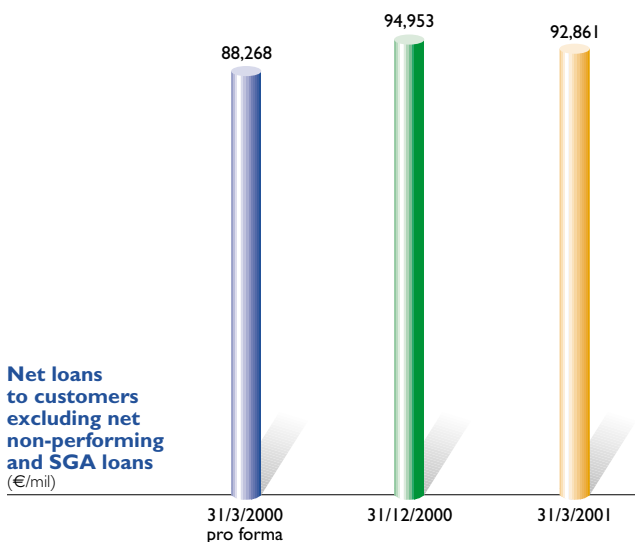
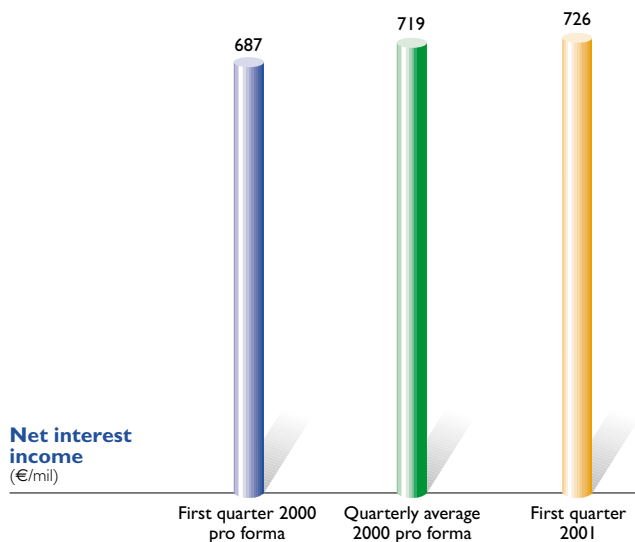
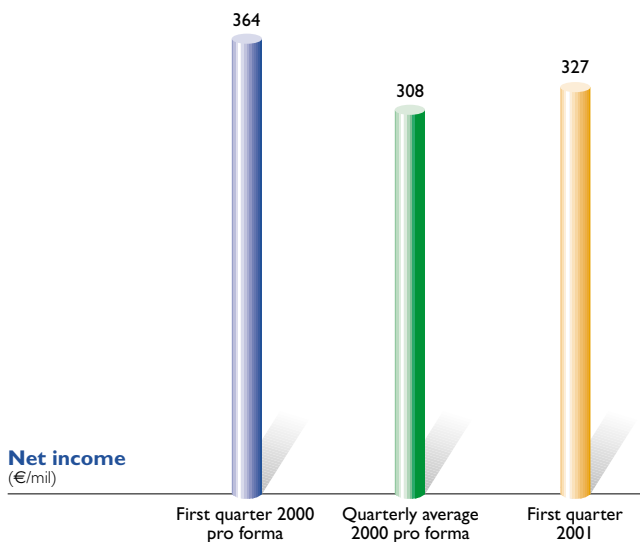
In a difficult market scenario, the SANPAOLO IMI Group achieved in the first quarter of 2001 a net income of 327 million Euro, down by 10.2% compared to the first quarter of 2000, but up by 19 million Euro if compared with the average of the four quarters of last year, restated in consistent terms taking the acquisition of control of Banco di Napoli from 1 January 2000. The fall in income compared to the first quarter of 2000 is to be considered in relation to the fact the first quarter showed the greatest income flows of the past year, with the benefit of a particularly positive market context in asset management and securities dealing; particularly high results came from both commissions and profits from financial transactions. Comparison with the average quarterly date for the whole of 2000 is more consistent, giving a growth in income, as a result of an increase in net interest income and a reduction in costs and adjustments to loans, so as more than to compensate for the reduction recorded in commissions.

Net interest income

Group net interest income in the first quarter of 2001 confirmed the positive performance which characterized the preceding year, amounting to 726 million Euro, 5.7% more compared to the same period of 2000 and against a pro forma quarterly average in 2000 of 719 million Euro. The progress registered in net interest income is due, on the

one hand, to the growth in customer lending volumes and, on the other, to the increase in market rates, reflected in a greater return from liquidity and a widening in spreads.

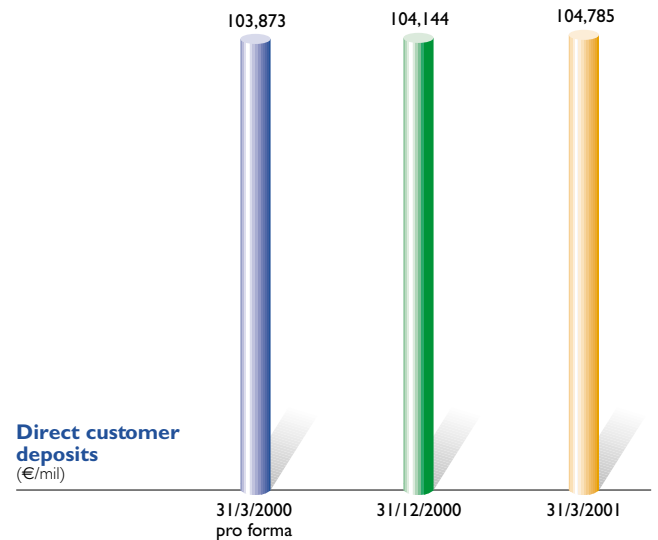
In greater detail, at the end of March 2001 net loans of the Group, excluding non-performing loans and those relating to SGA, the company to which the doubtful loans of Banco di Napoli were transferred, amounted to 92.9 billion Euro, up 5.2% on an annual basis. Short term loans, in particular, showed an increase on an annual basis of 5.7%, while medium- and long-term loans grew by 4.9%; in terms of the latter, the positive trend in loans to the private sector should be noted: in the first quarter of 2001, new mortgage loans to families of more than 360 million Euro were made by the Parent Bank.



On the liability side, the first quarter of 2001 closed with direct customer deposits at 104.8 billion Euro, up by 0.6% from the beginning of the year and 0.9% compared to the end of March 2000. Business in the first three months of 2001 was characterized by a marked preference by private and institutional customers for short-term investments: in particular, commercial paper and repurchase agreements registered a rate of growth of more than 20% in the quarter.

Group market share in Italy at the end of March was 8.8% for customer loans and 8.6% in direct deposits.

In terms of interest rates, in the first months of 2001 the moderate reduction in market returns noted in the last part



Loans to customers

	31/3/2001		31/3/2000 pro forma		Change 31/3/01- 31/3/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Short-term loans	39,235	40.6	37,130	39.5	+5.7	41,438	42.0
Medium- and long-term loans	53,626	55.6	51,138	54.4	+4.9	53,515	54.2
Loans to customers excluding NPLs and SGA loans	92,861	96.2	88,268	93.9	+5.2	94,953	96.2
Non-performing loans	1,014	1.0	1,949	2.1	-48.0	1,015	1.0
SGA loans	2,709	2.8	3,802	4.0	-28.7	2,738	2.8
Customer loan portfolio	96,584	100.0	94,019	100.0	+2.7	98,706	100.0

Total financial assets

	31/3/2001		31/3/2000 pro forma		Change 31/3/01- 31/3/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Asset management	125,001	41.5	127,798	40.4	-2.2	128,913	42.4
Asset administration	71,259	23.7	84,627	26.8	-15.8	71,084	23.4
Direct deposits	104,785	34.8	103,873	32.8	+0.9	104,144	34.2
Total financial assets	301,045	100.0	316,298	100.0	-4.8	304,141	100.0

Direct customer deposits

	31/3/2001		31/3/2000 pro forma		Change 31/3/01- 31/3/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Current accounts and deposits	50,783	48.4	50,925	49.0	-0.3	53,396	51.3
Certificates of deposit	9,092	8.7	12,014	11.6	-24.3	8,888	8.5
Bonds	26,379	25.2	28,247	27.2	-6.6	26,589	25.5
Commercial paper	4,056	3.9	1,920	1.8	+111.3	3,107	3.0
Repurchase agreements and securities lending	9,246	8.8	6,640	6.4	+39.2	7,944	7.6
Other deposits	5,229	5.0	4,127	4.0	+26.7	4,220	4.1
Direct customer deposits	104,785	100.0	103,873	100.0	+0.9	104,144	100.0

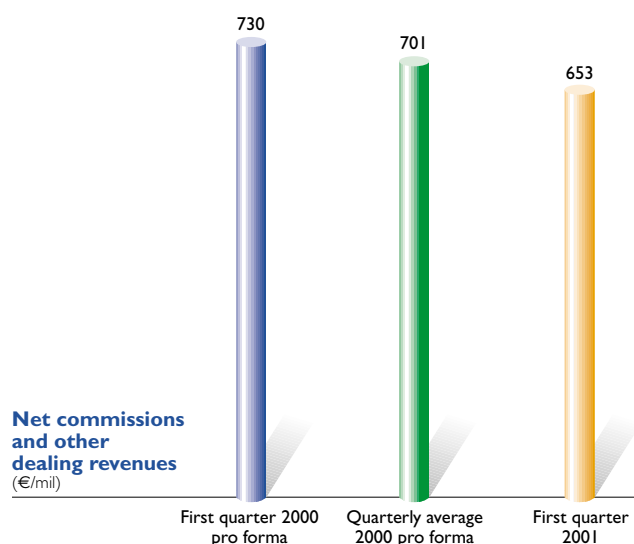
of 2000 continued, following the maximums touched last autumn. In average terms, the levels of reference interest rates in the first quarter of 2001 remained however substantially higher than in the same period of 2000 and in the preceding year; in particular, three month Euribor in the first part of 2001 was 4.76% on average, with an increase of 122 basis points compared to the first three months of 2000 and of 38 basis points on the 2000 average. This performance had a positive effect both on the return of the securities portfolio and on the spread in dealings with customers.

Net commissions and other net dealing revenues

Net commissions in the first quarter of 2001 amounted to 653 million Euro, falling by 10.5% compared to the first three months of 2000 and by 48 million Euro compared to the pro forma average quarterly flow of 2000. The phase of considerable instability which characterized the securities markets was in fact reflected in a reduction in commissions from asset management and trading, only partially compensated by the positive movement in income registered in financing and cash and payment services. The movement in commissions was further penalized in comparison with a particularly positive first quarter of 2000, characterized by substantial inflows from subscriptions and order flows.

Notwithstanding the difficult market scenario, the Group managed in the first three months of 2001 a positive net inflow in asset management of 492 million Euro; the reduction in market values, however, against this positive flow, led to a reduced valuation of 4.4 billion Euro in the total stock managed by the Group, which fell at the end of March to 125 billion Euro, down by 3% compared to the end of 2000 and 2.2% on an annual basis. In particular:

- the total amounts of Group mutual investment funds and portfolio management in funds amounted to 101.4 billion Euro, a reduction of 4% in the quarter and 4.4% compared to the end of March 2000. Net inflow, held positive in the first two months of 2001, against the tendency in the Italian system, showed a fall in March, which led to a total outflow in the quarter of 157 million Euro; this was caused by the effect of the contraction in equity funds, whose weight in the total was 36.1% against 38.8% at the end of 2000, and balanced funds, whose weight was reduced to 17.9%, a fall of around one percentage point. The Group however further increased its domestic market share, rising to 19.1%, against 18.9% at the end of December 2000 and 18.7% in March 2000;
- particularly positive was the performance registered by the Group in insurance: total life policies grew to 12.8 billion Euro, up by 3.2% from the beginning of the year and 19.3% from the end of March 2000; net inflow in the quarter, 557 million Euro, was driven primarily by unit linked and index linked policies, which represented two



Asset management

	31/3/2001		31/3/2000 pro forma		Change 31/3/01- 31/3/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Group products	120,976	96.8	123,834	96.9	-2.3	124,907	96.9
- Mutual funds and fund-based portfolio management	101,364	81.1	105,982	82.9	-4.4	105,629	82.0
- Portfolio management	6,800	5.4	7,116	5.6	-4.4	6,860	5.3
- Life insurance	12,812	10.3	10,736	8.4	+19.3	12,418	9.6
Other products	4,025	3.2	3,964	3.1	+1.5	4,006	3.1
Asset management	125,001	100.0	127,798	100.0	-2.2	128,913	100.0

thirds of premia. These results were reflected in a reinforced market share in insurance technical reserves, estimated at around 7.2%.

