

S A N P A O L O I M I



HALF YEAR REPORT 2002

SANPAOLO IMI GROUP

Half Year Report 2002

SANPAOLO IMI S.p.A.

REGISTERED OFFICE: PIAZZA SAN CARLO 156, TURIN, ITALY

SECONDARY OFFICES:

- VIALE DELL'ARTE 25, ROME, ITALY

- VIA FARINI 22, BOLOGNA, ITALY

COMPANY REGISTER OF TURIN 06210280019

SHARE CAPITAL EURO 5,144,064,800 FULLY PAID

PARENT BANK OF THE SANPAOLO IMI BANKING GROUP

MEMBER OF THE INTERBANK DEPOSIT GUARANTEE FUND

This document has been translated from that issued in Italy from the Italian into the English language solely for the convenience of international readers.

	Luigi Arcuti	<i>Honorary Chairman</i>
Board of Directors	Rainer Stefano Masera (*)	<i>Chairman</i>
	Isabelle Bouillot	<i>Director</i>
	Pio Bussolotto (*)	<i>Managing Director</i>
	Alberto Carmi	<i>Director</i>
	Giuseppe Fontana	<i>Director</i>
	Gabriele Galateri di Genola e Suniglia	<i>Director</i>
	Richard Gardner	<i>Director</i>
	Alfonso Iozzo (*)	<i>Managing Director</i>
	Mario Manuli	<i>Director</i>
	Luigi Maranzana (*)	<i>Managing Director</i>
	Virgilio Marrone (*)	<i>Director</i>
	Abel Matutes	<i>Director</i>
	Iti Mihalich (*)	<i>Director</i>
	Emilio Ottolenghi	<i>Director</i>
	Orazio Rossi (*)	<i>Deputy Chairman</i>
	Gian Guido Sacchi Morsiani	<i>Director</i>
	Enrico Salza (*)	<i>Deputy Chairman</i>
	Remi François Vermeiren	<i>Director</i>
	<i>(*) Members of the Executive Committee</i>	
Board of Statutory Auditors	Mario Paolillo	<i>Chairman</i>
	Aureliano Benedetti	<i>Auditor</i>
	Maurizio Dallochio	<i>Auditor</i>
	Paolo Mazzi	<i>Auditor</i>
	Enrico Vitali	<i>Auditor</i>
	Stefania Bortoletti	<i>Supplementary Auditor</i>
	Antonio Ottavi	<i>Supplementary Auditor</i>
Independent Auditors	PricewaterhouseCoopers S.p.A.	

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Key figures

	First half 2002	First half 2001 pro forma (1)	Change first half 2002 / First half 2001 pro forma (%)	2001 pro forma (1)
CONSOLIDATED STATEMENT OF INCOME (€/mil)				
Net interest income	1,877	2,002	-6.2	3,959
Net commissions and other net dealing revenues	1,386	1,554	-10.8	3,056
Administrative costs	-2,296	-2,308	-0.5	-4,647
Operating income	1,308	1,535	-14.8	2,770
Provisions and net adjustments to loans and financial fixed assets	-312	-372	-16.1	-1,007
Income before extraordinary items	911	1,083	-15.9	1,591
Net extraordinary income	136	209	-34.9	414
Net income of the Group	601	803	-25.2	1,376
CONSOLIDATED BALANCE SHEET (€/mil)				
Total assets	207,532	213,555	-2.8	213,427
Loans to customers (excluding NPLs and SGA loans)	120,760	120,867	-0.1	121,469
Securities	28,742	33,315	-13.7	28,543
Equity investments	4,120	4,433	-7.1	4,898
Customer deposits and securities issued	136,456	130,827	+4.3	134,803
Subordinated liabilities	6,155	5,401	+14.0	5,829
Shareholders' equity of the Group	10,369	10,345	+0.2	10,933
CUSTOMER FINANCIAL ASSETS (€/mil)				
Customer financial assets	358,436	358,533	-0.0	357,875
- Direct deposits	136,456	130,827	+4.3	134,803
- Indirect deposits	221,980	227,706	-2.5	223,072
- Asset management	132,875	140,457	-5.4	138,479
- Asset administration	89,105	87,249	+2.1	84,593
PROFITABILITY RATIOS (%)				
Annualized RoE (2)	11.3	15.8		13.9
Cost / Income ratio (3)	64.2	60.3		63.3
Net commissions / Administrative costs	60.4	67.3		65.8
CREDIT RISK RATIOS (%)				
Net non-performing loans / Net loans to customers	1.1	1.1		1.1
Net problem loans and loans in restructuring / Net loans to customers	1.2	1.1		1.2
SOLVENCY RATIOS (%)				
Tier 1 capital / Weighted assets	7.2			
Total capital / Weighted assets	10.0			
SHARES				
Number of shares (millions)	1,837	1,837	-	1,837
Quoted price per share (€)				
- average	11.638	16.201	-28.2	14.375
- low	9.479	14.002	-32.3	8.764
- high	13.702	18.893	-27.5	18.893
Earnings per average number of shares in circulation (€)	0.33	0.44	-25.0	0.75
Dividend per share (€)				0.57
Dividend / Average annual price (%)				3.97
Shareholders' equity per share in circulation (€)	5.64	5.63	+0.2	5.95
OPERATING STRUCTURE				
Employees	46,412	46,953	-1.2	46,556
Domestic branches	3,063	2,978	+2.9	3,049
Foreign branches and representative offices	149	136	+9.6	150
Financial planners	5,223	5,533	-5.6	5,510

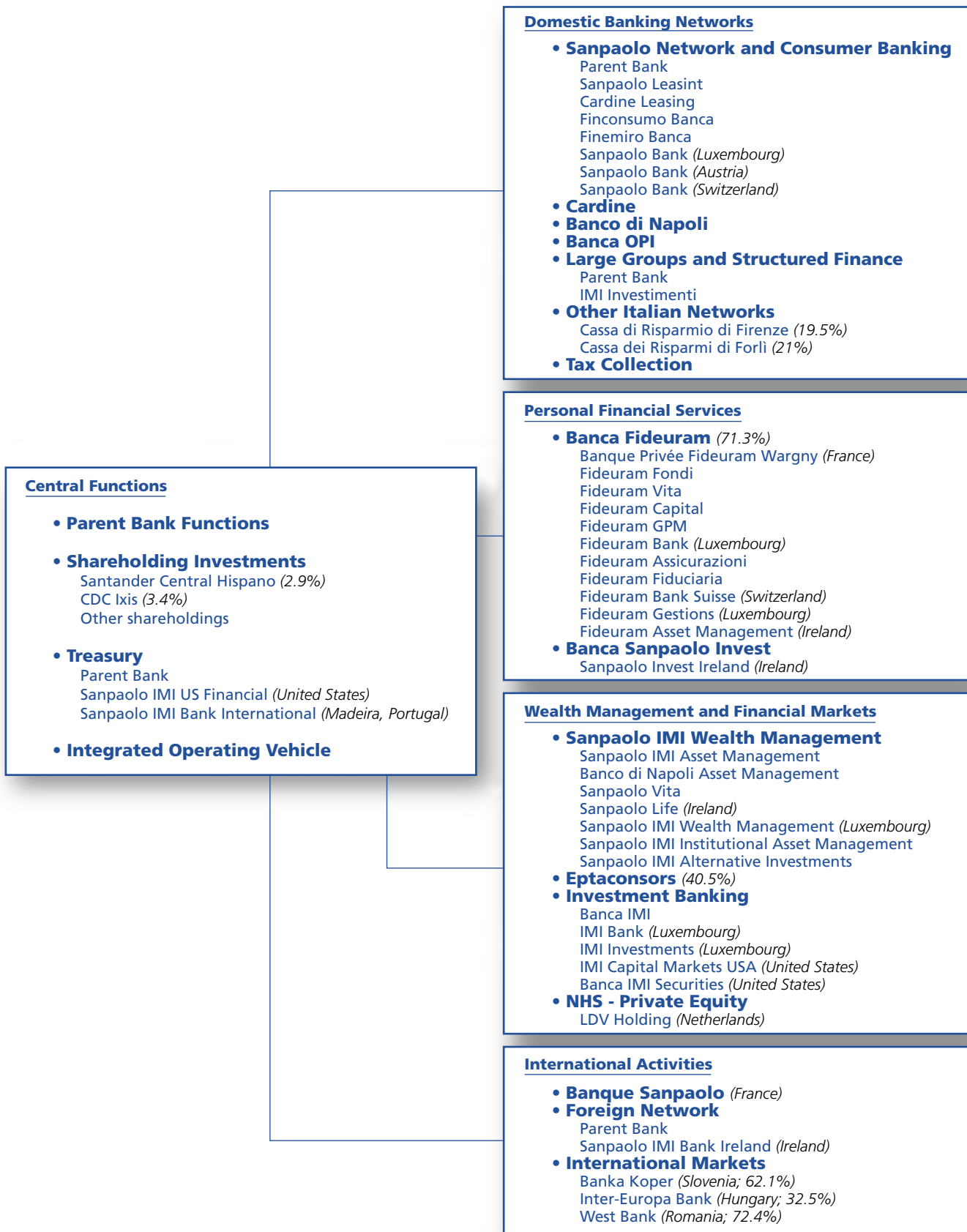
(1) The pro forma figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming the merger with Cardine and the acquisition of the interest in Banka Koper from 1/1/2001.

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

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

The pro forma figures for the first half of 2001 and for the year 2001 are unaudited.

Group structure



Central Functions

- **Parent Bank Functions**
- **Shareholding Investments**
 - Santander Central Hispano (2.9%)
 - CDC Ixis (3.4%)
 - Other shareholdings
- **Treasury**
 - Parent Bank
 - Sanpaolo IMI US Financial (United States)
 - Sanpaolo IMI Bank International (Madeira, Portugal)
- **Integrated Operating Vehicle**

Domestic Banking Networks

- **Sanpaolo Network and Consumer Banking**
 - Parent Bank
 - Sanpaolo Leasing
 - Cardine Leasing
 - Finconsumo Banca
 - Finemiro Banca
 - Sanpaolo Bank (Luxembourg)
 - Sanpaolo Bank (Austria)
 - Sanpaolo Bank (Switzerland)
- **Cardine**
- **Banco di Napoli**
- **Banca OPI**
- **Large Groups and Structured Finance**
 - Parent Bank
 - IMI Investimenti
- **Other Italian Networks**
 - Cassa di Risparmio di Firenze (19.5%)
 - Cassa dei Risparmi di Forlì (21%)
- **Tax Collection**

Personal Financial Services

- **Banca Fideuram (71.3%)**
 - Banque Privée Fideuram Wargny (France)
 - Fideuram Fondi
 - Fideuram Vita
 - Fideuram Capital
 - Fideuram GPM
 - Fideuram Bank (Luxembourg)
 - Fideuram Assicurazioni
 - Fideuram Fiduciaria
 - Fideuram Bank Suisse (Switzerland)
 - Fideuram Gestions (Luxembourg)
 - Fideuram Asset Management (Ireland)
- **Banca Sanpaolo Invest**
 - Sanpaolo Invest Ireland (Ireland)

Wealth Management and Financial Markets

- **Sanpaolo IMI Wealth Management**
 - Sanpaolo IMI Asset Management
 - Banco di Napoli Asset Management
 - Sanpaolo Vita
 - Sanpaolo Life (Ireland)
 - Sanpaolo IMI Wealth Management (Luxembourg)
 - Sanpaolo IMI Institutional Asset Management
 - Sanpaolo IMI Alternative Investments
- **Eptaconsors (40.5%)**
- **Investment Banking**
 - Banca IMI
 - IMI Bank (Luxembourg)
 - IMI Investments (Luxembourg)
 - IMI Capital Markets USA (United States)
 - Banca IMI Securities (United States)
- **NHS - Private Equity**
 - LDV Holding (Netherlands)

International Activities

- **Banque Sanpaolo (France)**
- **Foreign Network**
 - Parent Bank
 - Sanpaolo IMI Bank Ireland (Ireland)
- **International Markets**
 - Banka Koper (Slovenia; 62.1%)
 - Inter-Europa Bank (Hungary; 32.5%)
 - West Bank (Romania; 72.4%)

Consolidated half year Report

RECLASSIFIED CONSOLIDATED FINANCIAL STATEMENTS

REPORT ON OPERATIONS

INDEPENDENT AUDITORS' REPORT

CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

ATTACHMENTS

Reclassified consolidated financial statements

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

QUARTERLY ANALYSIS OF THE RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

RECLASSIFIED CONSOLIDATED BALANCE SHEET

QUARTERLY ANALYSIS OF THE RECLASSIFIED CONSOLIDATED BALANCE SHEET

Reclassified consolidated statement of income

	First half 2002 (€/mil)	First half 2001 pro forma (1) (€/mil)	Change first half 2002 / First half 2001 pro forma (%)	2001 pro forma (1) (€/mil)
NET INTEREST INCOME	1,877	2,002	-6.2	3,959
Net commissions and other net dealing revenues	1,386	1,554	-10.8	3,056
Profits and losses from financial transactions and dividends on shares	209	153	+36.6	300
Profits from companies carried at equity and dividends from shareholdings	184	161	+14.3	228
NET INTEREST AND OTHER BANKING INCOME	3,656	3,870	-5.5	7,543
Administrative costs	-2,296	-2,308	-0.5	-4,647
- <i>personnel</i>	-1,420	-1,452	-2.2	-2,862
- <i>other administrative costs</i>	-743	-717	+3.6	-1,519
- <i>indirect duties and taxes</i>	-133	-139	-4.3	-266
Other operating income, net	171	186	-8.1	353
Adjustments to tangible and intangible fixed assets	-223	-213	+4.7	-479
OPERATING INCOME	1,308	1,535	-14.8	2,770
Adjustments to goodwill and merger and consolidation differences	-85	-80	+6.3	-172
Provisions and net adjustments to loans and financial fixed assets	-312	-372	-16.1	-1,007
INCOME BEFORE EXTRAORDINARY ITEMS	911	1,083	-15.9	1,591
Net extraordinary income	136	209	-34.9	414
INCOME BEFORE TAXES	1,047	1,292	-19.0	2,005
Income taxes for the period	-415	-430	-3.5	-517
Change in reserves for general banking risks	-2	1	n.s.	-6
Income attributable to minority interests	-29	-60	-51.7	-106
NET INCOME	601	803	-25.2	1,376

(1) The pro forma statements of income have been prepared, according to the criteria detailed in the Explanatory Notes, assuming the merger with Cardine and the acquisition of the interest in Banka Koper from 1/1/2001.

The pro forma statements of income for the first half of 2001 and for the year 2001 are unaudited.

Quarterly analysis of the reclassified consolidated statement of income

	2002		Quarterly average (€/mil)	2001 pro forma (1)			
	2nd quarter (€/mil)	1st quarter pro forma (1) (€/mil)		4th quarter (€/mil)	3rd quarter (€/mil)	2nd quarter (€/mil)	1st quarter (€/mil)
NET INTEREST INCOME	950	927	990	1,001	956	1,005	997
Net commissions and other net dealing revenues	689	697	764	776	726	798	756
Profits and losses from financial transactions and dividends on shares	125	84	75	141	6	81	72
Profits from companies carried at equity and dividends from shareholdings	135	49	57	60	7	101	60
NET INTEREST AND OTHER BANKING INCOME	1,899	1,757	1,886	1,978	1,695	1,985	1,885
Administrative costs	-1,176	-1,120	-1,162	-1,254	-1,085	-1,178	-1,130
- <i>personnel</i>	-721	-699	-716	-727	-683	-744	-708
- <i>other administrative costs</i>	-384	-359	-380	-464	-338	-358	-359
- <i>indirect duties and taxes</i>	-71	-62	-66	-63	-64	-76	-63
Other operating income, net	93	78	89	98	69	102	84
Adjustments to tangible and intangible fixed assets	-112	-111	-120	-146	-120	-111	-102
OPERATING INCOME	704	604	693	676	559	798	737
Adjustments to goodwill and merger and consolidation differences	-44	-41	-43	-50	-42	-41	-39
Provisions and net adjustments to loans and financial fixed assets	-156	-156	-252	-443	-192	-228	-144
INCOME BEFORE EXTRAORDINARY ITEMS	504	407	398	183	325	529	554
Net extraordinary income	80	56	103	38	167	130	79
INCOME BEFORE TAXES	584	463	501	221	492	659	633
Income taxes for the period	-243	-172	-129	6	-93	-188	-242
Change in reserves for general banking risks	-2	-	-2	-6	-1	1	-
Income attributable to minority interests	-15	-14	-26	12	-58	-36	-24
NET INCOME	324	277	344	233	340	436	367

(1) The pro forma quarterly statements of income have been prepared, according to the criteria detailed in the Explanatory Notes, assuming the merger with Cardine and the acquisition of the interest in Banka Koper from 1/1/2001.

The quarterly statements of income are unaudited.

Reclassified consolidated balance sheet

	30/6/2002 (€/mil)	30/6/2001 pro forma (1) (€/mil)	Change 30/6/02-30/6/01 pro forma (%)	31/12/2001 pro forma (1) (€/mil)
ASSETS				
Cash and deposits with central banks and post offices	1,029	688	+49.6	1,172
Loans	146,607	145,957	+0.4	151,346
- due from banks	22,735	21,340	+6.5	26,436
- loans to customers	123,872	124,617	-0.6	124,910
Dealing securities	25,100	28,029	-10.4	24,557
Fixed assets	10,660	12,750	-16.4	11,889
- investments securities	3,642	5,286	-31.1	3,986
- equity investments	4,120	4,433	-7.1	4,898
- intangible fixed assets	407	449	-9.4	444
- tangible fixed assets	2,491	2,582	-3.5	2,561
Differences arising on consolidation and on application of the equity method	1,141	1,260	-9.4	1,243
Other assets	22,995	24,871	-7.5	23,220
Total assets	207,532	213,555	-2.8	213,427
LIABILITIES				
Payables	166,657	169,456	-1.7	171,285
- due to banks	30,201	38,629	-21.8	36,482
- due to customers and securities issued	136,456	130,827	+4.3	134,803
Provisions	4,159	5,108	-18.6	4,278
- for taxation	1,058	1,029	+2.8	1,219
- for termination indemnities	989	979	+1.0	955
- for risks and charges	1,769	1,700	+4.1	1,761
- for pensions and similar	343	1,400	-75.5	343
Other liabilities	19,755	22,414	-11.9	20,309
Subordinated liabilities	6,155	5,401	+14.0	5,829
Minority interests	437	831	-47.4	793
Shareholders' equity (2)	10,369	10,345	+0.2	10,933
Total liabilities	207,532	213,555	-2.8	213,427
GUARANTEES AND COMMITMENTS				
Guarantees given	16,557	16,918	-2.1	17,833
Commitments	25,576	32,409	-21.1	26,424

(1) The pro forma balance sheet figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming the merger with Cardine and the acquisition of the interest in Banka Koper from 1/1/2001.

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

The pro forma balance sheet figures as of 30/6/2001 and as of 31/12/2001 are unaudited.

Quarterly analysis of the reclassified consolidated balance sheet

	2002		2001 pro forma (1)			
	30/6 (€/mil)	31/3 pro forma (1) (€/mil)	31/12 (€/mil)	30/9 (€/mil)	30/6 (€/mil)	31/3 (€/mil)
ASSETS						
Cash and deposits with central banks and post offices	1,029	1,454	1,172	710	688	709
Loans	146,607	147,273	151,346	144,674	145,957	145,269
- due from banks	22,735	21,189	26,436	22,681	21,340	23,434
- loans to customers	123,872	126,084	124,910	121,993	124,617	121,835
Dealing securities	25,100	25,657	24,557	23,724	28,029	24,712
Fixed assets	10,660	11,732	11,889	12,620	12,750	14,574
- investment securities	3,642	3,931	3,986	4,995	5,286	7,028
- equity investments	4,120	4,837	4,898	4,621	4,433	4,511
- intangible fixed assets	407	426	444	442	449	426
- tangible fixed assets	2,491	2,538	2,561	2,562	2,582	2,609
Differences arising on consolidation and on application of the equity method	1,141	1,120	1,243	1,260	1,260	1,167
Other assets	22,995	23,116	23,220	23,763	24,871	25,611
Total assets	207,532	210,352	213,427	206,751	213,555	212,042
LIABILITIES						
Payables	166,657	168,360	171,285	164,162	169,456	166,504
- due to banks	30,201	32,943	36,482	34,789	38,629	36,888
- due to customers and securities issued	136,456	135,417	134,803	129,373	130,827	129,616
Provisions	4,159	4,565	4,278	3,945	5,108	5,840
- for taxation	1,058	1,392	1,219	1,027	1,029	1,730
- for termination indemnities	989	993	955	966	979	969
- for risks and charges	1,769	1,810	1,761	1,616	1,700	1,731
- for pensions and similar	343	370	343	336	1,400	1,410
Other liabilities	19,755	19,611	20,309	21,469	22,414	22,671
Subordinated liabilities	6,155	5,793	5,829	5,621	5,401	5,365
Minority interests	437	797	793	882	831	841
Shareholders' equity (2)	10,369	11,226	10,933	10,672	10,345	10,821
Total liabilities	207,532	210,352	213,427	206,751	213,555	212,042

(1) The pro forma balance sheet figures have been prepared, according to the criteria detailed in the Explanatory Notes, assuming the merger with Cardine and the acquisition of the interest in Banka Koper from 1/1/2001.

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

The pro forma balance sheet figures are unaudited.

Report on Operations

ECONOMIC BACKGROUND

ACTION POINTS AND INITIATIVES IN THE FIRST HALF

CONSOLIDATED RESULTS

EMBEDDED VALUE OF THE LIFE PORTFOLIO

OPERATING VOLUMES AND ORGANIZATION

CAPITAL AND RESERVES

RISK MANAGEMENT AND CONTROL

SUPPLEMENTARY INFORMATION

GROUP BUSINESS AREAS

DEVELOPMENTS IN THE SECOND HALF OF THE YEAR

Economic background

The international context

The first half of 2002 was characterized by non-homogeneous dynamics in the worldwide cycle. Overall, after the significant slowdown that occurred in 2001, the major economies entered a recovery phase which, as the months passed, turned out to be more fragile and slower than had previously been expected.

In the United States the recovery began in the fourth quarter of 2001 and continued with greater strength during the first three months of 2002, thanks to a favorable trend in durable goods, in support of consumables and housing investments. The dynamics of production benefited from particularly aggressive monetary and fiscal policies. During the period from October 2001 to March 2002, stock prices rose significantly, corporate spreads diminished, and expectations of a rapid economic recovery were widespread among the markets.

However, during the second quarter of the year, the publication of corporate profit figures that were lower than expected, accompanied by revelations of bankruptcies, accounting irregularities, and poor disclosure on the part of leading U.S. companies, had a negative effect on investor confidence and cooled the expectations of a rapid economic recovery. By the end of the half year, the flow of capital into the United States started to fall, and the dollar depreciated, reaching a value close to parity with the euro.

The absence of inflationary pressures, along with the weakness of the real economy, provided grounds for the continuation of a wait-and-see policy by the Federal Reserve, which since December 2001 left policy rates to a 40-year low of 1.75%.

In Japan a review of growth figures for the first quarter of 2002 revealed rates of change that were almost nil with regard to production. Preliminary estimates in the second quarter of 2002 indicate that foreign demand and a modest recovery in domestic demand were responsible for the positive change (+1.9%) in the country's GDP. However, national domestic growth is still affected by the persistent difficulties of the banking system and by the lack of a clear program for structural reforms.

Overall, the emerging areas felt the effects of the international slowdown in the form of more restrained progress for both commercial exchanges and the flow of private capital. The impact was felt most heavily in Latin America, where the slow U.S. recovery, on the one hand, and unfavorable regional events, on the other hand (including the crisis in Argentina and fears of its spreading to Brazil, in particular), curbed the flow of financing coming into the area.

The economies of Eastern Europe also experienced a cyclical slowdown in comparison with the preceding year. However, the flow of capital into the area and the magnitude of the sovereign spread both benefited from the prospects for macroeconomic stabilization and from the progress of the structural reforms associated with the eastward expansion of the European Union.