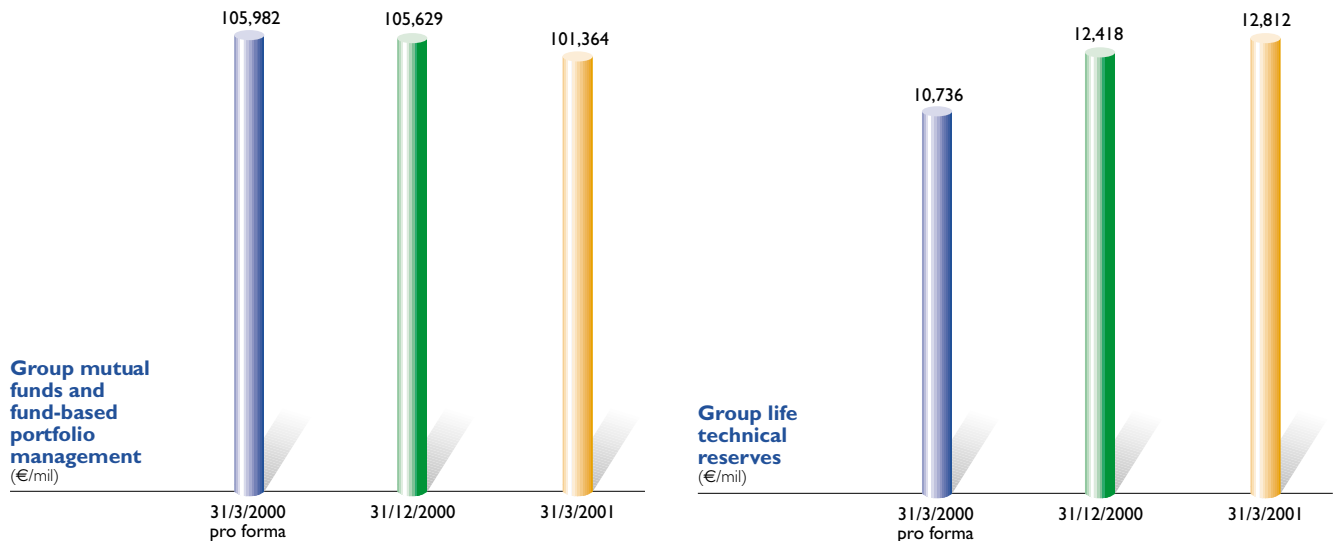
On the basis of preliminary data for April, the Group recorded an inflow in mutual funds, including asset management in funds and life policies, of 332 million Euro.

Profits from financial transactions, income from companies valued at net equity and dividends

Profits from financial transactions, in the first quarter of 2001 at 65 million Euro, showed a reduction of 43% compared to the first three months of 2000. The reduction, in

line with expectations, is to be considered in relation to the particularly high profits recorded in the first quarter of 2000, which benefited both from a particularly positive external environment and from the Group's realization of important shareholdings held for dealing purposes. A more consistent comparison illustrates how profits from financial transactions in the first quarter of 2001 were only 8 million Euro lower compared to the pro forma quarterly average of 2000, of 73 million Euro.

Income from companies valued at net equity and dividends from shareholdings were 59 million Euro, in the first quarter of 2001, up by 68.6% compared to the same period of 2000 and against a 2000 quarterly average of 37 million Euro. The greatest contribution (22 million Euro) was made



Net asset management flows

	First quarter 2001 (€/mil)	First quarter 2000 pro forma (€/mil)	FY 2000 (€/mil)
Group products	427	4,331	14,846
Other products	65	218	267
Net asset management flows	492	4,549	15,113

Mutual funds by type

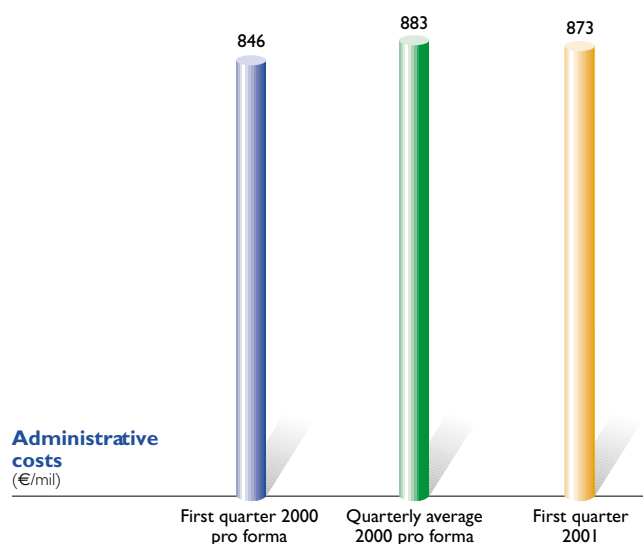
	31/3/2001 (%)	31/3/2000 pro forma (%)	31/12/2000 (%)
Equity	36.1	40.9	38.8
Balanced	17.9	16.7	19.0
Bond	46.0	42.4	42.2
Total Group mutual funds	100.0	100.0	100.0

by the insurance companies of Wealth Management (Sanpaolo Vita and Sanpaolo Life) whose income statements showed a significant increase related both to an improvement in technical results and to an increase in financial management. Fideuram Vita contributed 9 million Euro. Also to be noted are the contribution from Cassa di Risparmio di Firenze valued at equity (7 million Euro) and the dividends banked from the shareholding in Banco Santander Central Hispano (9 million Euro).

Costs

Administrative expenses in the first quarter of 2001 amounted to 873 million Euro, up by 3.2% compared to the first three months of 2000, while operating amortization was 80 million Euro, up by 31.1%. This movement, in line with expectations, was also affected in comparison with the first three months of 2000, which showed the lowest cost flow of the whole year, in that actions aimed at the strengthening of distribution channels were not yet fully reflected: total administrative expenses and amortization in the first three months of 2001 were 12 million Euro lower than the average quarterly flow of 2000. The increase in amortization compared to the first quarter of 2000 should also be noted, also as a result of the higher charges adopted by Banco di Napoli.

Actions to contain personnel expenses and other administrative expenses effected by the Group will allow a substantial compression, in coming months, of the rate of growth of costs.

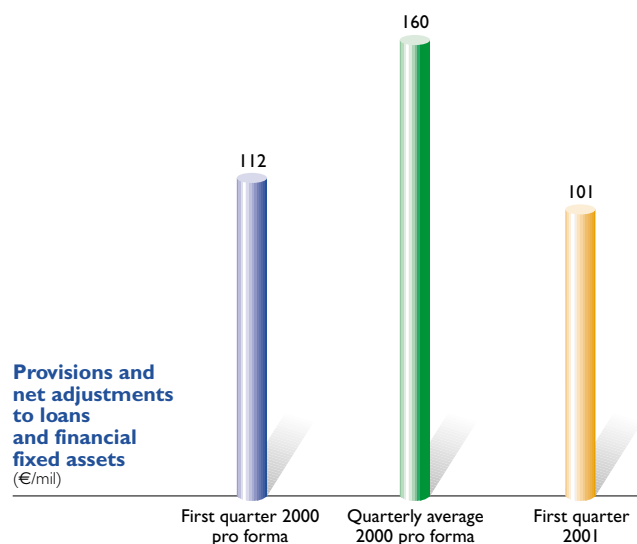


Amortization on merger goodwill and positive differences resulting from consolidation and net equity were 33 million Euro, of which 21 million were for goodwill in Banco di Napoli.

Provisions and adjustments

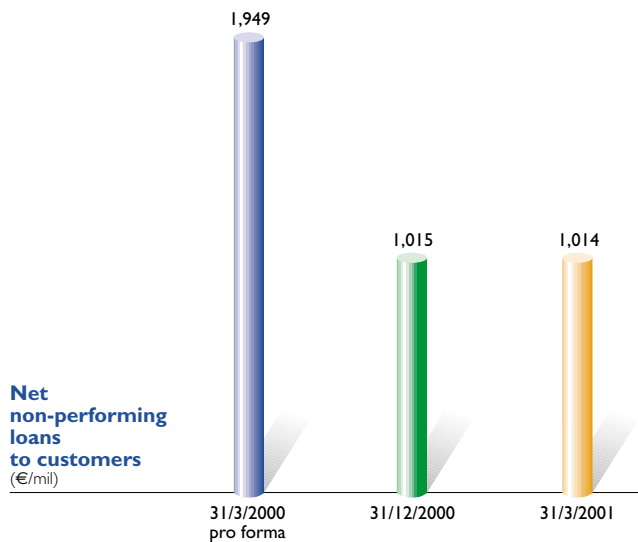
Provisions and net adjustments to loans and financial fixed assets fell in the first quarter of 2001 to 101 million Euro, against 112 million Euro in the same period of 2000 and 160 million Euro of the 2000 quarterly average. The fall was made possible thanks to the significant improvement in asset quality in the course of the past year, as confirmed in the first three months of 2001. The strict loan policy adopted by the Group, intense recovery activity and the conclusion, during 2000, of non-recourse loan sales allowed doubtful loans at the end of March to be 2,145 million Euro, down by 41.4% on an annual basis and 12 million Euro compared to 31 December 2000. In particular, in loans to customers:

- net non-performing loans fell to 1,014 million Euro, a reduction of 48% over the 12 months and 1 million Euro compared to December. The ratio of NPLs to loans to customers was confirmed at the levels at the end of the year 2000, 1%, against 2.1% in March last year; it should be noted that the ratio of NPLs to loans will fall further following the completion in May of a new non-recourse sale of NPLs, with a book value of 109 million Euro. The NPL coverage, also taking account of tax write-offs, was 80% at the end of March;
- the problem loans and restructured loans and loans in course of restructuring fell to 967 million Euro at 31 March 2001, a reduction of 36.4% on an annual basis



and a reduction of 15 million Euro from the end of December. The coverage ratio, also taking account of tax write-offs, was 37.1%;

- non-guaranteed loans to customers in countries subject to country risk remained stable in the quarter at a little more than 100 million Euro.



The provisions made in the first quarter of 2001 include approximately 30 million Euro to cover the possible effects on net interest income in the period resulting from legislation on usury, as well as sentences concerning subsidized mortgages and agricultural loans.

Extraordinary income and taxes

Extraordinary income of 73 million Euro contributed to the final results. These include in particular:

- 30 million Euro of capital gains from the sale of own shares to Fondazione Carivenezia, in the context of the acquisition of 10.9% of Banca Cardine;
- 23 million Euro in contingent assets as a result of an out of court settlement of an important legal case in favor of Banco di Napoli;
- 17 million Euro from the sale of minority interests.

Taxes are calculated prudentially without taking account of the incentives envisaged by the Legge Ciampi for the merger between San Paolo and IMI and the acquisition of Banco di Napoli.

Analysis of loan portfolio

	31/3/2001		31/3/2000 pro forma		Change 31/3/01- 31/3/00 pro forma (%)	31/12/2000	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Non-performing loans	1,014	1.0	1,949	2.1	-48.0	1,015	1.0
Problem, restructured and in course of restructuring loans	967	1.0	1,521	1.6	-36.4	982	1.0
Loans to countries at risk - customers	103	0.1	84	0.1	+22.6	106	0.1
Performing loans	94,500	97.9	90,465	96.2	+4.5	96,603	97.9
Total loans to customers	96,584	100.0	94,019	100.0	+2.7	98,706	100.0
Non-performing and problem loans - banks	2		3		-33.3	1	
Loans to countries at risk - banks	59		101		-41.6	53	

Equity Capital

Net shareholders' equity

Group shareholders' equity amounted to 8,089 million Euro net of own shares held by the Parent Bank at 31 March 2001. Movements during the quarter were as follows:

<i>Movements in Group shareholders' equity</i>	<i>€/mil</i>
Net shareholders' equity at 1 January 2001	7,353
Decreases	-2
- Use of reserve for general banking risks	-2
Increases	738
- Exchange and other adjustments	3
- Decrease in own shares held by the Parent Bank	408
- Net income for the period	327
Net shareholders' equity at 31 March 2001	8,089

The net increase in the quarter, 736 million Euro, was due

for 408 million Euro to the reduction in own shares held by the Parent Bank; this is mainly the result of the disposal to Fondazione Cassa di Risparmio di Venezia, in January, of approximately 27.5 million own shares, for an amount of 516 million Euro, in the context of the acquisition of a shareholding of 10.9% in the Cardine Group.

Own shares held by the Group at 31 March 2001 were 18,883,100, or 1.3% of the equity capital, and booked in the balance sheet at 322 million Euro. The Parent Bank, in particular, held 16,712,003 shares, carried at 289 million Euro, at the end of the period.

Regulatory capital and capital adequacy

The increase in net shareholders' equity in the first quarter 2001 produced a strengthening of the capital adequacy ratios of the Group: the total solvency ratio is estimated at around 9.3%, against 9.2% at the end of 2000; the Tier 1 ratio is estimated at around 7.7%, against 7.1% at the end of 2000.

Financial risk management

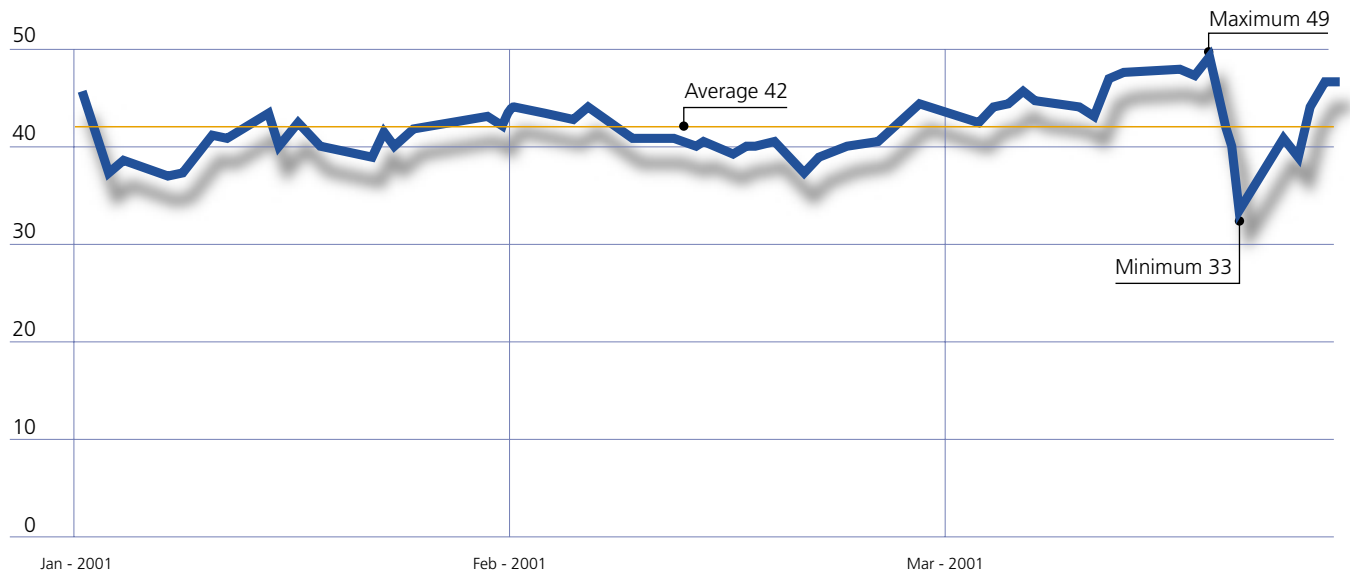
Market risk generated by the lending activities of the Group in the first quarter was higher than that in the previous year as a result of the inclusion of Banco di Napoli. The change in the market value of the banking book, measured in terms of shift sensitivity, as an upward, parallel and uniform movement, of 100 basis points in the interest rate curve, had an average negative value of 133 million Euro in the first quarter of 2001.

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%, was maintained at an average value of 128 million Euro during the quarter.

Own financial risks from Group trading activities, concentrated in Banca IMI and its subsidiaries, measured in terms of Value at Risk, were approximately 14 million Euro on average during the quarter. At the end of March, the VaR was 6 million Euro, at the level of the minimum for the quarter.

In addition to VaR, to monitor the impact of potential losses due to trading that could occur in extreme conditions, the Worst Case Scenario methodology is also used. The development of the maximum potential daily loss in the quarter was largely stable during the quarter, oscillating around the average values for the period, at 42 million Euro. In no case was the potential *ex ante* exposure, measured on a daily base, superior to losses effectively realized.

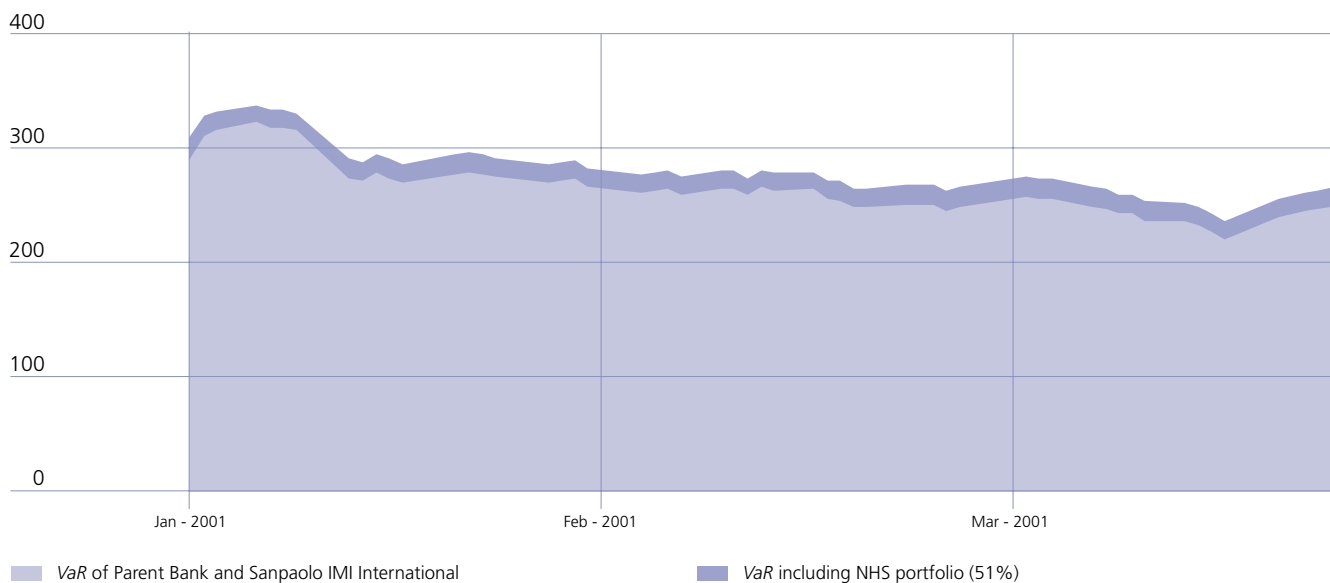
The market value of shareholding investments held by the Parent Bank and the subsidiary Sanpaolo IMI International in quoted companies not consolidated line by line or at net equity, including also own shares held by the Parent Bank, amounted to 2,226 million Euro at the end of March 2001; the market value showed a potential capital gain against book value of 124 million Euro, related essentially to the stakes in Banco Santander Central Hispano, Beni Stabili and The Royal Bank of Scotland. The market value of the quoted shareholding portfolio of the merchant bank NHS, controlled by SANPAOLO IMI with a share of 51%, was 699 million Euro at the end of March; the potential capital gain, compared to book value, was 136 million Euro, mainly related to the stake in Montedison.



Maximum potential daily loss in trading (€/mil)

The VaR for minority shareholding investments in quoted companies held by the Parent Bank and the subsidiaries Sanpaolo IMI International and NHS (the latter in proportion to SANPAOLO IMI's share) showed a decreasing trend

during the quarter, essentially because of the reduction in value of the portfolio resulting from the slide in equity prices. At the end of March, the VaR amounted in total to 264 million Euro.



VaR of Group shareholding portfolio (€/mil)

Supplementary information

Performance of share prices

At the end of March 2001 the price of SANPAOLO IMI shares was 15.26 Euro, up by 5.9% on an annual basis, superior to the growth of 2% shown by the MIB Bancario.

Against the end of December 2000 the price fell by 11.6%, in line with the MIB Bancario, following the turbulent conditions in the financial markets in the first part of the year.

In April the SANPAOLO IMI share price showed signs of recovery, with the benefit of the improvement in the market; on 14 May 2001 the price was 16.136 Euro, reducing the fall against the end of 2000 to 6.6%.

Market comparison

	14/5/2001	30/3/2001	31/3/2000	Change (%) 30/3/01- 31/3/00
SANPAOLO IMI share price (€) (1)	16.136	15.260	14.415	+5.9
Banking index (historical MIB Bancario)	3,189	3,045	2,985	+2.0

SANPAOLO IMI share price (1)

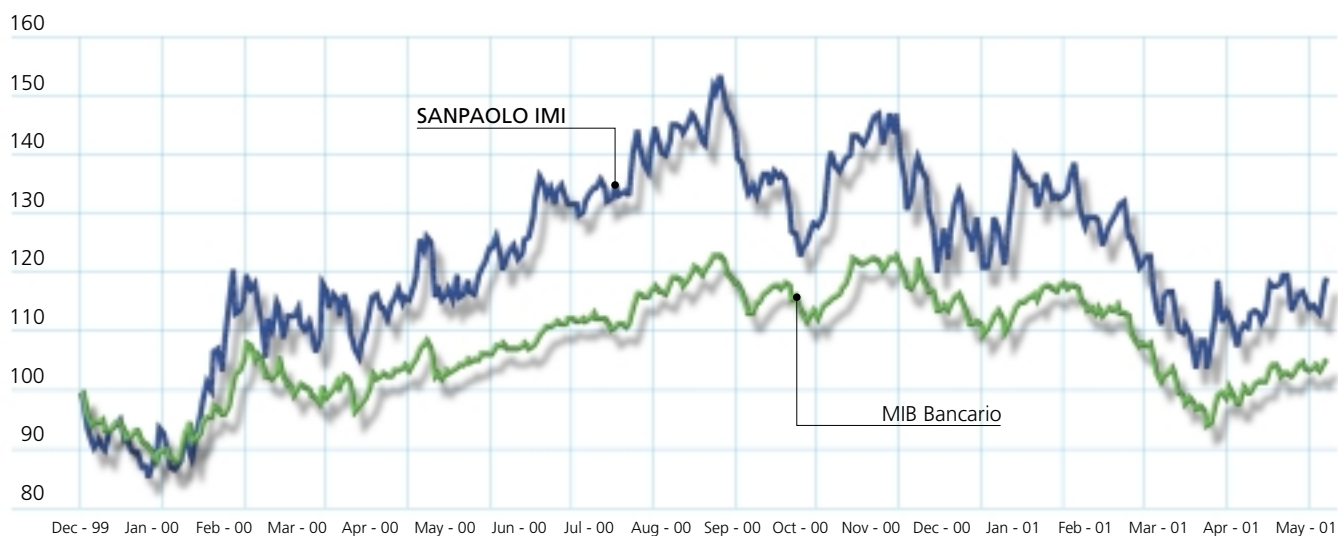
Year	High (€)	Low (€)	Average (€)
1995	5.118	4.025	4.577
1996	5.269	4.236	4.766
1997	8.800	4.564	6.275
1998	16.274	8.717	12.429
1999	16.071	10.970	13.192
2000	20.800	11.483	16.612
2001 (until 14/5/2001)	18.893	14.002	16.397

SANPAOLO IMI market indices

	30/3/2001	31/3/2000
Price / Book value	2.8	2.5
Price / Earnings on consensus earnings (2)	15.3	17.8

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

(2) Calculated on consensus earnings 2001 for 30/3/2001 and consensus earnings 2000 for 31/3/2000.