After a period of slow down, during the first half of 2002 the emerging Asian economies were characterized by a fairly lively recovery, thanks to the upturn in foreign demand for high-tech products and in internal domestic demand, stimulated by the expansionist economic policies that were implemented in 2001.

The euro-zone and Italy

In the euro-zone, following the drop in productive activity recorded during the fourth quarter of 2001 (-0.3%), a recovery phase began that was characterized by restrained progress. The growth in GDP for the first two quarters of 2002 (+0.4% and +0.3% respectively) continued to reflect, in particular, the negative trend in fixed investments.

In several countries in the area, the difficult market situation led to an increase in the ratio between deficit and GDP, in comparison not only with the previous year but also with regard to the steps implemented pursuant to the Stability and Growth Pact. According to authoritative observers, the modest levels of performance in the area were constrained by the structural rigidities that were present in the functioning of the markets. Growth rates for production during the half year were particularly low in Germany and in Italy (+0.3% and +0.1% respectively).

The inflation rate for the area, which fell during the second half of 2001 to 2% in December, rose to 2.7% in January

in connection with the changeover. During the course of the first half of the year, the average inflation rate was approximately 2.3%, which was higher than the baseline target figure published by the Central Bank. Concerns about the trend in prices led to the expansionist move by the European Central Bank, which since last autumn has left the policy rate unchanged at 3.25%.

Banking industry

The low profile of the real economy during the first half of 2002 slowed the growth of bank loans in Italy; during the period in question, total loan portfolios grew by 2%. This growth was supported by the positive evolution of the medium- and long-term component (+5.6%), which in turn was linked in particular to the increase in the number of mortgage loans obtained by households (+9.9%). On the other hand, short-term loans fell (-1.6% for the half year), due to the restrained dynamics of production and because of the reduction in the number of extraordinary financing transactions entered into by companies.

The trend in direct banking deposits showed an acceleration in comparison with the preceding half year, posting an increase of 2%. These deposits were motivated by investors' preference for instruments with a low risk profile and also benefited from the measures associated with the so-called "tax shield". Among the various components of the collected funds, total deposits posted a 2.3% change for the half year. The drop in funding from abroad (-3.3%) was offset by growth (+6.7%) in bonds.

During the first half of the year, the short-term bank spread fell by about 16 basis points. In fact, following an increase by 9 basis points in the 3-month Euribor, the average rate for open accounts payable rose slightly (+4 basis points), while the rate for short-term loans fell (-12 basis points). Bank rates for average amounts of loans and bonds fell gradually, even in the presence of the increased volatility of long-term government securities rates, which rose again during the first three months and experienced a significant correction in the second quarter.

Securities brokerage

After an essentially positive first quarter, prices on the major markets fell noticeably during the second quarter of 2002.

Overall, for the first half of the year, in the United States the Dow Jones Index lost 7.8% of its value, the S&P 500 13.8% and the Nasdaq 25%. In Europe, the DJ Stoxx 50 index fell 17.7% and the MIB30 13.7%. The negative stock market trend affected a large number of sectors, with the financial and communicators sectors being hit the hardest. As a result of these trends, as of the end of June the capitalization of the Italian stock exchange had fallen to 531 billion euro, as opposed to 592 billion at the end of 2001. The volume of shares traded was equal to 318 billion euro, with a daily average of approximately 2.5 billion euro, as opposed to 2.8 billion in the first half of 2001.

Investment banking activities (consisting of underwriting on the primary market and trading on the secondary market) responded negatively. In fact, the period in question saw a drastic reduction in placements. The flow of investments into the Italian market, as channelled through a Public Offer for Sale and Subscription, amounted to 0.7 billion euro (in comparison with 4 billion in the first half of 2001), through three transactions instead of the 14 transactions that were implemented during the first half of 2001. The total funds obtained by the quoted companies through capital increases were equivalent to 1.3 billion euro, as opposed to 3.2 billion in the first half of 2001, based on six transactions (in contrast to the 15 transactions that were implemented during the first half of the preceding year).

Asset management

The trend displayed by the various stock market indexes affected all asset management activities. The drop in share prices and the increase in the number of redemptions led to a notable reduction in the value of the asset portfolios of the mutual funds managed by Italian brokers, which as of the end of June had fallen to 486 billion euro (-5.5% since the end of December 2001). This phenomenon had a major effect on equity funds, but also affected bond funds and balanced funds, while the liquidity funds continued to catalyze the choices made by the operators.

Among the other components of asset management, during the first half of the year a decline was also observed in the amounts of portfolio management (-6.9% since the start of the year), while the life-insurance sector saw the continuation of a particularly favorable trend in the collection of premiums.

Action points and initiatives in the first half

The merger between SANPAOLO IMI and Cardine Banca

The merger act between SANPAOLO IMI and Cardine Banca was signed on 24 May 2002, becoming legally effective on 1 June and effective for accounting and tax purposes starting on 1 January 2002. As provided in the project for the integration of the two Groups, as approved by the Shareholders' Meetings of SANPAOLO IMI and Cardine Banca on 5 March, the transaction entailed the merger of Cardine into SANPAOLO IMI, following the cession by Cardine of part of its business to a wholly controlled subsidiary, Cardine Finanziaria, whose headquarters are located in Padua.

Terms of the operation and impacts on shareholder structure

The merger, based on an exchange ratio of 1.7950 shares of SANPAOLO IMI for each share of Cardine, increased the capital of SANPAOLO IMI from 3,932.4 to 5,144.1 million euro. The new capital was divided into 1,837.2 million shares, each with a nominal value of 2.80 euro. To serve the exchange 432.7 million new SANPAOLO IMI shares, constituting the above-mentioned capital increase were issued and 48 million own shares held by the Parent Bank were used. Of the 274.9 million ordinary shares, each with a nominal unit value of 5.20 euro, representing the total capital of Cardine Banca, a total of 7.1 million shares held by the merging bank and by the merged bank were cancelled without exchange.

Regarding the aspects relating to the shareholder structure of the Parent Bank upon completion of the merger, the Compagnia di San Paolo, which – prior to the integration – held 16.1% of the capital of SANPAOLO IMI, and the Fondazioni Cassa di Risparmio di Padova e Rovigo and Cassa di Risparmio in Bologna, which held 40.2% and 28.6%, respectively, of the capital of Cardine Banca, had agreed, pursuant to the provisions of D. Lgs. 153/1999, to request the post merger conversion of part of the respective ordinary shares into preference shares, so as to hold, after the conversion, an overall 15% of the ordinary capital.

The Fondazioni had further agreed to place these ordinary shares (subdivided into two equal stakes, one of

which, in the amount of 7.5%, would be attributable to the Compagnia di San Paolo, and the other of which, in the same amount, would be attributable to the other two Fondazioni, in proportion to the shares held by each of them in Cardine Banca), in a company dedicated to this specific purpose. This company, Fondaco SGR, was set up in January 2002. Participation in the capital of Fondaco was divided equally between the Compagnia di San Paolo, on the one hand, and the two Fondazioni, on the other hand, with a 20% minority share reserved for Ersel Finanziaria, a qualified independent investment management advisor.

Pursuant to the above-mentioned requests and as decided by the respective Shareholders' Meetings, on 1 June 2002, as part of the merger effect, 388.3 million ordinary shares were converted into preference shares, each with a nominal value of 2.80 euro. These preference shares will in turn be converted into ordinary shares, either after 10 years or in the event of alienation. The post merger shareholder structure of SANPAOLO IMI is described in greater detail in a later section of this Report.

Reorganization of the Group

The increased dimensional complexity of the Group following the merger revealed the existence of certain needs relating to governance and coordination, which, once met, will ensure maximal sharing of common objectives and close connections among the various operating areas, which are necessary conditions for the development of operational efficiency and for the provision of excellent service to all of the Group's customers.

To place itself in the best position for achieving these goals, and in compliance with the instructions issued by the Regulatory Authorities, SANPAOLO IMI established its own Business Regulation Framework, approved by the Board of Directors on 26 March 2002, which defines the overall organizational structure, the basic principles according to which the Group operates, its areas of competence and the responsibilities of the central structures, as well as the Group's coordination mechanisms and instruments. The Regulation represents the regulatory frame of reference and is intended to characterize the Group through its common entrepreneurial design, its strong internal cohesiveness and its unified management, in a manner consistent with the directives issued by the Bank of Italy and in compliance with the requirements for sound and prudent management of the Group.

The basic underlying principles of the Regulation are represented by the relevance and centrality of a system of shared values (consisting of a customer orientation, ambitious goals and aspirations, and constant attention to the creation of value); central control of strategic decisions and decisions involving the risks associated with loans, financing, and operations, especially in view of the expected evolution of the Basel Agreement regarding bank capital; the exploitation of managerial resources and the assignment of responsibility to those personnel; coordinated and consistent action by all of the companies within the Group.

On 26 March 2002 the Board of Directors of SANPAOLO IMI approved a new business model, which completed the reorganization process that began in the summer of 2001 with the definition of an appropriate structure for the Group following the merger with Cardine. The new model, described in detail in a later section of this Report, is based on the valorization of the customer-relations and customer-service capacity, on the specialization of the professional capabilities of the productive, distributive and service units and on the allocation of responsibility and the measurement of results.

Within the Group, Cardine Finanziaria, which holds the controlling shares in the seven bank networks of the Cardine Group and other shareholdings related to business, has been assigned the responsibility for cooperating with the Parent Bank and assisting it with activities involving the direction, governance and control of the Cardine bank networks, especially with regard to operational planning for the target markets, monitoring of progress toward stated goals and risk management.

Integration activities

During the half year, in advance of the merger timetable, steps were taken toward achieving the synergies expected on the industrial plan and toward taking advantage of the opportunities offered by the integration. High-priority operational approaches were implemented in accordance with the master plan developed at the start of the year.

In consideration of the extent of the synergies that could be achieved, maximum attention was given to:

- activation of the Macchina Operativa Integrata (“Integrated Operating Vehicle”), in support of the domestic banking networks. The necessary steps were planned and undertaken to satisfy the requirements arising from the merger, to achieve proper integration

of the management reporting and control systems at the Parent Bank level and to enable, before the end of the year, the use of certain SANPAOLO IMI applications that are particularly important to Cardine. The target information system was assessed and the impact of the adoption of the SANPAOLO IMI system for the banks in the Group was evaluated, in terms of the effectiveness of its business support, the efficiency of its operational procedures, and the sustainability of the technological infrastructure;

- initiatives in support of the operational centralization, at the SANPAOLO IMI Parent Bank, of activities involving the treasury, medium- and long-term funding and management of the property portfolio, based on the Group’s centralized operational finance model. Specifically, the activities relating to management of deposit and lending need of the bank networks, and access to the Forex and Money Market markets were transferred to the Parent Bank, while responsibility for securities management, access to the regulated and over the counter markets, and the structuring of derivative products for the customer desk clients was transferred to Banca IMI;
- actions to develop the revenues deriving from retail customers and from small- and medium-sized companies, which envisage sharing with the Cardine networks the products and know how of SANPAOLO IMI.

The project of integration between Banca Fideuram and Banca Sanpaolo Invest

On 14 May 2002 the Board of Directors of SANPAOLO IMI and Banca Fideuram approved a project for the acquisition of Banca Sanpaolo Invest by Banca Fideuram. The transaction lies within the scope of the activities aimed at strengthening the leadership position held in Personal Financial Services, which is of strategic priority for SANPAOLO IMI, and rationalizing the operational structure of the Group.

From an industrial viewpoint, the goal of the merger between the two companies consists of the creation of the undisputed leader in the Italian asset gathering market, characterized by:

- customer financial assets totalling to approximately 60 billion euro, 5,000 financial planners and 840,000 customers;
- a full range of products and a distributed structure capable of offering personalized services to meet the needs

of the various customer segments served by the company who represent the targets with the highest potential.

The transaction will enable the development and full valorization of the potential of Banca Sanpaolo Invest, by leveraging the best practice of Banca Fideuram, and will allow strategic coordination of the financial planner networks, through the adoption of coherent and consistent marketing and branding policies; the synergies of scale and of scope that can be achieved through the merger are significant.