SANPAOLO IMI share price and MIB Bancario (30/12/99=100)

Shareholders

At 31 March 2001, the shareholder structure of SANPAOLO IMI, based on available information, was as follows:

<i>Shareholders of SANPAOLO IMI</i>	%
Compagnia di San Paolo	16.13
Banco Santander Central Hispano	7.02
Monte dei Paschi di Siena	6.31
IFI / IFIL	4.99
Fondazione Cariplo	2.77
Ente Cassa di Risparmio di Firenze	2.57
Società Reale Mutua di Assicurazioni	2.06
Fondazione Cassa di Risparmio di Venezia	1.96
KBC Bank	1.16
Other shareholders (1)	55.03
Total	100.00

(1) Includes own shares held by the Group.

Compared to the end of 2000, the arrival as a SANPAOLO IMI shareholder of Fondazione Cassa di Risparmio di Venezia which, in January 2001, took a stake of 1.96% in the equity capital of the Bank, should be noted.

Ratings

In the first quarter of 2001 there were no changes in the ratings assigned to SANPAOLO IMI's debt.

For Group companies, it should be noted that, in February 2001, Fitch raised from A to A+ the medium/long-term rating of Banco di Napoli; furthermore, in April, Moody's assigned the following ratings to Banca OPI:

- P-1 for short-term debt;
- Aa3 for medium/long-term debt;
- B for Bank Financial Strength Rating.

SANPAOLO IMI debt ratings

Rating agency	Type of rating	Rating
Fitch	• Short-term debt	F1+
	• Medium/long-term debt (senior)	AA-
Rating and Investment Information (Japan)	• 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+ with outlook positive

Rating of subsidiary company debt

Group company	Rating agency	Short-term rating	Medium/long-term rating (senior)
Banco di Napoli	Fitch	F1	A+
	Rating and Investment Information (Japan)	-	A+
	Moody's Investors Service	P-1	A1
	Standard & Poor's	A-1	A
Banca OPI	Moody's Investors Service	P-1	Aa3
Banque Sanpaolo	Fitch	F1	A+
	Moody's Investors Service	P-1	A2
Banca Fideuram	Standard & Poor's	A-1	A+
Sanpaolo IMI Bank International	Moody's Investors Service	P-1	Aa3
	Standard & Poor's	A-1	A+
Sanpaolo US Financial	Moody's Investors Service	P-1	-
	Standard & Poor's	A-1	-

Other SANPAOLO IMI ratings

Type of rating	Rating agency	Rating
Bank Financial Strength	Moody's Investors Service	B
Individual	Fitch	B/C
Legal	Fitch	2

Group Business Areas

Organization by Business Areas

The Group operates, through a structure organized by Business Areas, in the following sectors:

- Retail Banking: business with households and small- and medium-sized companies is carried out by the Group through Commercial Banking and Banco di Napoli; Retail Banking also includes the business of Cassa di Risparmio di Firenze, in which SANPAOLO IMI has a shareholding of 19.1%;
- Wealth Management: the Area's role is to furnish asset management products and services both internally to the Group (Commercial Banking, Banco di Napoli and Banca Sanpaolo Invest) and to external networks and

institutional investors;

- Personal Financial Services: the distribution, through sales teams, of financial services to households with medium to high savings potential is carried out by the networks of Banca Fideuram and Banca Sanpaolo Invest; the e-banking business developed by IMIWeb Bank is also included;
- Wholesale Banking: includes the activities carried out by Corporate, Public Works and Infrastructure, Investment Banking and Merchant Banking.

The Group also has Central Functions, carrying out holding activities, treasury, loan recovery, property and shareholding investment management.

The criteria to determine the profitability of the Business Areas are set out in detail in the Explanatory Notes.

Results of the Business Areas

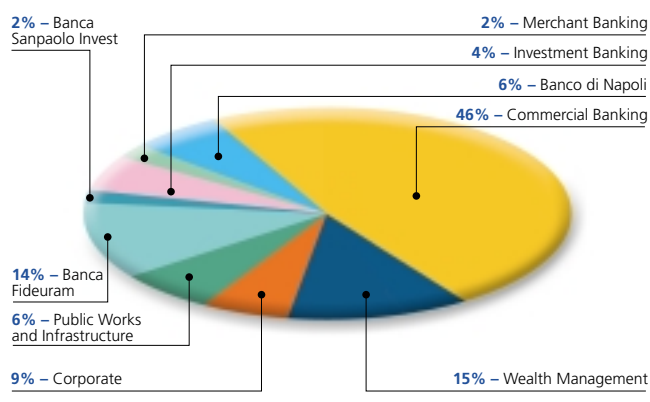
The results of the Group's Business Areas are, in summary, the following:

Business Area	Contribution to net income of the Group				Average capital			Profitability		
	First quarter 2001	First quarter 2000	Change 2001 / First quarter 2000	FY 2000 pro forma (1)	First quarter 2001	First quarter 2000	FY 2000 pro forma (1)	First quarter 2001	First quarter 2000	FY 2000 pro forma (1)
	(€/mil)	(€/mil)	(%)	(€/mil)	(€/mil)	(€/mil)	(€/mil)	(%)	(%)	(%)
RETAIL BANKING										
Commercial Banking	149	180	-17.2	625	2,482	2,421	2,417	24.0	29.7	25.9
Banco di Napoli	20	20	-	84	1,361	1,308	1,286	5.9	6.1	6.5
WEALTH MANAGEMENT (2)	50	30	+66.7	106	386	315	267	51.8	38.1	39.7
PERSONAL FINANCIAL SERVICES										
Banca Fideuram	46	37	+24.3	177	702	586	544	26.2	25.3	32.5
Banca Sanpaolo Invest	5	6	-16.7	16	105	89	89	19.0	27.0	18.0
IMIWeb Bank	-5	-3	+66.7	-28	84	30	41	n.s.	n.s.	n.s.
WHOLESALE BANKING										
Corporate	28	25	+12.0	92	879	798	804	12.6	12.7	11.5
Public Works and Infrastructure	19	15	+6.7	98	349	279	279	21.8	21.5	35.0
Investment Banking	14	28	-50.0	60	338	413	356	16.6	27.1	16.9
Merchant Banking	5	10	-50.0	33	418	389	382	4.8	10.3	8.6
CENTRAL FUNCTIONS										
	-4	16	n.s.	-30	666	419	182	n.s.	n.s.	n.s.
GROUP TOTAL	327	364	-10.2	1,233	7,770	7,047	6,647	16.8	20.7	18.5

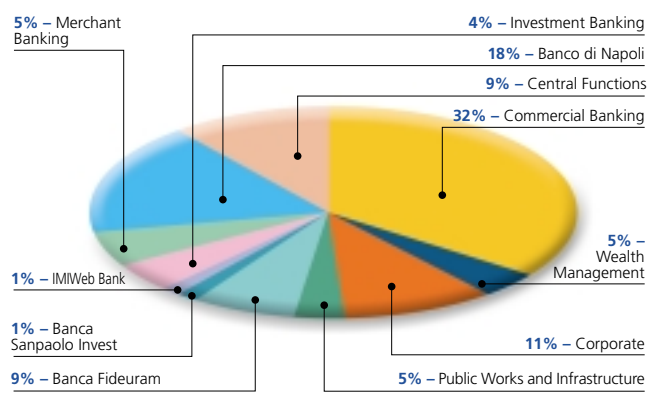
(1) The data for the first quarter of 2000 and for 2000 are pro forma; they have been prepared to allow a consistent comparison with 2001, on the basis of the following in effect from 1/1/2000:

- the acquisition of control of Banco di Napoli;
- the change in customer profile in the Commercial Banking and Corporate Areas;
- the establishment of the Wealth Management Area;
- the transfer to Banca OPI of the public works and infrastructure activities.

(2) The data for the first quarter 2001 are pro forma in that the Area was established in April 2001.



First quarter 2001 net income by Business Area (in %)



First quarter 2001 allocated capital by Business Area (in %)

Retail Banking

Commercial Banking

Commercial Banking operates in Italy through the network of 1,348 branches of the Parent Bank, as well as the direct Internet banking, phone banking and mobile banking channels. Abroad, the Area is active through the French subsidiary Banque Sanpaolo, which has 61 branches, and the Hungarian Inter-Europa Bank, in which the Group has

a shareholding of 32.5%. Commercial Banking is also responsible for the specialist companies in consumer credit (Finconsumo, controlled jointly with Banco Santander Central Hispano) and leasing (Sanpaolo Leasing).

In the first quarter of 2001, the initiatives launched in the previous year in the domestic market were continued. These were aimed mainly at greater business specialization and more efficient customer segmentation, to improve the quality of supply and competitive positioning.

	Commercial Banking				of which: Domestic branch network			
	First quarter 2001	First quarter 2000 pro forma	Change first quarter 2001 / First quarter 2000 pro forma (%)	FY 2000 pro forma	First quarter 2001	First quarter 2000 pro forma	Change first quarter 2001 / First quarter 2000 pro forma (%)	FY 2000 pro forma
STATEMENT OF INCOME (€/mil)								
Net interest and other banking income	787	847	-7.1	3,294	703	768	-8.5	2,973
Operating costs	-468	-452	+3.5	-1,904	-417	-410	+1.7	-1,717
Operating income	319	395	-19.2	1,390	286	358	-20.1	1,256
Provisions and net adjustments to loans and financial fixed assets	-51	-64	-20.3	-222	-44	-59	-25.4	-197
Income before extraordinary items	268	331	-19.0	1,168	242	299	-19.1	1,059
Net extraordinary income	2	2	-	12	-	-	-	1
Income before taxes	270	333	-18.9	1,180	242	299	-19.1	1,060
Income taxes for the period	-121	-153	-20.9	-555	-106	-140	-24.3	-505
Net income	149	180	-17.2	625	136	159	-14.5	555
ALLOCATED CAPITAL (€/mil)	2,482	2,421	+2.5	2,417	2,059	2,008	+2.5	2,004
RATIOS (%)								
Annualized RORAC	24.0	29.7		25.9	26.4	31.7		27.7
Cost / Income ratio	59.5	53.4		57.8	59.3	53.4		57.8
	31/3/2001	31/3/2000 pro forma	Change 31/3/01-31/3/00 pro forma (%)	31/12/2000 pro forma	31/3/2001	31/3/2000 pro forma	Change 31/3/01-31/3/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)								
Financial assets	158,060	173,578	-8.9	160,185	144,703	153,464	-5.7	146,955
- Direct deposits	33,857	34,975	-3.2	33,747	28,732	30,310	-5.2	28,945
- Asset management	68,819	70,408	-2.3	71,125	63,141	65,307	-3.3	65,424
of which: Group products	67,157	68,462	-1.9	69,396	63,141	65,307	-3.3	65,424
- Mutual funds and fund-based portfolio management	56,286	58,588	-3.9	58,610	52,917	55,957	-5.4	55,237
- Portfolio management	4,864	4,820	+0.9	4,848	4,217	4,296	-1.8	4,249
- Life insurance	6,007	5,054	+18.9	5,938	6,007	5,054	+18.9	5,938
of which: Other products	1,662	1,946	-14.6	1,729	-	-	-	-
- Asset administration	55,384	68,195	-18.8	55,313	52,830	57,847	-8.7	52,586
Net asset management flows	208	1,593		7,674	67	1,123		6,204
Net loans to customers excluding NPLs	37,231	37,954	-1.9	38,304	33,096	33,798	-2.1	34,431
STRUCTURE								
Employees	17,867	17,419	+2.6	17,750	16,127	15,884	+1.5	16,046
Branches	1,409	1,350	+4.4	1,393	1,348	1,297	+3.9	1,332