The plan envisages the conferral to Banca Fideuram of the 100% share held in Banca Sanpaolo Invest by SANPAOLO IMI. Thus, because of the different market positions of the two companies, the respective brand names will be retained and Banca Sanpaolo Invest will keep its own corporate structure.

The shareholding has been valued at 603.8 million euro, net of the extraordinary dividend in the amount of 8.7 million euro that was distributed by the company at the end of July. To serve the conferral, as proposed by the Board of Directors, the Shareholders' Meeting of Banca Fideuram, which was held at the end of July, approved a project of capital increase reserved to SANPAOLO IMI (from 236.4 to 254.9 million euro), through the issue of 71 million ordinary shares, each with a value of 0.86 euro (i.e., a nominal value of 0.26 euro plus a premium of 0.60 euro). For the purposes of this capital increase, the reference price of a share of Banca Fideuram was set at 8.50 euro, which was equal to the stock market average for the quarter immediately preceding the date on which the transaction was announced. After the merger, the share held by the SANPAOLO IMI Group in Banca Fideuram will rise from its current 71% to 73%.

Last, likewise with a view toward the rationalization and specialization of the Group's internal business, during the half year Banca Fideuram transferred to Sanpaolo IMI Wealth Management its 30% share in Sanpaolo IMI Institutional Asset Management. This transaction was based on an expert opinion issued by an outside consultant.

Other actions to strengthen the structure of the Group

Among the other initiatives aimed at improving the focus and specialization of the operations of the Business Areas in the

various activity sectors, the redesign of the structure of NHS, the company appointed to serve as the merchant bank for the SANPAOLO IMI Group, should be noted. This restructuring includes a partial and proportional split of the subsidiary, with the transfer of the merchant banking and private equity activities to a new company (NHS S.p.A.), while the portfolio of major industrial investments remains with the original company, which has been renamed IMI Investimenti.

The new NHS, with legal office in Bologna and an initial capital endowment of 245 million euro, has the strategic goal of strengthening and consolidating its presence in the private equity area, becoming a preferred interlocutor for small- and medium-sized companies with regard to the problems associated with finding and obtaining venture capital.

The activities of IMI Investimenti, which had a net shareholders' equity, after the split, of 567 million euro, aim at the valorization of the shareholding portfolio, which contains the Group's major industrial interests.

Following the redesign of the old NHS, in which SANPAOLO IMI held a 51% share, the shareholding structure of the two subsidiaries created through the split was also revised, by means of shareholding exchanges with the Compagnia di San Paolo. Specifically, before the merger with Cardine, SANPAOLO IMI transferred to the Compagnia, at a price of 440 million euro, 8% of its 10.8% share in Cardine Banca, taking over in turn the shares held by the Compagnia in CIP - Compagnia di San Paolo Investimenti Patrimoniali (100%), NHS (27.02%), and IMI Investimenti (39.77%). SANPAOLO IMI completed its acquisition of all of the shares of IMI Investimenti by purchasing the minority shares held by the private shareholders, with payment in the form of Cardine Banca shares, and then conferred the shareholding in CIP to the subsidiary Banca OPI, thereby increasing the subsidiary's own capital.

The value of the Cardine shares that were the subject of the transaction was set, according to the implicit value resulting from the application of the exchange ratio specified in the project for the merger between SANPAOLO IMI and Cardine, at the average value of the SANPAOLO IMI share price over a time period agreed upon by the parties. The shares acquired by the Compagnia were valued as follows:

- for NHS and IMI Investimenti, on the basis of the respective pro forma data at the end of 2001 and also on the basis of the amounts shown in the 2001 balance sheet for the old NHS company. For IMI Investimenti, the con-

tract specifies a potential price supplement, within pre-defined limits, in favor of the Compagnia, should at the end of 2004 the value of the shareholding in Hutchinson 3G Italia be greater than the conventional reference figure used in setting the price of the shares of IMI Investimenti;

- for CIP, on the basis of the market value of the assets of the company.

The transaction was submitted to a leading investment bank for the issue of a fairness opinion.

Last, after having acquired in 2001 all of the ordinary capital of the Banco di Napoli, SANPAOLO IMI launched a Public Offer for all of the savings shares that were in circulation and that could not be converted by the Bank. This transaction, completed on 19 April 2002, increased to 87% the share of the savings capital held by SANPAOLO IMI.

Development initiatives in foreign markets

In line with the development objectives mentioned in the plan for the merger with Cardine, SANPAOLO IMI has been taking steps to potentiate its operational capabilities in foreign countries with major opportunities for development, including, in particular, the central Eastern European countries. Accordingly, the International Markets Unit, funded by the Group's shareholdings in this area, was formed.

An OPA for all of the shares of the Slovenian Bank, Banka Koper, which had been launched at the end of November 2001 after the acquisition of an initial tranche consisting of 15% of the capital of the Bank, was completed on 25 February 2002. All shareholders who accepted the Offer were given a non transferable put option on the outstanding shares (at the same price as in the Offer, plus interest and net of dividends). This option may be exercised at any time between 31 December 2002 and 31 July 2006. Overall, 250,271 shares, corresponding to 47.1% of the capital of Banka Koper, were contributed to the bid, at an incurred cost equivalent to 116 million euro.

SANPAOLO IMI, which as a result of the Offer holds an overall share of 62.1% in Banka Koper, will temporarily limit the exercise of its voting rights to 32.99%, in compliance with authorization from the Bank of Slovenia, within the context of a procedure for the gradual opening of the capital of leading Slovenian banks to European banking groups, and also in view of the upcoming entry of Slovenia into the European Union.

The strategic alliance with the EULIA Group

Within the context of the strategic agreements reached in 2001 between SANPAOLO IMI and EULIA, the French holding company that controls the Caisse des Dépôts et Consignations Group and the Caisse d'Épargne Group, in February 2002 a Framework Agreement was signed that confirmed the functional guidelines for the industrial partnership and identified the principal opportunities for collaboration in various business sectors.

In the following months, the project of collaboration between the two groups entered the operational phase, with entirely satisfactory results, particularly in the following areas:

- in capital markets, the initiatives were concretized in the form of joint participation in the issuance of bonds and in equity placements, in addition to numerous cross selling transactions that were implemented between the operations desks on the bond and equity derivatives market;
- in financing, cooperation was developed through reciprocal invitations involving large corporate transactions, LBOs, advisory, and financing for infrastructure projects, with particular reference to Italian and French companies;
- in private equity activities, in which work is progressing very well toward the launch of the first pan-European LBO fund, organized by NHS, CDC Ixis, and Bayerische Landesbank, which will invest in small- and medium-sized European companies, primarily in Italy, France, and Germany. The fund, which will have a value of 300 to 500 million euro and which will be managed jointly by the three Groups, should be launched by the end of 2002, after the determination of the legal structure and the definition of the governance regulations.

Interesting prospects are also on the horizon for the collaboration between SANPAOLO IMI and EULIA in other operating areas, including, in particular, insurance, in which the experience achieved by the companies within the French group may enable SANPAOLO IMI to strengthen its own range of offerings through innovative solutions.

Agreements with FIAT and Italergergia

Finally, during the half year and within the context of the Framework Agreement signed by the leading financing banks, SANPAOLO IMI participated in the partial refinanc-

ing of the debt of the FIAT Group. In accordance with the terms of the agreements that were entered into, the Turin industrial group undertook to achieve, prior to the approval of the financial statements for 2002, a reduction in its net debt to the banking system (6.6 billion euro) to under 3 billion, and a reduction in its gross financial debt (about 35 billion euro) to under 23.6 billion, while also taking steps that will make it possible to keep FIAT's debt separate from that of Italenergia.

In return, the banks agreed to provide to be converted financing for a three year period, in an amount equal to 3 billion euro (400 million of which will be provided by SANPAOLO IMI). The conversion into ordinary shares of FIAT may take place through compensation between the respective loans and the corresponding subscription obligation, in accordance with procedures and a price agreed upon by the parties.

The agreement also includes a commitment by the banks to take over from FIAT 51% of the Fidis Europa retail network, at a price in line with the book value, subject to due diligence. FIAT will hold an option call for a period of two years, which option may be exercised at the same price (plus interest and net of dividends).

Also being formalized is the issuance of a Global Advisory mandate on behalf of the banks which will contain, among other things, orders to proceed with the sale of FIAT assets beyond the ones that are the subject of the current plan of divestiture, in the event of a mutual agreement on the impossibility of reaching the objectives of the above-men-

tioned financing plan, or if FIAT's rating fails to maintain its investment grade level.

Regarding the Italenergia/Edison Group, the procedure for the merger of Edison with Italenergia is underway. SANPAOLO IMI, which through IMI Investimenti holds a 7.82% share of Italenergia, has agreed with the other shareholders to place their respective shares in a new company, Italenergia Bis, which will serve as the leading holding company in the Group.

Moreover, based on the agreements formalized in September 2002 between the above mentioned shareholders, before the end of the year SANPAOLO IMI (along with the other two banking partners, Intesa BCI and Capitalia) will acquire from the FIAT group, through procedures that remain to be defined, a further 4.66% interest in Italenergia Bis, thereby obtaining an overall 12.48% share in that holding company. The maximum outlay by SANPAOLO IMI will be of the order of 192 million euro. Through this transaction, FIAT's participation will drop from its current 38% to 24%, thereby laying the groundwork for the above mentioned separation of Italenergia/Edison's debt from FIAT's. The contract contains specific clauses guaranteeing that the banking partners will recover their original investment, plus a financial profit, through sales options that can be exercised starting in 2005.

It should be noted that the transactions discussed above have had no effect on the earnings of the SANPAOLO IMI Group as of 30 June 2002, because as of that date the transactions in question were still in the definition phase.

Consolidated results

Summary of results

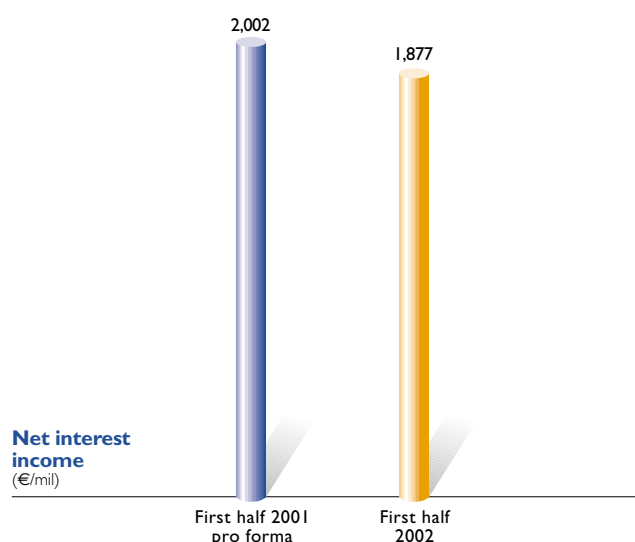
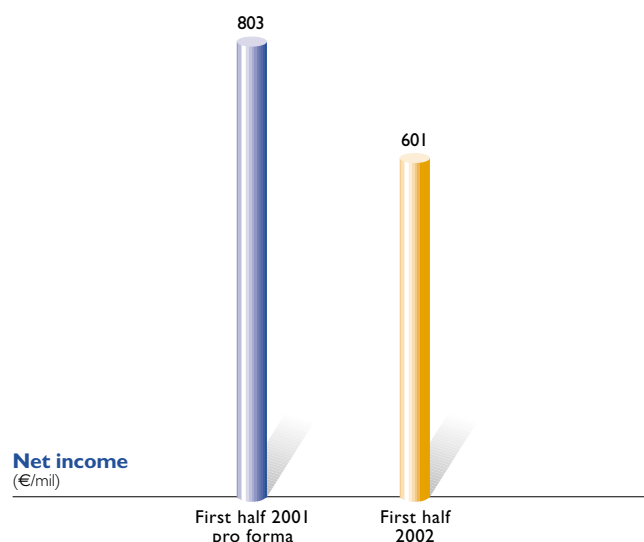
The difficult market context during the first half of 2002 penalized the Group's economic results in the configuration after the merger with Cardine, creating (within the same consolidation setting) a general drop compared with the levels registered for the first half of 2001, which was characterized by a more favorable macroeconomic performance. The drop in revenue was partly offset by the drop in administrative costs thanks to the strict measures to save on operating costs adopted by the Group as of the second half of last year.

The evolution of income margins recovered somewhat during the half year: the results of the second quarter were

higher than those for the first three months of the year. In particular, half year net income reached 601 million euro, thanks to an incremental flow of 324 million euro during the second quarter, compared with 277 million euro during the first three months; compared with the first half of 2001, there was however a drop of 25.2%.

Net interest income

Net interest income for the first half of 2002 was 1,877 million euro. The comparison with the first half of last year shows a drop of 6.2%, mainly attributable to the drop in interest rates, which is reflected in a slightly lower profitability of liquidity and a closure of spreads only partly offset by the increase in the average volume of transactions with customers.



Net interest income

	First half 2002	First half 2001 pro forma	Change first half 2002 / First half 2001 pro forma (%)	2001 pro forma
	(€/mil)	(€/mil)		(€/mil)
Interest income and similar revenues	4,357	5,440	-19.9	10,451
Interest expense and similar charges	-2,509	-3,516	-28.6	-6,586
Reclassification (1)	29	78	-62.8	94
Net interest income	1,877	2,002	-6.2	3,959

(1) The reclassification refers to the net interest income of the Banca IMI group which, in the interests of better management disclosure of the SANPAOLO IMI Group results, has been reclassified under "Profits and losses from financial transactions and dividends on shares" as it is more closely related to securities dealing.

As regards market rates, short-term performances, while rising slightly, remained well below the levels for the first half of 2001; in particular the three-month Euribor rose to 3.43% at the end of the half year from 3.34% at the end of December 2001, averaging during the first half of 2002 at 128 basis points lower than the same period last year.

During the first half of 2002 the performance of the Group's interest-earning assets came to 5.17%, 119 basis points lower than the first six months of 2001. The cost of interest-bearing liabilities presented a drop of 117 base points, moving from 4.15% to 2.98%. The overall differential was essentially stable during the two periods. Business with customers registered a drop in the average loan rate of 122 basis points, compared with a drop of 94 basis points on the average cost of deposits. Therefore the average spread fell to 2.74% compared with 3.02% for the first half of 2001.

The Group's average interest-earning assets fell by 2.2% during the first half of 2002 compared with the same period in 2001. There was a positive trend in the average consistency of loans to customers which, excluding repurchase agreements, registered an increase of 3.9%. Liabilities

increased by 5.2% with regard to the average volume of customer deposits, net of repurchase agreements, attributable to a rise in short-term loans (+6.2%) and in medium- and long-term loans (+4%).

Net interest and other banking income

The Group's net interest and other banking income in the first half of 2002 was 3,656 million euro, a drop of 5.5% compared with the same period in 2001.

Net commissions amounted to 1,386 million euro, down 10.8%. The half year evolution was conditioned by the negative trend of the financial markets, which compressed revenue from asset management and dealing activities. In particular commissions from management, dealing and advisory services fell by 16.2%. Other commission revenues include the increase in deposits and current accounts, up by 5.3%.

Overall, during the half year the Group's net commissions accounted for 60.4% of administrative costs and 97.6% of personnel costs.

Analysis of average amounts and interest rates

	First half 2002		First half 2001 pro forma		Change first half 2002 / First half 2001 pro forma	
	Average amount (€/mil)	Annualized average rate (%)	Average amount (€/mil)	Annualized average rate (%)	Change average amount (%)	Difference in rates (%)
Interest-earning assets	158,475	5.17	162,028	6.36	-2.2	-1.19
- loans to customers (excluding repos)	119,718	5.60	115,265	6.82	+3.9	-1.22
- securities	17,947	4.32	21,442	5.45	-16.3	-1.13
- other interest-earning assets	20,810	3.43	25,321	5.04	-17.8	-1.61
Non interest-earning assets (1)	51,814		50,528		+2.5	
Total assets	210,289		212,556		-1.1	
Interest-bearing liabilities	148,778	2.98	152,023	4.15	-2.1	-1.17
- direct customer deposits (excluding repos)	116,152	2.86	110,361	3.80	+5.2	-0.94
- due to customers	67,313	1.69	63,386	2.76	+6.2	-1.07
- securities issued	48,839	4.47	46,975	5.21	+4.0	-0.74
- other interest-bearing liabilities	32,626	3.42	41,662	5.05	-21.7	-1.63
Non interest-bearing liabilities (1)	50,908		50,340		+1.1	
Shareholders' equity	10,603		10,193		+4.0	
Total liabilities and shareholders' equity	210,289		212,556		-1.1	

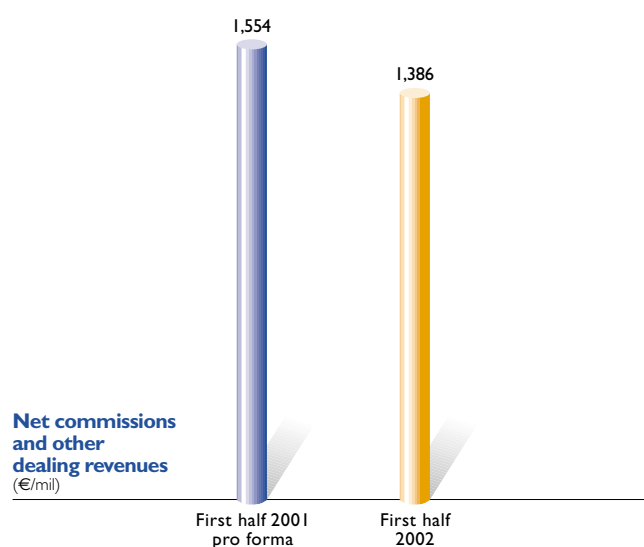
(1) This figure includes Banca IMI group's average volumes, in line with the reclassification of the related interest income and expense.

Profits from financial transactions and dividends on share came to 209 million euro during the first half of 2002, with an increase of 36.6% compared with 153 million euro for the first half of 2001. Revenues for the half year included the proceeds deriving from the negotiation of equity and bond portfolios by subsidiaries.

Profits from companies carried at equity and dividends from shareholdings, amounting to 184 million euro,

climbed by 14.3% compared with the same period in 2001. In particular:

- profits from companies carried at equity came to 58 million euro compared with 48 million euro for the first half of 2001 (+20.8%);
- dividends paid to the Group by companies not included in the consolidation area amounted to 126 million euro, compared with 113 million euro for the same period in 2001 (+11.5%).



Operating income

Operating income for the half year amounted to 1,308 million euro, down 14.8% compared with the first half of 2001.

The measures to keep costs down, taken as of half way through last year, enabled the Group to register a reduction of 0.5% in administrative costs, which came to 2,296 million euro, compared with 2,308 million euro during the first six months of 2001.

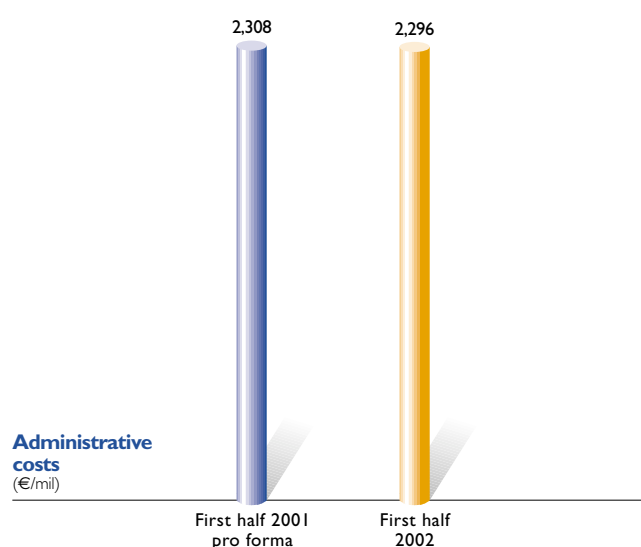
The drop in personnel costs was particularly significant (-2.2%) and was mainly due to the Group's reduction in staff: the number of employees, mainly from Banco di Napoli group, has been reduced by 541 people since the end of June 2001. The drop in personnel costs was also aided by the greater flexibility introduced with regard to

Net interest and other banking income

	First half 2002	First half 2001 pro forma	Change first half 2002 / First half 2001 pro forma (%)	2001 pro forma
	(€/mil)	(€/mil)		(€/mil)
Net interest income	1,877	2,002	-6.2	3,959
Net commissions and other net dealing revenues	1,386	1,554	-10.8	3,056
- management, dealing and advisory services	852	1,017	-16.2	1,957
- loans and guarantees	108	112	-3.6	249
- collection and payment services	111	114	-2.6	228
- deposits and current accounts	199	189	+5.3	385
- other services and net dealing revenues	116	122	-4.9	237
Profits and losses from financial transactions and dividends on shares	209	153	+36.6	300
Profits from companies carried at equity and dividends from shareholdings	184	161	+14.3	228
Net interest and other banking income	3,656	3,870	-5.5	7,543

remuneration, which made it possible to contain the variable part of payment against the drop in revenue.

Other administrative costs were up by 3.6%, reaching 743 million euro. This increase is mainly attributable to product development initiatives, costs linked with the integration of the information technology systems in the Macchina Operativa Integrata, as well as non-recurrent costs sustained for the lira/euro changeover.



Adjustments to tangible and intangible fixed assets for the first half of 2002 are 223 million euro, up 4.7% on the first half of 2001. The trend, which has slowed down since the beginning of the year, is particularly influenced by investments made in 2001 and during the first half of 2002 to strengthen and specialize the commercial network and to enhance the central data processing systems.

Income before extraordinary items

The Group's income before extraordinary items came to 911 million euro, down 15.9% compared with the first half of 2001.

Adjustments to goodwill and merger and consolidation differences amounted to 85 million euro, registering an increase of 6.3%. This item includes 45 million euro relating to amortization of goodwill for Banco di Napoli.

Provisions and net adjustments to loans and financial fixed assets came to 312 million euro, compared with 372 million euro for the first six months of last year (-16.1%). The net flow for the first half of 2002 includes:

- 156 million euro of provisions and adjustments for credit risks, posted against a scenario which is still characterized by a considerable degree of uncertainty and aim-

Operating income

	First half 2002	First half 2001 pro forma	Change first half 2002 / First half 2001 pro forma (%)	2001 pro forma
	(€/mil)	(€/mil)		(€/mil)
Net interest and other banking income	3,656	3,870	-5.5	7,543
Operating costs	-2,348	-2,335	+0.6	-4,773
- administrative costs	-2,296	-2,308	-0.5	-4,647
- personnel	-1,420	-1,452	-2.2	-2,862
- other administrative costs	-743	-717	+3.6	-1,519
- indirect duties and taxes	-133	-139	-4.3	-266
- other operating income, net	171	186	-8.1	353
- adjustments to tangible fixed assets	-128	-125	+2.4	-268
- adjustments to intangible fixed assets	-95	-88	+8.0	-211
Operating income	1,308	1,535	-14.8	2,770

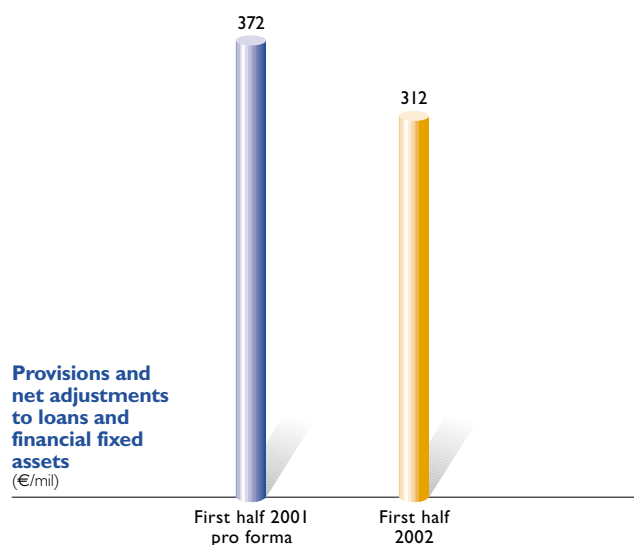
ing at adjusting the estimated realizable value of specific accounts and strengthening the coverage of the physiological risk of the performing loan portfolio, which came to 0.74% of the total performing loans at the end of the half year. For the Parent Bank in particular this coverage represented, on the date, twice the “annual expected loss” calculated with reference to the credit risk management models;

- 57 million euro of adjustments to financial fixed assets, mainly connected with the shareholding in FIAT, the value of which (as a consequence of its increased volatility) has been prudently aligned with market prices, despite acknowledgement of the higher intrinsic value of the industrial group from Turin, also in the light of the relaunch initiatives underway.