These especially concerned:

- the broadening of services offered through direct channels, with the customer launch of information and statement services through the Internet and GSM telephones. These results represent an important step in building a distribution model to allow customers to operate in an integrated manner through traditional and direct channels. It should be noted that in March, the first month in which the multichannel product was launched, the subscriptions to the service exceeded 22,000, to add to the approximately 110,000 telebanking customers. Projects aimed at using the Internet as a platform to develop commercial relationships with companies were also developed;
- the development of the branch network in both quantitative and qualitative terms. The number of branches grew by 16 in the first three months of the year. At the same time, activities directed towards the introduction of a new organizational network model were pursued; these will lead to the specialization of each operating outlet according to the main customer segments; in particular, experiments with the first business centers have been made and steps to extend the model throughout Italy have been planned;
- the improvement of services to households, above all in consultancy, through: the widening of the range of products and services, in particular in asset management; more focus in customer segmentation, with special attention to higher added value, achieved also thanks to a proper recomposition of client portfolios among personal consultants; the broader distribution of workstations for consultants;
- the strengthening of management systems and technological support to corporate business, with a view, on the one hand, to ensure a consistent maintenance of the standards reached in the management of credit risk and, on the other, to improve the business relationship with corporate customers;
- the target of business towards companies with a turnover of less than 500 billion Lire, in place of the former 1,000 billion Lire; business with corporates with a turnover more than 500 billion Lire was transferred to Corporate from 1 January 2001;
- the strengthening of incentive systems, based on profit and commercial results achieved, with the introduction of the individual component portfolio managers.

In France, Banque Sanpaolo is progressively aiming its attention towards medium- to high-net worth private customers, using its experience and professionalism devel-

oped in asset management and consultancy. Plans in the same direction to strengthen the distribution system of the Bank, through the development of a differentiated and multichannel approach were pursued.

In operational terms, during the first quarter of 2001 the Area achieved a net positive inflow in asset management of 208 million Euro; the fall in the markets, however, against this flow, meant a reduction of 2.5 billion Euro in total funds under management, which fell at the end of March to 68.8 billion Euro, down by 3.2% against the end of 2000 and 2.3% on an annual basis. In particular:

- the Italian Branch Network achieved a net inflow of 67 million Euro in asset management, managed through the placing of insurance policies of 204 million Euro, which more than compensated for the fall in mutual funds and portfolio management in funds; in this last sector, the network however obtained results superior to those of direct competitors, increasing market share from 10.39% at the end of December 2000 to 10.53% at the end of March 2001;
- Banque Sanpaolo recorded a net inflow in asset management of 141 million Euro.

Net loans amounted to 37.2 billion Euro, down by 1.9% compared to the level recorded, in equal operating terms, at the end of March 2000, and 2.8% from the beginning of the year. The Italian Branch Network's short-term loans grew on an annual basis by 3.6%, against a contraction of 1.2% in medium- and long-term loans. In the three months new household mortgage loans of more than 360 million Euro were made; personal loans and consumer credit, also made through Finconsumo, increased by 5.6%.

The Area's results in the first quarter of 2001 reflected the high base in comparison to the first three months of 2000, which recorded the most substantial flows of income in the past year, thanks to a particularly positive market context in asset management and securities dealing. Net income in the first quarter of 2001, 149 million Euro, was down by 17.2% compared to the pro forma of the same period of 2000, in equal operating terms. Average net quarterly income recorded in 2000, 156 million Euro, provides a more consistent comparison.

Net interest income, in particular, followed the positive trend which characterized the past year, showing an increase compared to the first quarter of 2000. By contrast, commissions showed a reduction from the first quar-

ter of 2000, as a result of the difficult market situation in the first months of the current year, in contrast to the particularly positive progress in subscriptions and order inflow recorded by the Italian Branch Network in the first three months of last year. Costs, although up against the first three months of 2000, were less than the 2000 average.

Finally, adjustments to loans were lower, thanks to improvement in asset quality.

In total, profitability, expressed in terms of RORAC, was 24%, against the 29.7% of the first quarter of 2000 and the 25.9% of the past year, restated in equal operating terms.

Banco di Napoli

Banco di Napoli, part of the SANPAOLO IMI Group from the second half of 2000, is the largest bank in Southern Italy, where it has a network of 731 branches.

In the first quarter of 2001, Banco di Napoli took actions aimed at achieving the objectives set in the integration plan with the SANPAOLO IMI Group, which envisage a focus for

the Neapolitan bank in business with households, small entrepreneurs and small- and medium-sized business. Among the most important initiatives, aimed to allow Banco di Napoli to align itself with the Group's standards of efficiency, productivity and credit control, should be noted:

- the launch of the operational phase of the integration plan, which will lead in the coming months to the setting out of a definitive business plan and master plans for the organizational changes;

Banco di Napoli

	First quarter 2001	First quarter 2000	Change first quarter 2001 / First quarter 2000 (%)	FY 2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	278	297	-6.4	1,167
Operating costs	-230	-226	+1.8	-908
Operating income	48	71	-32.4	259
Provisions and net adjustments to loans and financial fixed assets	-25	-21	+19.0	-375
Income before extraordinary items	23	50	-54.0	-116
Net extraordinary income	21	-	n.s.	-398
Income before taxes	44	50	-12.0	-514
Income taxes for the period	-22	-28	-21.4	241
Use of reserves for general banking risks	-	-	-	367
Net income	22	22	-	94
Contribution to net income of the Group (1)	20	20	-	84
ALLOCATED CAPITAL (€/mil)	1,361	1,308	+4.1	1,286
RATIOS (%)				
Annualized RORAC	5.9	6.1		6.5
Cost / Income ratio	82.7	76.1		77.8
	31/3/2001	31/3/2000	Change 31/3/01-31/3/00 (%)	31/12/2000
OPERATING DATA (€/mil)				
Financial assets	38,052	39,256	-3.1	38,819
- Direct deposits	24,204	24,029	+0.7	24,606
- Asset management	6,792	7,340	-7.5	6,678
of which: Group products	6,219	6,766	-8.1	6,111
- <i>Mutual funds and fund-based portfolio management</i>	4,704	5,349	-12.1	4,719
- <i>Portfolio management</i>	1,275	1,417	-10.0	1,272
- <i>Life insurance</i>	240	-	n.s.	120
of which: Other products	573	574	-0.2	567
- Asset administration	7,056	7,887	-10.5	7,535
Net asset management flows	278	-550		-1,161
Net loans to customers excluding NPLs and SGA loans	16,828	14,850	+13.3	15,688
STRUCTURE				
Employees	10,539	10,969	-3.9	10,641
Financial planners	204	216	-5.6	225
Domestic branches	731	731	-	731

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

- the reorganization program of the domestic distribution network; 11 territorial areas have been identified, rationalizing the previous structure of 48 regional offices;
- the development of analyses aimed at rationalizing the shareholding portfolio and the foreign network, consistently with the objective of targeting the activities of Banco di Napoli in its chosen business areas; in particular, the integration into Wealth Management of the fund management businesses, the transfer to Corporate of the Hong Kong branch and the sale of the London branch to a third party;
- the planning of a multichannel strategy which envisages, for the second half of the year, the introduction of telephone banking and on-line trading;
- the launch of a voluntary early leaving incentive scheme.

Also in course of identification, together with Commercial Banking, are the 10 branches of the Group in the province of Naples which must be disposed of within one year as required by the antitrust terms of the Bank of Italy's authorization for the SANPAOLO IMI and Banco di Napoli transaction.

In operating terms, the significant recovery in net asset management flows should be particularly noted; this, against the outflow in the previous year, was positive to the amount of 278 million Euro in the quarter; the total stock,

notwithstanding the fall in equity prices, grew by 1.7% from the beginning of the year. The positive performance continued in April, when Banco di Napoli achieved a net inflow in mutual funds, including investments from portfolio management and life policies, of 111 million Euro.

Loans to customers, excluding non-performing loans and loans to SGA, the company responsible for recovering doubtful loans, increased by 7.3% from the beginning of the year and 13.3% compared to the end of March 2000. Customer deposits, down by 1.6% against the end of 2000, grew by 0.7% on an annual basis. Both in loans and deposits, repurchase agreements were the most active components.

Banco di Napoli closed the first quarter of 2001 with consolidated net income of 22 million Euro, in line with that recorded in the same period of the previous year. Net interest income grew, while there was a reduction both in commissions and, above all, in profits from financial transactions, which in the first three months of 2000 benefited from extraordinary items. Personnel and administrative expenses were reduced, against an increase in amortization because of the higher charges adopted. Amortization and adjustments to loans increased. Finally, extraordinary income was substantial thanks to the out of court settlement of an important legal dispute in favor of Banco di Napoli.

Wealth Management

The first months of 2001 also saw the realization of the project aimed at creating an autonomous Business Area dedicated to Wealth Management, intended to provide asset management products and services both to the internal distribution networks of the Group (Commercial Banking, Banco di Napoli and Banca Sanpaolo Invest) and to other networks and institutional investors. In April, the Parent Bank completed the transfer to Wealth Management Sanpaolo IMI of the shareholdings in subsidiary companies operating in mutual funds and asset management (Sanpaolo IMI Asset Management SGR, Sanpaolo Gestion Internationale and Sanpaolo Fiduciaria), private banking (Sanpaolo Bank Lussemburgo and Sanpaolo Bank Austria) and life insurance (Sanpaolo Vita and Sanpaolo Life).

Numerous initiatives were made in the first months of the year to develop the range of products from the Wealth

Management companies. In particular:

- in asset management, the beginning of January saw the start of operations of Sanpaolo IMI Institutional Asset Management SGR, specializing in asset management for institutional clients; Sanpaolo IMI Alternative Investments SGR, dedicated to hedge fund management, was also established;
- in mutual funds, a new Italian equity fund without single company limits was created and the Sanpaolo Liquidità fund was segmented, with the introduction of two classes for retail and for corporate and private banking customers;
- in insurance, new single premium policies were launched; these allow an annual cashing in equal to the capital increase during the preceding year, and a multi-manager approach for Sanpaolo Life products dedicated to private customers was introduced;
- in private banking, the new Swiss bank, SP Private Banking, began operations at the end of February with headquarters in Geneva and a branch in Lugano.

Wealth Management

	First quarter 2001 pro forma	First quarter 2000 pro forma	Change first quarter 2001 / First quarter 2000 pro forma (%)	FY 2000 pro forma
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	69	67	+3.0	261
Operating costs	-20	-17	+17.6	-62
Operating income	49	50	-2.0	199
Provisions and net adjustments to loans and financial fixed assets	-2	-1	+100.0	-43
Income before extraordinary items	47	49	-4.1	156
Net extraordinary income	5	-	n.s.	-
Income before taxes	52	49	+6.1	156
Income taxes for the period	-2	-11	n.s.	-26
Change in reserves for general banking risks	-	-	-	3
Net income	50	38	+31.6	133
Contribution to net income of the Group (1)	50	30	+66.7	106
ALLOCATED CAPITAL (€/mil)	386	315	+22.5	267
RATIOS (%)				
Annualized RoE	51.8	38.1		39.7
Cost / Income ratio	29.0	25.4		23.8
	31/3/2001	31/3/2000 pro forma	Change 31/3/01-31/3/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)				
Asset management	72,010	73,940	-2.6	74,331
STRUCTURE				
Employees	402	271	+48.3	343

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

In the context of the industrial integration of Banco di Napoli within the SANPAOLO IMI Group, it should be noted that:

- asset management began the process of centralizing management activities and the joint definition of marketing policies;
- mutual funds and portfolio management have been integrated, while the range of insurance products is being progressively enhanced.

In operating terms, Wealth Management's asset management volumes in the first months of the year were affected by the negative movement in the financial markets. Amounts managed fell from the end of 2000 by 2.3 billion Euro; the value reduction (2.6 billion Euro) was in fact superior to the net inflow from the distribution networks

(328 million Euro). These amounts also showed a recomposition towards insurance: technical reserves were 7 billion Euro, 246 million Euro up on the beginning of the year; this was against a reduction in mutual funds and portfolio management which fell in the three months from 62.6 to 60.2 billion Euro.

In the first quarter of 2001, Wealth Management showed a growth in income compared to that recorded in the same period of 2000. The reduction in commission levels related to operations in funds was in fact more than compensated by the greater contribution from the insurance companies Sanpaolo Vita and Sanpaolo Life, included in net interest and other banking income among income from companies valued at net equity. Profitability, thanks also to a reduction in the tax rate, rose to 51.8%.

Banca Fideuram

Banca Fideuram, which has a network of 3,774 consultants and 75 branches, operates using its own specialized companies dedicated to asset management services.

In the first quarter of 2001, Banca Fideuram continued actions aimed at strengthening its operations both in Italy and abroad; among these should be noted:

- the definition of the business plan for the strategies relative to Wargny, the newly acquired French broker, which envisages the acquisition of a banking license and the launch of asset management activities next

autumn using the distribution model already experimented in Italy;

- the opening of operations of the subsidiary Fideuram Bank Suisse in Swiss private banking;
- the offering of new insurance products to customers, aimed at optimizing the possibilities introduced by the recent tax regulations and at bridging the gap in life and pension funds between Italy and other western countries.

At the end of March 2001 the financial assets of Banca Fideuram amounted to 50.7 billion Euro, up by 2.7% compared to March 2000 and slightly down compared to the

Banca Fideuram

	First quarter 2001	First quarter 2000	Change first quarter 2001 / First quarter 2000 (%)	FY 2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	148	115	+28.7	526
Operating costs	-71	-51	+39.2	-228
Operating income	77	64	+20.3	298
Value adjustments on goodwill, merger differences and consolidation	-6	-7	-14.3	-34
Provisions and net adjustments to loans and financial fixed assets	-6	-4	+50.0	-11
Income before extraordinary items	65	53	+22.6	253
Net extraordinary income	1	-1	n.s.	1
Income before taxes	66	52	+26.9	254
Income taxes for the period	-8	-6	+33.3	-30
Net income	58	46	+26.1	224
Contribution to net income of the Group (1)	46	37	+24.3	177
ALLOCATED CAPITAL (€/mil)	702	586	+19.8	544
RATIOS (%)				
Annualized RoE	26.2	25.3		32.5
Cost / Income ratio	48.0	44.3		43.3
	31/3/2001	31/3/2000	Change 31/3/01-31/3/00 (%)	31/12/2000
OPERATING DATA (€/mil)				
Financial assets	50,668	49,317	+2.7	51,073
- Direct deposits	3,307	2,400	+37.8	2,725
- Asset management	38,972	39,972	-2.5	40,613
- <i>Mutual funds and fund-based portfolio management</i>	33,133	34,745	-4.6	34,923
- <i>Life insurance</i>	5,839	5,227	+11.7	5,690
- Asset administration	8,389	6,945	+20.8	7,735
Net asset management flows	-224	2,925		6,150
STRUCTURE				
Employees	1,613	1,315	+22.7	1,587
Financial planners	3,774	3,562	+6.0	3,782
Branches	75	68	+10.3	74

(1) Relates to the 74% held by SANPAOLO IMI and after posting consolidation attributable to the Area.

end of December. The positive trend in financial assets is due both to direct customer deposits, up by 37.8% on an annual basis thanks above all to repurchase business, and to asset administration, up by 20.8% in the 12 months. On the other hand, asset management amounts fell by 2.5%. In this context, therefore, the positive results achieved in insurance should be noted: life policies, thanks to a quarterly net inflow of 172 million Euro, exceeded 5.8 billion Euro. In mutual funds and portfolio management in funds the Bank, notwithstanding a negative net flow of 400 million Euro, maintained its market share at 6.3%, stable against the end of December 2000; the net flow, with a strong change towards private banking should also be considered: against a reduction in net flow of funds of 1,679 million Euro, there was in fact an increase in net portfolio management flows from private customers of 1,279 million Euro.

Banca Fideuram closed the first quarter of 2001 with consolidated net income of 58 million Euro, up against the 46 million Euro in the corresponding period of 2000. The contribution to Group results, for the share of 74% held by SANPAOLO IMI and after consolidation, was 46 million Euro, against 37 million Euro in the first quarter of the previous year. The growth in net commissions, made possible thanks to the increase in total average volumes under management and to the greater proportion of higher value added products, in fact more than compensated for the increase recorded in operating costs. Income was further enhanced taking account of commission expense and costs including 22 million Euro provisioned for incentives for the salesforce and employees under the three-year (1999-2001) development plan. The profitability of the Bank was maintained at high levels, giving an annualized RoE of 26.2%.

Banca Sanpaolo Invest

Banca Sanpaolo Invest continued in the first quarter of 2001 the work of strengthening its market positioning, also with a view to its forthcoming quotation. Initiatives in the period concerned in particular:

- the strengthening of the distribution structure: during the quarter a recruiting plan directed principally at professionals in the sector was implemented and this increased the number of financial consultants to 1,525 or 37 more than at the end of 2000; in other channels, customer operational and statement services through the call center, with more than 50 operators, and the new Internet banking channel have been launched;
- the widening of the product range, also through the distribution of funds of leading international asset managers such as Credit Agricole Indosuez, Credit Suisse, J.P.Morgan and Pictet, on the basis of the marketing agreements concluded in 2000;
- the improvement in quality of service; of note in this respect are the agreements signed with Invesco which allowed Banca Sanpaolo Invest to develop a new model of financial planning capable of identifying the optimal portfolio mix for each client, on the basis of the time horizon of the investment and propensity to risk;
- the improvement in the operating and IT machine, geared to develop a range of banking products to support asset gathering; thanks to the operational auto-

Banca Sanpaolo Invest

	First quarter 2001	First quarter 2000	Change first quarter 2001 / First quarter 2000 (%)	FY 2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	18	20	-10.0	69
Operating costs	-10	-9	+11.1	-49
Operating income	8	11	-27.3	20
Income before extraordinary items	8	11	-27.3	20
Net extraordinary income	-2	-	n.s.	6
Income before taxes	6	11	-45.5	26
Income taxes for the period	-1	-5	-80.0	-10
Net income	5	6	-16.7	16
ALLOCATED CAPITAL (€/mil)	105	89	+18.0	89
RATIOS (%)				
Annualized RoE	19.0	27.0		18.0
Cost / Income ratio	55.6	45.0		71.0
	31/3/2001	31/3/2000	Change 31/3/01-31/3/00 (%)	31/12/2000
OPERATING DATA (€/mil)				
Financial assets	9,615	10,224	-6.0	10,178
- Direct deposits	102	-	n.s.	52
- Asset management	8,706	9,119	-4.5	9,180
of which: Group products	6,916	7,673	-9.9	7,469
- Mutual funds and fund-based portfolio management	6,213	7,025	-11.6	6,733
- Portfolio management	218	233	-6.4	270
- Life insurance	485	415	+16.9	466
of which: Other products	1,790	1,446	+23.8	1,711
- Asset administration	807	1,105	-27.0	946
Net asset management flows	132	448		1,711
STRUCTURE				
Employees	197	122	+61.5	176
Financial planners	1,525	1,368	+11.5	1,488

my achieved, Banca Sanpaolo Invest is completing the transfer of clients formerly supported by the branch network of Commercial Banking.

Total financial assets of Banca Sanpaolo Invest amounted at the end of March 2001 to 9.6 billion Euro, down by 5.5% in the quarter; against a doubling of direct deposits, from 52 to 102 million Euro, there was a reduction in volumes in asset administration and management; these fell to 8.7 billion Euro, following a value reduction in the total of 606 million Euro, in part compensated for by a positive net flow of 132 million Euro. At the end of March 2001, the Bank's market share in mutual funds and portfolio management in funds was 1.2%.

Banca Sanpaolo Invest closed the first quarter with a net income of 5 million Euro, down by 16.7% compared to the same period of 2000. Income performance was influenced both by the reduction in net commissions and by the growth in costs, as a result of investments aimed to

strengthen market positioning. Profitability, calculated in terms of annualized RoE, was 19%.

IMIWeb Bank

Having obtained its banking license at the beginning of 2001, IMIWeb Bank operated in the first quarter of the year to broaden its activities from e-trading to e-banking. Client service was enhanced through new banking products, including household mortgages and consumer credit. IMIWeb Bank also strengthened its positioning as an on-line broker in Italy, with the launch of innovative products, such as stock lending, short selling and trading in derivatives; abroad, the company began to operate directly in Luxembourg and, through its subsidiary IMIWeb UK, in the United Kingdom.

Costs connected to the new initiatives effected by IMIWeb Bank harmed first quarter results of 2001, which closed with a loss of 5 million Euro.

IMIWeb Bank

	First quarter 2001	First quarter 2000	Change first quarter 2001 / First quarter 2000 (%)	FY 2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	2	1	+100.0	6
Operating costs	-7	-4	+75.0	-35
Loss before extraordinary items	-5	-3	+66.7	-29
Net extraordinary income	-	-	-	1
Net loss	-5	-3	+66.7	-28

Corporate

Corporate carries out lending and the provision of banking services to medium- and large-sized companies and groups. It is operationally divided into two Parent Bank structures, one for Italian customers and the other for abroad. The network consists of six territorial offices in Italy and 10 branches and 14 representative offices abroad, as well as the subsidiary Sanpaolo IMI Bank Ireland.

In the first quarter of 2001, the Area achieved the expected widening of its Italian customer base, including also groups with a consolidated turnover of between 500 and 1,000 billion Lire. In an extremely competitive market with signs of uncertainty, the Area's activity has been directed to maintain adequate profitability levels with a constant monitoring of the risk / return profile. To achieve this:

- participation in syndicated loans where the Bank has been able to take leading roles with consequent substantial commission income has been encouraged;

- particular attention has been paid to the provision of customer services with the goal of widening their range and improving their quality, with positive economic effects.

From the organizational point of view:

- the acquisition of the Hong Kong branch of Banco di Napoli was approved; its full integration into the Asian Area is expected within the year and the rationalization and IT centralization plans have been started;
- steps have been taken for the early opening of new representative offices in Prague and Budapest.

Loans at 31 March 2001 were 23.5 billion Euro, up 2.7% compared to the first quarter of 2000, although down compared to the beginning of the year, both recalculated using equal operational criteria. Loan commitments rose to 8.4 billion Euro, an increase of 6.3% on December 2000.