Net income

The net income of 601 million euro includes 136 million euro of net extraordinary income, which is down 34.9% compared with the 209 million euro for the same period in 2001. The main proceeds booked in the first half of 2002 include:

- 62 million euro capital gains realized for the sale of an 8.6% share held in Cardine Banca, in relation to the aforementioned trading of shares with Compagnia di San Paolo and the minority shareholders of IMI Investimenti;



Income before extraordinary items

	First half 2002 (€/mil)	First half 2001 pro forma (€/mil)	Change first half 2002 / First half 2001 pro forma (%)	2001 pro forma (€/mil)
Operating income	1,308	1,535	-14.8	2,770
Adjustments to goodwill and merger and consolidation differences	-85	-80	+6.3	-172
Provisions and net adjustments to loans and financial fixed assets	-312	-372	-16.1	-1,007
- provisions for risks and charges	-99	-142	-30.3	-214
- adjustments to loans and provisions for guarantees and commitments	-156	-205	-23.9	-540
- net writedowns	-270	-286	-5.6	-702
- net provisions for guarantees and commitments	3	-14	n.s.	-26
- recoveries	111	95	+16.8	188
- net adjustments to financial fixed assets	-57	-25	+128.0	-253
- net adjustments of equity investments	-56	-24	+133.3	-237
- net adjustments of investment securities	-1	-1	-	-16
Income before extraordinary items	911	1,083	-15.9	1,591

- 33 million euro capital gains from the disposal of equity investments;
- 20 million euro collected for tax reimbursements related to Banque Sanpaolo.

In the first half of 2002, the tax rate of the SANPAOLO IMI Group was 39.6%, up compared with the same period in 2001 (33.3%), which had benefited from the recovery of prior tax losses in the books of Group companies.

Net income

	First half 2002	First half 2001 pro forma	Change first half 2002 / First half 2001 pro forma (%)	2001 pro forma
	(€/mil)	(€/mil)		(€/mil)
Income before extraordinary items	911	1,083	-15.9	1,591
Net extraordinary income	136	209	-34.9	414
- <i>net gains on disposal of equity investments</i>	95	115	-17.4	432
- <i>other net extraordinary items</i>	41	94	-56.4	-18
Income before taxes	1,047	1,292	-19.0	2,005
Income taxes for the period	-415	-430	-3.5	-517
Change in reserves for general banking risks	-2	1	n.s.	-6
Income attributable to minority interests	-29	-60	-51.7	-106
Net income	601	803	-25.2	1,376

Embedded value of the life portfolio

The Group's half year net income includes the net accounting result registered by the insurance companies operating in the life sector. In particular, the net income of Sanpaolo Vita and its subsidiary Sanpaolo Life, belonging to Wealth Management, was 15 million euro, while that of Fideuram Vita was 20 million euro.

To understand fully the importance of these results, it should be remembered that one of the most significant indicators of the management performance of an insurance company is the increase registered in a period by the so-called embedded value. The embedded value is an estimate, made using actuarial techniques, of the economic value of a closed portfolio company, regardless of the value attributable to future production. This is intended as the sum of two elements:

- the company's shareholders' equity adjusted to market value as of the date of valuation;
- the value of the policy portfolio as of the date of valuation, calculated as the current value of income after taxes, that the portfolio in force is likely to generate over the years until its natural extinction, corrected by the maintenance cost of the capital required to respect the solvency margin.

The calculation of the embedded value of the life insurance business as of 30 June 2002 has been carried out with the assistance of the actuarial divisions of leading consulting companies, according to the following criteria:

- in preparation for the valuation of the portfolio in force, an actuarial technical examination of the portfolio of contracts held by the companies was carried out. This was joined by a formulation of expected future operating scenarios, important elements of this being the hypotheses assumed with regard to the performance of assets, the mortality rate, the management costs of the portfolio in question, the trend in premature closure due to abnormal causes and options exercised by customers, and the tax charge;
- subsequently, the comparison made with the aid of actuarial procedures of general sharing between the operating scenarios used as reference for the calculation of the premiums related to the current portfolio

and anticipated scenarios, as formulated above, was used to obtain the succession of the estimated values of income that the portfolio will generate during the individual years of remaining life, net of taxes and of the opportunity cost linked with the maintenance of the solvency margin;

- this succession of values was then discounted by applying a discount rate equal to the performance of a non-risk investment, increased to consider the uncertainty of the flow of income as determined above. This is linked to the uncertainty that the operating hypotheses formulated correspond to actual operation.

The hypotheses considered in the formulation of the future expected operating scenarios subtend the characteristics of the portfolios of the various companies. In particular, as regards the performance rates of the assets, an average rate curve of 4.7% is hypothesized for Sanpaolo Vita, while 5% is considered for Sanpaolo Life, 4.9% for Fideuram Vita separate management, 6.25% for unit linked management and 6.95% for unit linked asset allocation management. As regards the discounting rates, an annual rate which is 2.25% higher than the aforementioned rate curve is considered for Sanpaolo Vita, while net discounting rates of 7% and 8% have been considered for Sanpaolo Life and Fideuram Vita respectively.

On this basis, an estimate of the increase registered in the first half of 2002 by the embedded value at Group level inherent in the life insurance business was made, considering not only the component implicit in the life insurance companies but also the part of value allocated to other Group companies, to which the companies acknowledge sale, management or maintenance commissions.

The embedded value of the life insurance business in the Group companies that receive sale, management or maintenance commissions is estimated as the current value of specific income, net of costs and after tax, that these companies will register on the policy portfolio until their contractual dissolution.

The increase in the embedded value during the first half of 2002, estimable for the Group's life insurance business, was 80 million euro for operations carried out by Wealth Management and 66 million euro for Banca Fideuram. The added value of the period, considering

the dividends distributed by the companies to Group companies and commissions, came to 121 million euro

for Wealth Management and 66 million euro for Banca Fideuram.

Embedded value of life insurance business

	Wealth Management life insurance business (€/mil)	Banca Fideuram life insurance business (€/mil)
Embedded value as of 31/12/2001	752	743
Embedded value as of 30/6/2002	832	809
Change in the embedded value during the first half of 2002	80	66
<i>of which: added value from new business</i>	126	93 (1)
Dividends distributed	28	-
Commissions for the period (net of distribution costs and tax burden)	13	-
Added value for the period	121	66

(1) The figure includes 49 million euro from the migration of approximately 725 million euro of funds and portfolio management to the life insurance sector. This involved the contextual diminishment of the value of the Banca Fideuram asset management portfolio by 38 million euro.

Operating volumes and organization

Assets managed on behalf of customers

At the end of June 2002, customer financial assets amounted to 358.4 billion euro, a value in line with that registered in the first half of 2001 and a rise of 0.6 billion euro since the beginning of the year (+0.2%).

The evolution during the half year was largely influenced, on the one hand, by the recovery of capital from abroad due to the so-called “tax shield”, increasing the

Group’s financial assets by approximately 5.3 billion euro and, on the other, by the devaluation of asset management and administered stocks, determined by the drop in share prices. The uncertainty of the financial markets directed customer preferences towards asset administration, which accounted for 24.8% of total financial assets compared with 23.6% at the end of 2001, and towards direct deposits, which accounted for 38.1% of the total aggregate half way through the year (37.7% at the end of 2001).

Asset management and administration

Despite the difficult external scenario, in the first six months of 2002 the Group had a net asset management

Customer financial assets

	30/6/2002		30/6/2001 pro forma		Change 30/6/02- 30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Asset management	132,875	37.1	140,457	39.2	-5.4	138,479	38.7
Asset administration	89,105	24.8	87,249	24.3	+2.1	84,593	23.6
Direct deposits	136,456	38.1	130,827	36.5	+4.3	134,803	37.7
Customer financial assets	358,436	100.0	358,533	100.0	-0.0	357,875	100.0

Asset management

	30/6/2002		30/6/2001 pro forma		Change 30/6/02- 30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Mutual funds and fund-based portfolio management	99,639	75.0	111,354	79.3	-10.5	107,742	77.8
Portfolio management	9,635	7.2	11,737	8.3	-17.9	10,698	7.7
Life technical reserves	23,601	17.8	17,366	12.4	+35.9	20,039	14.5
Asset management	132,875	100.0	140,457	100.0	-5.4	138,479	100.0

Change in assets under management

	First half 2002 (€/mil)	First half 2001 pro forma (€/mil)	2001 pro forma (€/mil)
Net inflow for the period	1,499	2,591	6,702
- Mutual funds and fund-based portfolio management	-2,228	386	1,886
- Portfolio management	-503	313	114
- Life policies	4,230	1,892	4,702
Performance effect	-7,103	-4,212	-10,301
Change in assets under management	-5,604	-1,621	-3,599

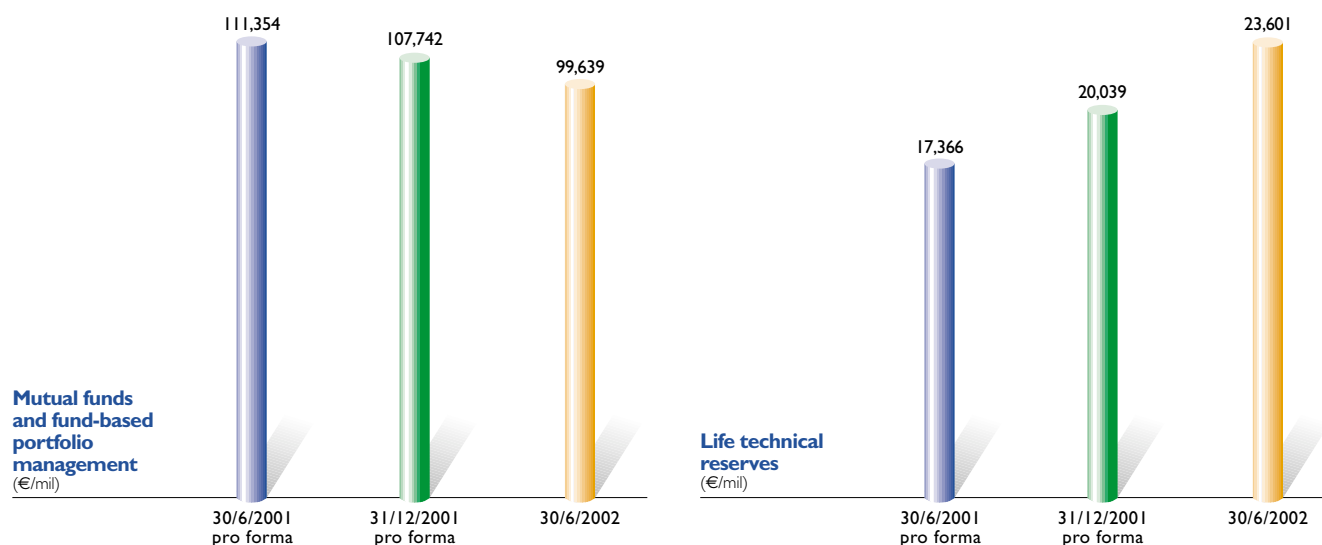
flow of 1.5 billion euro; however, against this inflow, the decline in market prices led to a devaluation of 7.1 billion euro in the Group's total existing assets under management, which at the end of June came to 132.9 billion euro, down by 4% since the end of December 2001 and by 5.4% over the twelve months.

Of the various asset management products, mutual funds and fund-based portfolio management were most penalized by the fall in share prices; at the end of June, assets came to 99.6 billion euro, down by 7.5% at the start of the year and by 10.5% at the end of June 2001. At the end of the half year, SANPAOLO IMI held an 18.5% share of the domestic market, which was higher than all competitors. The performance of share prices and the consequential customer choices determined a significant recomposition within the various types: in particular, liquidity funds accounted for 11.4% of the total at the end of June 2001, rising to

21.9% at the end of June 2002, while the portion of equity funds fell from 37.1% to 29.4% during the same period.

Life technical reserves continued to develop well during the half year, representing one of the forms of investment preferred by customers; the net inflow realized by the distribution networks since the beginning of the year, amounting to 4.2 billion euro, took the amount to 23.6 billion euro (+17.8% since the end of 2001 and +35.9% on the twelve months); 56% of the premiums issued during the half year refer to unit and index linked policies.

Customer security needs are also reflected in the expansion of assets under administration; despite the devaluation of stocks, the amounts have climbed to 89.1 billion euro, presenting a flow of 4.5 billion euro since the beginning of the year (+5.3%) and a 2.1% change since the end of June 2001.

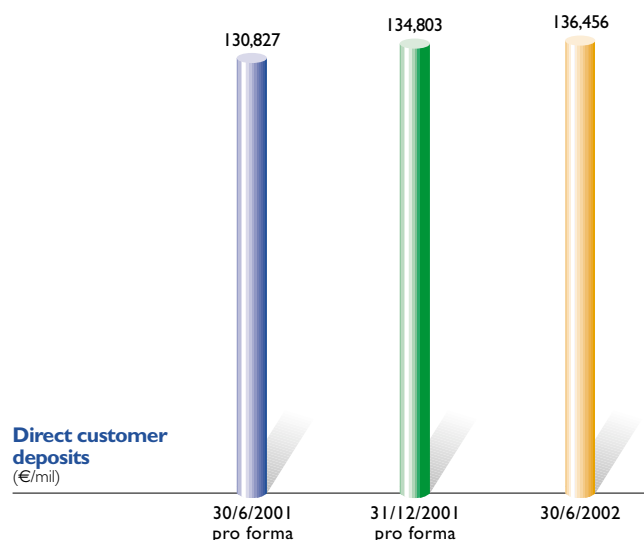


Mutual funds by type

	30/6/2002 (%)	30/6/2001 pro forma (%)	31/12/2001 pro forma (%)
Equity	29.4	37.1	32.1
Balanced	12.7	16.5	14.2
Bond	36.0	35.0	36.4
Liquidity	21.9	11.4	17.3
Total Group mutual funds	100.0	100.0	100.0

Direct deposits

Direct customer deposits performed well during the half year, reaching 136.5 billion euro at the end of June. The



incremental flow was 1.7 billion euro since the end of December 2001 (+1.2%) and 5.6 billion euro in the twelve months (+4.3%).

With reference to the composition of the total aggregate, there has been an increase in short-term funding, a consistent increase in repurchase agreements (+20.8% compared with the end of June 2001) while medium/long-term funding have continued to register an outflow of certificates of deposit (-22.4%) compared with a 12.3% increase in bonds.

At the end of the first half of 2002, the market share held by the Group in the domestic market was 10.9%.

Loans to customers

The amount of the Group's net loans to customers, excluding non-performing loans and loans to SGA, the company to which Banco di Napoli's doubtful loans were transferred, came to 120.8 billion euro half way through

Direct customer deposits

	30/6/2002		30/6/2001 pro forma		Change 30/6/02-30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Current accounts and deposits	67,205	49.2	66,036	50.5	+1.8	67,634	50.2
Certificates of deposits	7,411	5.4	9,545	7.3	-22.4	10,777	8.0
Bonds	40,211	29.5	35,812	27.3	+12.3	36,529	27.1
Commercial paper	4,066	3.0	4,296	3.3	-5.4	4,137	3.1
Repurchase agreements and securities lending	12,932	9.5	10,707	8.2	+20.8	11,477	8.5
Other deposits	4,631	3.4	4,431	3.4	+4.5	4,249	3.1
Direct customer deposits	136,456	100.0	130,827	100.0	+4.3	134,803	100.0

Loans to customers

	30/6/2002		30/6/2001 pro forma		Change 30/6/02-30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Short-term loans	47,284	38.2	51,799	41.6	-8.7	51,849	41.5
Medium- and long-term loans	73,476	59.3	69,068	55.4	+6.4	69,620	55.8
Loans to customers excluding NPLs and SGA loans	120,760	97.5	120,867	97.0	-0.1	121,469	97.3
Non-performing loans	1,420	1.1	1,316	1.1	+7.9	1,400	1.1
SGA loans	1,692	1.4	2,434	1.9	-30.5	2,041	1.6
Loans to customers	123,872	100.0	124,617	100.0	-0.6	124,910	100.0

2002, with a slight drop since the beginning of the year (-0.6%) and substantial stability since the end of June 2001 (-0.1%).

Within the total aggregate, medium/long-term loans continued to represent the most lively component, showing annual growth of 6.4%, compared with an 8.7% reduction in short-term loans.

Medium/long-term loans have shown a positive evolution in terms of loans for public works and infrastructure made by Banca OPI, which rose to 14.2 billion euro at the end of June, up by 6.9% at the beginning of the year and by 13.7% on the twelve months. The positive trend in loans to the retail sector continued: mortgage disbursements to households by the Sanpaolo Network during the first half of 2002 amounted to 921 million euro, compared with 864

Loans to customers by counterparty

	30/6/2002		30/6/2001 pro forma		Change 30/6/02- 30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Loans to households	23,701	19.1	21,796	17.5	+8.7	22,603	18.1
Loans to family businesses and non-financial companies	72,919	58.9	71,008	57.0	+2.7	72,551	58.1
Loans to financial companies	12,647	10.2	15,566	12.5	-18.8	14,248	11.4
Loans to governments and public bodies (1)	13,268	10.7	14,603	11.7	-9.1	13,947	11.2
Other	1,337	1.1	1,644	1.3	-18.7	1,561	1.2
Loans to customers	123,872	100.0	124,617	100.0	-0.6	124,910	100.0

(1) Excluding loans to municipalized companies managed by Banca OPI (included among loans to financial businesses).

Loans to customers by type of lending

	30/6/2002		30/6/2001 pro forma		Change 30/6/02- 30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Loans to households	23,701	19.1	21,796	17.5	+8.7	22,603	18.1
- Domestic network	22,375	18.0	20,482	16.4	+9.2	21,333	17.1
- overdraft	1,698	1.3	1,719	1.4	-1.2	1,732	1.4
- personal loans	3,333	2.7	2,637	2.1	+26.4	3,066	2.5
- mortgage loans	15,829	12.8	14,537	11.6	+8.9	14,922	11.9
- other	1,515	1.2	1,589	1.3	-4.7	1,613	1.3
- Foreign network	1,326	1.1	1,314	1.1	+0.9	1,270	1.0
Loans to family businesses, companies, governments, public bodies and others	100,171	80.9	102,821	82.5	-2.6	102,307	81.9
- Domestic network	87,038	70.3	88,926	71.4	-2.1	89,369	71.5
- overdraft	14,109	11.4	14,992	12.0	-5.9	15,523	12.4
- repurchase agreements	1,336	1.1	2,549	2.1	-47.6	2,590	2.1
- import/export financing	3,003	2.4	2,417	1.9	+24.2	2,183	1.7
- leasing	3,527	2.8	2,822	2.3	+25.0	3,039	2.4
- mortgage loans	41,425	33.5	38,984	31.3	+6.3	39,702	31.8
- other	23,638	19.1	27,162	21.8	-13.0	26,332	21.1
- Foreign network	13,133	10.6	13,895	11.1	-5.5	12,938	10.4
Loans to customers	123,872	100.0	124,617	100.0	-0.6	124,910	100.0

million during the same period of 2001, while those issued by Cardine bank networks amounted to 395 million euro.

These results contributed to a growth in loans to the private sector: loans to households presented a variation of 4.9% compared with the start of the year and 8.7% over the twelve months; loans to family businesses and non-financial companies also increased (+2.7% since the end of June 2001).

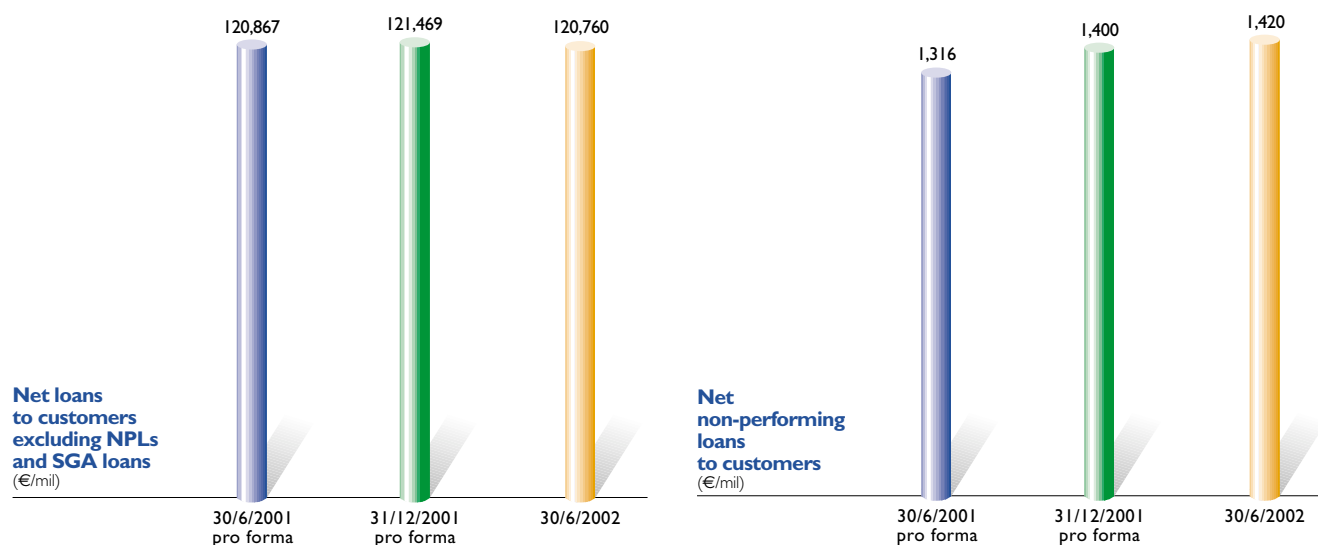
With reference to Group transactions in Italy, the geographical breakdown shows more sustained movement in loans to customers resident in Central Italy, up by 5.3% on an annual basis, and in the North East (+5.1%). The Group's market share in the domestic market at the end of June 2002 was 10.9% for total loans; more specifically,

medium- and long-term loans had a 13.1% share, while short-term loans took 8.6%.

Loans issued by the Group's foreign network came to 14.5 billion euro, up 1.8% since the beginning of the year and down 4.9% over the twelve months.

Doubtful loans

Against a scenario which is still characterized by a considerable degree of uncertainty, the Group continued to defend the quality of assets during the half year, in particular through the adoption of strict loan-issue selection policies by all the banking networks, as well as an intense recovery activity and prudent provision policies.



Analysis of loan portfolio

	30/6/2002		30/6/2001 pro forma		Change 30/6/02-30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Non-performing loans	1,420	1.1	1,316	1.1	+7.9	1,400	1.1
Problem, restructured and in course of restructuring loans	1,446	1.2	1,392	1.1	+3.9	1,462	1.2
Loans to countries at risk - customers	58	0.1	111	0.1	-47.7	35	0.0
Performing loans	120,948	97.6	121,798	97.7	-0.7	122,013	97.7
Total loans to customers	123,872	100.0	124,617	100.0	-0.6	124,910	100.0
Non-performing and problem loans - banks	1		1		-	1	
Loans to countries at risk - banks	41		66		-37.9	62	

At the end of June 2002, the Group had net doubtful loans of 2,966 million euro, which have been substantially stable since the end of December 2001 (+0.2%) and showed an annual increase of 2.8%. More specifically, in loans to customers:

- net non-performing loans came to 1,420 million euro compared with 1,400 million at the end of 2001 (+1.4%) and 1,316 million euro at the end of June 2001 (+7.9%); the annual growth is mainly attributable to the classification of problem loans among non-performing loans at the end of last year. The ratio of net non-performing loans to net loans to customers is stable at 1.1%; at the end of the first half of 2002, the Group's non-performing loans presented a coverage ratio of 70.8%, also taking into consideration fiscal write-offs;
- problem, restructured and in course of restructuring loans amounted to 1,446 million euro, with a drop of 1.1% on the start of the year and an annual increase of 3.9%; the coverage ratio was 25.6%;
- non-guaranteed loans to customers in countries subject to country risk fell over the twelve months from 111 to 58 million euro, mainly due to the recovery of loans to customers resident in Argentina and Brazil.