Corporate

	First quarter 2001	First quarter 2000 pro forma	Change first quarter 2001 / First quarter 2000 pro forma (%)	FY 2000 pro forma
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	77	75	+2.7	298
Operating costs	-25	-23	+8.7	-105
Operating income	52	52	-	193
Provisions and net adjustments to loans and financial fixed assets	-6	-9	-33.3	-35
Income before extraordinary items	46	43	+7.0	158
Income before taxes	46	43	+7.0	158
Income taxes for the period	-18	-18	-	-66
Net income	28	25	+12.0	92
ALLOCATED CAPITAL (€/mil)	879	798	+10.2	804
RATIOS (%)				
Annualized RORAC	12.6	12.7		11.5
Cost / Income ratio	32.5	30.7		35.2
	31/3/2001	31/3/2000 pro forma	Change 31/3/01-31/3/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)				
Net loans to customers excluding NPLs	23,494	22,882	+2.7	24,803
Guarantees	8,435	6,509	+29.6	7,933
Total loans and guarantees	31,929	29,391	+8.6	32,736
STRUCTURE				
Employees	478	422	+13.3	481
Area offices in Italy	6	6	-	6
Foreign branches and representative offices	24	22	+9.1	23

In first three months of 2001, the Area recorded net income of 28 million Euro, up by 12% compared to the pro forma for the first quarter of 2000 on equal opera-

tional criteria. This was thanks to growth both in net interest income and in commissions. The annualized RORAC was 12.6%, in line with the same period of 2000.

Public Works and Infrastructure

The provision of financial services to the public sector, with particular reference to the financing of investments and infrastructure works is undertaken, from July 2000, by Banca OPI, a specialist company through which the Group intends to consolidate its leading role in Italy in the sector. Banca OPI, through synergies with the networks and the other components of Group, offers its clients financing and other services, including particularly advisory and project finance.

In the first quarter of 2001, Banca OPI's business volumes showed a slowing, reflecting a regulatory change for local entities, which postpones to 31 March the deadline to approve 2001 estimates, essential to plan investments and the relative financial needs. Loans to customers were 11.7 billion Euro at the end of the quarter, down by 1.6% from the pro

forma at 31 March 2000, recalculated using equal operational criteria, and 2.6% from the end of December 2000, which included term loans due for 426 million Euro; in the first three months of the year, agreements were reached for 577 million Euro and disbursements of 281 million Euro were made.

The positive economic performance of the preceding year was also followed in the first quarter of 2001: thanks to the positive move in net interest income and commissions, net income was 16 million Euro, up by 6.7% compared to the pro forma of the first quarter of 2000, recalculated using equal operational criteria; the contribution to the Group consolidated result, following the reversal of provisions made by Banca OPI for tax reasons only, rose to 19 million Euro. The annualized RoE, although down against 2000, which had benefited from extraordinary contributions related the accounting for prepaid taxes, was nearly 22%.

Public Works and Infrastructure

	First quarter 2001	First quarter 2000 pro forma	Change first quarter 2001 / First quarter 2000 pro forma (%)	FY 2000 pro forma
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	32	29	+10.3	131
Operating costs	-4	-4	-	-15
Operating income	28	25	+12.0	115
Provisions and net adjustments to loans and financial fixed assets	-7	-	n.s.	-8
Income before extraordinary items	21	25	-16.0	107
Net extraordinary income	1	-	n.s.	2
Income before taxes	22	25	-12.0	109
Income taxes for the period	-6	-10	-40.0	-12
Net income	16	15	+6.7	98
Contribution to net income of the Group (1)	19	15	+26.7	98
ALLOCATED CAPITAL (€/mil)	349	279	+25.1	279
RATIOS (%)				
Annualized RoE	21.8	21.5		35.0
Cost / Income ratio	12.5	13.8		11.9
	31/3/2001	31/3/2000 pro forma	Change 31/3/01-31/3/00 pro forma (%)	31/12/2000 pro forma
OPERATING DATA (€/mil)				
Net loans to customers excluding NPLs	11,667	11,858	-1.6	11,973
Disbursements in the period	281	1,030	-72.7	3,128
STRUCTURE				
Employees	107	90	+18.9	99

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

Investment Banking

Investment Banking covers securities dealing for own account and for third parties and the raising of risk capital and debt for corporate clients, as well as consultancy in corporate finance. Investment banking is undertaken by the Banca IMI Group, with the exception of IMIWeb Bank and its subsidiary IMIWeb UK, which deal in e-banking and is included in Personal Financial Services.

In the first quarter of 2001 Investment Banking operated in a very volatile market context; notwithstanding the difficult external environment, the Banca IMI Group:

- in corporate finance and capital markets, managed the public equity placing of Orange and the private placements of Tiscali and the fifth tranche of ENI; in the primary debt market, the Bank organized and participated

ed in loan placing for corporate and bank issuers such as RDM International SA and Banca Agrileasing;

- in fixed income, it was in third place among MTS specialists and consolidated its place in corporate securities in the Eurozone and supranational securities;
- abroad, custody services offered by the subsidiary IMI Bank (Luxembourg) were strengthened, which in the first quarter of 2001 increased the number of operations, presenting a percentage growth in transactions made through the new direct banking channel of IMI Custody.

Results in the first quarter of 2001 were affected by the high basis of comparison from the first three months of 2000, which, thanks to a very positive external environment, brought the highest earning flows of the whole of 2000. Net income in the first quarter of 2001 was in fact

Investment Banking

	First quarter 2001	First quarter 2000	Change first quarter 2001 / First quarter 2000 (%)	FY 2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	61	90	-32.2	250
Operating costs	-37	-39	-5.1	-161
Operating income	24	51	-52.9	89
Provisions and net adjustments to loans and financial fixed assets	-	-2	n.s.	1
Income before extraordinary items	24	49	-51.0	90
Net extraordinary income	-	-	-	8
Income before taxes	24	49	-51.0	98
Income taxes for the period	-10	-21	-52.4	-31
Net income	14	28	-50.0	67
Contribution to net income of the Group (1)	14	28	-50.0	60
ALLOCATED CAPITAL (€/mil)	338	413	-18.2	356
RATIOS (%)				
Annualized RoE	16.6	27.1		16.9
Cost / Income ratio	60.7	43.3		64.4
	31/3/2001	31/3/2000	Change 31/3/01-31/3/00 (%)	31/12/2000
OPERATING DATA (€/mil)				
Banca IMI SpA trading volumes				
- trading	117,796	82,146	+43.4	474,918
- sales	24,360	26,812	-9.1	100,060
- repurchase agreements	182,512	130,575	+39.8	817,939
- placements	1,768	3,958	-55.3	19,537
STRUCTURE				
Employees	682	623	+9.5	683
Branches	2	2	-	2

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

14 million Euro, against 28 million Euro in the first three months of 2000. Comparison with the quarterly average for 2000 (17 million Euro) is more consistent. Profitability

was nearly 17%, in line with 2000, although down compared to the exceptional level recorded in the first quarter of 2000 (27%).

Merchant Banking

NHS, the company which covers the merchant banking activity of the Group, made new investments of approximately 190 million Euro in the first quarter of 2001. Among the most important, the following should be noted:

- the participation in the private placement by the Treasury Ministry of the 5% of ENI; the placement was concluded at the end of February with the assignment of 21 million shares, 0.26% of the capital, for 143 million Euro;
- the investment in Cartiere Fedrigoni & C., through a stake of 10% of the equity for 14 million Euro;
- the acquisition, for 4.5 million Euro, of 49% of Comim, which purchased 100% of Wire Industries, the Italian and European leader in the production of components for household appliances;
- the acquisition of a stake of 1.08% in ACEGAS, for a total investment of 4 million Euro.

Among other facts during the quarter, the start of the procedure to establish an asset management company, NHS Asset Management SGR, should be noted; this will market and manage new Italian closed-end funds. NHS also established NHS Luxembourg, regulated according to Luxembourg law, to act as a subholding to manage financial shareholding investments including shares of private equity funds.

Profit results for NHS in the first quarter of 2001 were affected by the difficult market context, which limited the opportunities to realize shareholding and merchant banking investments. NHS however sold worth 39 million Euro in the quarter, realizing capital gains of approximately 17 million Euro. Consolidated net income in the first quarter of 2001 was 9 million Euro, and contribution to SANPAOLO IMI Group net income, for the 51% held, was 5 million Euro.

At the end of March, NHS showed potential capital gains from investments in quoted companies of 136 million Euro.

Merchant Banking

	First quarter 2001	First quarter 2000	Change first quarter 2001 / First quarter 2000 (%)	FY 2000
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	-	14	n.s.	51
Operating costs	-2	-3	-33.3	-9
Operating income	-2	11	-118.2	42
Provisions and net adjustments to loans and financial fixed assets	-1	-4	-75.0	-10
Income before extraordinary items	-3	7	-142.9	32
Net extraordinary income	16	24	-33.3	93
Income before taxes	13	31	-58.1	125
Income taxes for the period	-4	-12	-66.7	-49
Net income	9	19	-52.6	76
Contribution to net income of the Group (1)	5	10	-50.0	33
ALLOCATED CAPITAL (€/mil)	418	389	+7.5	382
RATIOS (%)				
Annualized RoE	4.8	10.3		8.6
Cost / Income ratio	n.s.	21.4		17.6
	31/3/2001	31/3/2000	First quarter 2001 net flow	31/12/2000
OPERATING DATA (€/mil)				
Merchant banking direct investments	503	167	+24	479
Other shareholdings	610	281	+150	460
	31/3/2001	31/3/2000	Change 31/3/01-31/3/00 (%)	31/12/2000
STRUCTURE				
Employees	52	51	+2.0	52

(1) Relates to the 51% held by SANPAOLO IMI and after posting consolidation attributable to the Area.

Explanatory Notes

ACCOUNTING AND VALUATION PRINCIPLES

PRESENTATION

CONSOLIDATED PRO FORMA STATEMENTS FOR 2000

CRITERIA TO CALCULATE THE PROFITABILITY OF THE BUSINESS AREAS

Accounting and valuation principles

The Quarterly Report of the SANPAOLO IMI Group at 31 March 2001 has been prepared according to Consob Regolamento 11971 of 14 May 1999 and successive modifications and integration.

The balance sheet at 31 March 2001 and the income statement for the first quarter of 2001 have been prepared using the accounting and valuation principles used in the Annual Report to which reference is made for further detail. Here should be noted:

- the infrannual situation is prepared according to the discrete approach, according to which each reference period is considered as a separate period. In this way, the income statement reflects the ordinary and extraordinary income components for the quarter, according to the accrual principle. In particular, income taxes reflect the charges for the period concerned for current and deferred taxation, prudently not taking account of the advantages pursuant to the “Ciampi” Law (L. 461/98 and D.Lgs. 153/99);
- the accounting situations used for consolidation are those prepared by subsidiary companies (consolidated line by line or at net equity) with reference to 31 March 2001, as adjusted 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 the information made available by them, for the income statement for the period, also with recourse to prudent estimates;
- adjustments and provisions made exclusively for tax purposes by consolidated companies are reversed;
- own shares in the Parent Bank are valued at cost and posted against net consolidated equity reserves;
- only significant intercompany transactions and balances have been eliminated.

Concerning changes in the area of line by line consolidation, it should be noted that:

- compared to 31 December 2000, there are no significant changes;
- compared to 31 March 2000, the companies of the Banco di Napoli group and the French group Wargny Associés, already consolidated line by line for the first time at 31 December 2000, are included.

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

Presentation

The balance sheet at 31 March 2001 and the income statement for the first quarter of 2001 are presented in the same reclassified form adopted from the end of the past year which, compared to the preceding yearly comparative information, has been changed as follows:

- to allow a more efficient management presentation of Group results, the net interest income of the subholding Banca IMI is placed in the caption “profits and losses from financial transactions and dividends on shares”, in that it is strictly related to dealing in securities from an operational point of view;
- “value adjustments on goodwill, merger differences and consolidation” are evidenced separately given their significance as a caption as a result of the acquisitions of shareholdings made in the past year.

As a result of these changes in presentation, the quarterly analyses for 2000, prepared for comparison, have been appropriately reclassified.

Consolidated pro forma statements for 2000

Given the significant balance sheet and income statement effects of the line by line consolidation of the Banco di Napoli group, with effect for the first time in the statement at 31 December 2000, to allow comparison with results on a consistent basis, the reclassified accounts for the previous year have been presented in a pro forma version prepared on the conventional basis of taking control of Banco di Napoli on 1 January 2000.

Attached to the present Explanatory Notes are the pro forma reclassified consolidated statements to determine the balance sheet at 31 March 2000 and the pro forma reclassified consolidated income statement for the first quarter of 2000 and for the year 2000.

To prepare these pro forma versions, the accounts published in 2000 by the SANPAOLO IMI Group (column “a” in the attached statements) and by Banco di Napoli (column “b” in the attached statements) have been used, appropriately integrated and adjusted to take account of:

- the effect of consolidation of the Banco di Napoli group companies and initial adjustments made to the net shareholders’ equity of the Banco (column “c” in the attached statements). The consolidation of companies within the Neapolitan group has been made necessary

in that the information published by Banco di Napoli in 2000 refer to the accounts on an individual basis. Furthermore, the initial adjustments made to the net shareholders' equity of the Banco concern changes considered in the consolidated financial statements of SANPAOLO IMI at 31 December 2000 to determine the differences at first consolidation. In particular, the adjustments are due to the effects of alignment to SANPAOLO IMI Group accounting principles as well as to the restructuring charges envisaged in the industrial merger plan of Banco di Napoli into the SANPAOLO IMI Group which have therefore been reversed from the statement of income of Banco di Napoli S.p.A. for the year 2000. The adjustments in question also include the presentational changes rendered necessary to align them to the criteria of the new Parent Bank. Finally, and limited to the situation for the first quarter of 2000, adjustments made include an estimate of the taxes for the period of Banco di Napoli, in that they were not included in the quarterly accounts published at the time;

- the effect of the pro forma adjustments (column "d" in the attached statements) concerning the acquisition and consolidation of the Banco di Napoli group from 1 January 2000. In particular: a) the balance sheet has been adjusted to reflect essentially the effects of posting of the consolidation of the Banco di Napoli group in SANPAOLO IMI, as well as the subordinated debt of SANPAOLO IMI S.p.A. connected to the acquisitions; b) the income statement, consequently, reflects financial charges of funding and the amortization of the positive differences on consolidation for the whole period.

A pro forma balance sheet at 31 March 2000 and a pro forma income statement for the first quarter of 2000 and for the year 2000 including the results of the Wargny Group have not been prepared, in that its contribution is not relevant to the data for the SANPAOLO IMI Group.

Criteria to calculate 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 subsidiaries, consolidation of the line items of the Parent Bank attributable to the relevant Area has been effected with the income statement line items of the subsidiary companies. The attribution to individual Areas of Parent Bank line

items, 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;
- 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 interests and after the posting of consolidation attributable 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.

The capital for each Area has also been quantified according to the following criteria:

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

In allocating Parent Bank capital to the Areas particularly prudent criteria have been adopted. In particular:

- risks in the Areas have been calculated with a confidence interval of 99.95%, in line with the rating attributed to the Group;
- risks in the Areas 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 by subsidiaries, profitability has been expressed in terms of RORAC (Return On Risk Adjusted Capital) reporting the Area's contribution to Group net income to the relative economic capital quantified according to VaR;

- 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 Group net income to the respective average accounting net shareholders' equity (excluding income for the period), consistently with the principles adopted for the Group.

The data for the first quarter of 2000 and for the year 2000 are pro forma estimates; they have been prepared on the basis of the following assumptions as of 1/1/2000:

- the acquisition of control of Banco di Napoli;
- the change in the customer profiles of the Commercial Banking and Corporate Areas;
- the establishment of the Wealth Management Area;
- the transfer to Banca OPI of the public works and infrastructure activities.

The first quarter 2001 data for Wealth Management, established in April 2001, are also pro forma.

Turin, 15 May 2001

The Board of Directors

Attachments

STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME
FOR THE FIRST QUARTER OF 2000

STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET
AT 31/3/2000

STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME
FOR THE FULL YEAR 2000

Statement of reclassified consolidated pro forma statement of income for the first quarter of 2000

	€/mil				
	SANPAOLO IMI Group	Banco di Napoli S.p.A.	Effect of consolidation of the Banco di Napoli group companies and of adjustments to net shareholders' equity (C)	Pro forma adjustments	SANPAOLO IMI Group pro forma
	(A)	(B)	(C)	(D)	(E)=(A+B+C+D)
NET INTEREST INCOME	521	193	-2	-25	687
Net commissions and other dealing revenues	647	65	18	-	730
Profits and losses from financial transactions and dividends on shares	92	19	3	-	114
Profits from companies carried at equity and dividends from shareholdings	35	-	-	-	35
NET INTEREST AND OTHER BANKING INCOME	1,295	277	19	-25	1,566
Administrative costs	-619	-221	-6	-	-846
- <i>personnel</i>	-386	-151	-2	-	-539
- <i>other administrative costs</i>	-190	-61	-4	-	-255
- <i>indirect duties and taxes</i>	-43	-9	-	-	-52
Other operating income, net	40	25	-8	-	57
Adjustments to tangible and intangible fixed assets	-46	-14	-1	-	-61
OPERATING INCOME	670	67	4	-25	716
Value adjustments on goodwill, merger differences and consolidation	-19	-	-	-21	-40
Provisions and net adjustments to loans and financial fixed assets	-91	-21	-	-	-112
INCOME BEFORE EXTRAORDINARY ITEMS	560	46	4	-46	564
Net extraordinary income	109	-	-	-	109
INCOME BEFORE TAXES	669	46	4	-46	673
Income taxes for the period	-268	-	-28	11	-285
Change in reserves for general banking risks	-	-	-	-	-
Income attributable to minority interests	-22	-	-2	-	-24
NET INCOME	379	46 (1)	-26 (2)	-35	364

(1) Financial results of Banco di Napoli, as published in the Quarterly Report at 31/3/2000, do not include, as envisaged facultatively in the regulations, tax effects in the period. Here they are calculated among adjustments in column "C" (cf. Note 2).

(2) Includes 25 million Euro relative to Banco di Napoli taxes calculated for the first quarter of 2000 on the basis of criteria similar to those used for the first quarter of 2001.

Statement of reclassified consolidated pro forma balance sheet at 31/3/2000

	SANPAOLO IMI Group	Banco di Napoli S.p.A.	Effect of consolidation of the Banco di Napoli group companies and of initial adjustments to net shareholders' equity (C)	Pro forma adjustments	SANPAOLO IMI Group pro forma
	(A)	(B)	(C)	(D)	(E)=(A+B+C+D)
ASSETS					
Cash and deposits with central banks and post offices	359	155	-	-	514
Loans	94,981	23,590	71	-	118,642
- due from banks	19,956	4,608	59	-	24,623
- loans to customers	75,025	18,982	12	-	94,019
Dealing securities	16,383	2,144	16	-	18,543
Fixed assets	6,928	5,844	-8	-818	11,946
- investment securities	1,711	4,924	-	-	6,635
- equity investments	3,871	194	-27	-818 (5)	3,220
- intangible fixed assets	257	53	14	-	324
- tangible fixed assets	1,089	673	5	-	1,767
Differences arising on consolidation and on application of the equity method	47	-	-	795	842
Other assets	18,622	4,952	1	-	23,575
Total assets	137,320	36,685	80	-23	174,062
LIABILITIES					
Payables	105,291	29,028	80	-	134,399
- due to banks	25,457	5,052	17	-	30,526
- due to customers and securities issued	79,834	23,976	63	-	103,873
Provisions	2,213	1,978	11	-11	4,191
- for taxation	1,293	67	3	-11	1,352
- for termination indemnities	448	285	6	-	739
- for risks and charges	427	471	2	-	900
- for pensions and similar	45	1,155	-	-	1,200
Other liabilities	19,303	3,648	335	10	23,296
Subordinated liabilities	1,494	349	-	2,063	3,906
Minority interests	560	-	133 (2)	-	693
Shareholders' equity	8,459	1,682	-479	-2,085	7,577
- capital	3,926	1,029	-	-1,029 (6)	3,926
- reserves	4,154	607	-453 (3)	-1,021 (6)	3,287
- net income for the period	379	46 (1)	-26 (4)	-35	364
Total liabilities	137,320	36,685	80	-23	174,062

(1) Financial results of Banco di Napoli, as published in the Quarterly Report at 31/3/2000, do not include, as envisaged facultatively in the regulations, tax effects in the period. Here they are calculated among adjustments in column "C" (cfr. Note 4).

(2) Represents minority interests calculated according to share held by SANPAOLO IMI.

(3) Includes 367 million Euro in adjustments to shareholders' equity of Banco di Napoli, due largely to the effects of alignments to SANPAOLO IMI Group accounting principles and restructuring costs in the integration industrial plan.

(4) Include 25 million Euro relative to Banco di Napoli taxes calculated for the first quarter of 2000 on the basis of criteria similar to those used for the first quarter of 2001.

(5) Represents cancellation of book value of INA shares held by SANPAOLO IMI on the occasion of the non-proportional spin-off of the insurance company leading the Bank to the acquisition of an interest of 28.6% in the ordinary capital of the Banco di Napoli group.

(6) Changes represent principally consolidation postings of Banco di Napoli in the SANPAOLO IMI Group. In particular, they reflect the elimination of the accounting value of the stake in the Banco, net of the share shown in assets among "Differences arising on consolidation and on application of the equity method".

Statement of reclassified consolidated pro forma statement of income for the full year 2000

	€/mil				
	SANPAOLO IMI Group restated (1)	Banco di Napoli S.p.A.	Effect of consolidation of the Banco di Napoli group companies and of adjustments to net shareholders' equity (C)	Pro forma adjustments	SANPAOLO IMI Group pro forma
	(A)	(B)	(C)	(D)	(E)=(A+B+C+D)
NET INTEREST INCOME	2,168	788	3	-85	2,874
Net commissions and other dealing revenues	2,469	312	23	-	2,804
Profits and losses from financial transactions and dividends on shares	255	31	5	-	291
Profits from companies carried at equity and dividends from shareholdings	159	8	-3	-17	147
NET INTEREST AND OTHER BANKING INCOME	5,051	1,139	28	-102	6,116
Administrative costs	-2,652	-854	-22	-	-3,528
- <i>personnel</i>	-1,620	-594	-20	-	-2,234
- <i>other administrative costs</i>	-859	-226	-2	-	-1,087
- <i>indirect duties and taxes</i>	-173	-34	-	-	-207
Other operating income, net	187	56	4	-	247
Adjustments to tangible and intangible fixed assets	-237	-90	-2	-	-329
OPERATING INCOME	2,349	251	8	-102	2,506
Value adjustments on goodwill, merger differences and consolidation	-89	-	-1	-78	-168
Provisions and net adjustments to loans and financial fixed assets	-454	-373	187	-	-640
INCOME BEFORE EXTRAORDINARY ITEMS	1,806	-122	194	-180	1,698
Net extraordinary income	369	-398	430	-	401
INCOME BEFORE TAXES	2,175	-520	624	-180	2,099
Income taxes for the period	-795	245	-255	37	-768
Change in reserves for general banking risks	2	367	-367	-	2
Income attributable to minority interests	-90	-	-10	-	-100
NET INCOME	1,292	92	-8	-143	1,233

(1) For simplicity of presentation, the statement of reclassified consolidated pro forma statement of income for 2000 has been determined from the consolidated statement of income of SANPAOLO IMI for the year 2000 in the "restated" version. In that version, as described in the Explanatory Notes of the Consolidated Financial Statements for 2000, the Banco di Napoli group has been summarily consolidated at net equity and thus the interest is reflected exclusively in the caption "Profits from companies carried at equity" (17 million Euro, reversed among the pro forma adjustments in column "D").