Activities on financial markets

Dealing and treasury activities

At the end of the first half of 2002, the Group's securities portfolio came to 28.7 billion euro, just above the level for the end of 2001 and down 13.7% over the twelve months. The investment component was down by 3.6 bil-

lion euro, from 5.3 billion at the end of June 2001, mainly due to the reimbursement of Government bonds; this accounts for 12.7% of the total, compared with 14% at the end of last year and 15.9% at the end of June 2001.

At the end of the half year, the dealing portfolio held by the Banca IMI group amounted to 13.7 billion euro, with a reduction of 7.4% over the year. This included 34% Government bonds and 28% other bonds and debt securities.

At the end of June 2002, the Parent Bank's securities portfolio came to 11.4 billion euro; the investment component amounted to 1 billion euro, 8.4% of the total. On the date, 60% of the dealing securities portfolio was made up of treasury securities, held for secondary liquidity purposes, in relation to refinancing and guarantee transactions with Central Banks. Overall, the composition of the portfolio maintained a significant share of Government bonds, amounting to 45% of the total at the end of June. The remainder was mainly made up of other bonds. The overall volume of securities traded in the half year by the Parent Bank amounted to 15 billion euro; operations in repurchase agreements, used to satisfy the needs of retail and corporate customers, amounted to 127 billion euro, of which 83 billion euro were handled by the MTS/PCT platform.

Activity on the interbank market was carried out both by SANPAOLO IMI and by subsidiaries specialized in raising funds from foreign markets. Following the merger, the Parent Bank performs a treasury service also for the Cardine bank networks, handling the consolidated management of deposits and loans, being the only point of access to the money market. During the half year, approx-

Securities, interbank position and derivatives

	30/6/2002		30/6/2001 pro forma		Change 30/6/02- 30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Investment securities	3,642	12.7	5,286	15.9	-31.1	3,986	14.0
Dealing securities (1)	25,100	87.3	28,029	84.1	-10.4	24,557	86.0
Total portfolio	28,742	100.0	33,315	100.0	-13.7	28,543	100.0
Loans to banks	22,735		21,340		+6.5	26,436	
Funding from institutional banking organizations	5,358		3,874		+38.3	4,621	
Funding from other banks	24,843		34,755		-28.5	31,861	
Derivatives and forward transactions in foreign currencies (at nominal value)	380,579		384,795		-1.1	427,570	

(1) This item includes SANPAOLO IMI shares bought by subsidiaries as part of their securities dealing activities.

imately 45% of the volumes negotiated by the Parent Bank regarded funding activities in euro. A significant portion (115 billion euro) was channelled through the e-Mid circuit. Roughly a quarter of short-term funding was carried out via the issue of certificates of deposit and commercial paper, realized through the specialized foreign subsidiaries.

As regards medium/long-term funding, the activity carried out during the first half of 2002 confirmed SANPAOLO IMI among the leading issuers on the domestic and international market. Funding raised since the beginning of the year amounted to 5.9 billion euro, 5.4 of which senior and 0.5 subordinated, in the Lower Tier II form. Within the total, 2.9 billion euro was placed on international markets with institutional customers and the remaining 3 billion were placed via two public issues through the subsidiary Sanpaolo IMI Bank International in Madeira.

Placement and advisory business

During the first half of 2002, despite a primary debt market characterized at international level by contained operating volumes, Banca IMI confirmed its status as one of the main Italian operators, assuming the role of leader or sole placer in 12 bond issues, for a total of over 7 billion euro. In the financial institutions sector in particular, it accompanied Finconsumo Banca and Banco Desio in their debut on the Euromarket. Other transactions include the benchmark issues for SANPAOLO IMI (senior and subordinated) and the organization of an issue of hybrid investment instrument for Cassa di Risparmio di Firenze. In relation to sovereign state issues, attention ought to be drawn to the jumbo issue for the Greek Republic and, as regards corporate issuers, the debut of I Viaggi del Ventaglio on the Euromarket.

In the equity sector Banca IMI took an important part in some of the main IPOs made in Europe, such as Autoroutes

du Sud de la France, Enagas in Spain and PPC in Greece. It acted as co-ordinating intermediary for the Public Offer promoted by Idra Partecipazioni on Idra Presse and for the residual Public Offer launched by SANPAOLO IMI on the savings shares of Banco di Napoli. Together with a small group of financial institutions, it guided the increase in FIAT capital and acquired the mandate as the leader in the increase in Alitalia capital, which was launched after the end of the half year. It also took part in the IT Holding, Aedes and SS Lazio capital increases.

In corporate finance advisory, Banca IMI supplied financial consulting during the sale of the majority interest of Utet to De Agostini and during the entry of Autogrill into the capital of Pastarito. It acted as financial consultant in the exchange in the merger of Unimed with Buzzi Unicem. It helped set up important transactions, assisting the Albanian government in privatizing the fixed telecommunications and power sectors, and advising AEM Torino in the project to enhance several electricity generating assets.

Equity investments

At the end of June 2002, the Group's investments in companies that are not consolidated on a line by line basis amounted to 4.1 billion euro, with a net decrease of 0.8 billion euro compared with the pro forma value at the end of December 2001.

The reduction of the investment portfolio is linked, in particular, with the exchange of equity investments prior to the merger with Cardine Banca, between the Parent Bank and the Compagnia di San Paolo. These transactions, which are described in a previous chapter of this Report, involved the sale by SANPAOLO IMI of an 8% interest in Cardine, at the price of 440 million euro, and the purchase

Non-consolidated equity investments

	30/6/2002		30/6/2001 pro forma		Change 30/6/02- 30/6/01 pro forma (%)	31/12/2001 pro forma	
	Amount (€/mil)	%	Amount (€/mil)	%		Amount (€/mil)	%
Investments	4,120	100.0	4,433	100.0	-7.1	4,898	100.0
- carried at equity	1,086	26.4	1,039	23.4	+4.5	1,102	22.5
- carried at cost	3,034	73.6	3,394	76.6	-10.6	3,796	77.5
- in listed companies	1,746	42.4	2,352	53.1	-25.8	2,024	41.3
- in other companies	1,288	31.2	1,042	23.5	+23.6	1,772	36.2

from the Compagnia of its interests in CIP (100%) and in NHS (27.02%) and IMI Investimenti (39.77%) already controlled with a 51% stake. SANPAOLO IMI also acquired the minority interest in IMI Investimenti using a further 0.61% interest in Cardine. These transactions involved the booking of gross capital gains of 62 million euro.

Overall, in the half year disposals of shares in companies not consolidated using the line by line method amounted to 0.7 billion euro, with the realization of income before taxes of 80 million euro. The acquisition of new shareholdings in unconsolidated companies amounted to 32 million euro.

Operating structure

The distribution network

In the first half of 2002, the SANPAOLO IMI distribution network was strengthened, firstly by the merger with Cardine. The two groups geographically complement one another and this has made it possible to cover the national territory perfectly.

Overall, following the merger, the SANPAOLO IMI Group has a network of 3,063 banking branches in Italy, 33.8% of which are distributed throughout the North West, which is in-depth covered by the Sanpaolo Network, 27.1% in the North East, where the Cardine network is concentrated, 26.7% in Southern Italy and the Islands, where the branches of Banco di Napoli operate. The remaining 12.4% of the Group network is situated in Central Italy, where there are over 400 branches of Cassa di Risparmio di Firenze, in which a 19.5% interest is held and with which SANPAOLO IMI has stipulated distribution agreements. Further commercial interests have been stipulated with Cassa dei Risparmi di Forlì, which has about sixty branches mainly operating in the North East.

The share held by the Group throughout Italy amounts to 10.4%. SANPAOLO IMI in particular has an 11.4% share in the North West, 10.6% in the North East, 5.8% in the Center and 14% in the South and the Islands.

The strengthening of the branch networks has also been realized via the specialization of branches to deal with their reference customer segments: in particular, the project pre-

Distribution network

	30/6/2002	30/6/2001 pro forma	Change 30/6/02-30/6/01 pro forma (%)	31/12/2001 pro forma
Banking branches and area offices	3,194	3,095	+3.2	3,178
- Italy	3,063	2,978	+2.9	3,049
<i>of which: Parent Bank</i>	1,389	1,363	+1.9	1,376
- Abroad	131	117	+12.0	129
<i>of which: Banque Sanpaolo</i>	59	62	-4.8	59
Representative offices	18	19	-5.3	21
Financial planners	5,223	5,533	-5.6	5,510
<i>of which: Banca Fideuram</i>	3,675	3,781	-2.8	3,795
<i>of which: Banca Sanpaolo Invest</i>	1,320	1,532	-13.8	1,494

Distribution network in Italy as of 30/6/2002

	Parent Bank	Cardine	Banco di Napoli	Other networks (1)	TOTAL	%
North West (Piedmont, Valle d'Aosta, Lombardy and Liguria)	976	13	3	43	1,035	33.8
North East (Veneto, Trentino Alto Adige, Friuli Venezia Giulia and Emilia Romagna)	107	696	1	26	830	27.1
Center (Tuscany, Marches, Umbria, Lazio, Abruzzo and Molise)	128	125	105	23	381	12.4
South and Islands (Campania, Puglia, Basilicata, Calabria, Sicily and Sardinia)	178	0	621	18	817	26.7
Banking branches and area offices in Italy	1,389	834	730	110	3,063	100.0

(1) Includes banking branches of Banca Fideuram (85), Finconsumo Banca (23), Finemiro Banca (1) and Farbanca (1).

sented last year by the Sanpaolo Network led to the creation of 130 business centers. Similar specialization initiatives were carried out by Banco di Napoli and Cardine.

The Group's distribution network is also made of 5,223 financial planners, mainly of Banca Fideuram and Banca Sanpaolo Invest. In this context an integration project between the two banks is currently underway and this will increase the commercial effectiveness of the sales network, enabling strategic co-ordination of the financial planners, the adoption of a range of common products and consistent brands and marketing policies.

The Group's commitment during the half year was also aimed at innovative channels. The Sanpaolo Network in particular carried out commercial development activities with regard to the services offered through direct channels, expanding their functionality and strengthening the customer service instruments. At the end of June the number of contracts enabling private customers to operate in an integrated way through traditional channels and direct channels rose to 238,000, with an increase of over 58,000 since the beginning of the year, and Internet banking contracts with companies exceeded 13,000, up by 76% since the end of 2001. On the date, Cardine had 52,000 phone and Internet banking contracts.

With reference to direct channels, the retail customer service is carried out through the network of automatic Bancomat tellers which, at the end of June, included 1,892

ATMs belonging to the Parent Bank, 975 belonging to the Cardine bank networks and 902 to Banco di Napoli, and through the POS terminals of the Sanpaolo Network (26,224), Cardine (17,113) and Banco di Napoli (9,962).

Personnel

Group personnel consisted of 46,412 employees at the end of June 2002. This figure is down by 144 compared with the start of the year, within the same consolidation setting, and 541 compared with the end of the first half of 2001. The decrease over 12 months would rise to 907 if the staff of West Bank, purchased in the second half of 2001, were to be excluded.

This reduction is due to the voluntary incentive retirement schemes offered to staff by the Parent Bank and Banco di Napoli, as well as the Banco di Napoli's asset downsizing actions. Compared with the end of June 2001, the reduction in the number of Parent Bank employees has been 218, following 326 new hires and 544 resignations, while the Neapolitan bank's staff was reduced by 503, with a further 309 employees leaving following the disposal of shareholdings.

The other Group companies, excluding West Bank, registered an overall increase of 123 employees over the twelve months. This was mainly linked to the development of Consumer Banking, Wealth Management and Personal Financial Services.

Personnel

	30/6/2002		30/6/2001 pro forma		Change 30/6/02- 30/6/01 pro forma (%)	31/12/2001 pro forma	
		%		%			%
Period-end headcount	46,412	100.0	46,953	100.0	-1.2	46,556	100.0
- executives	879	1.9	840	1.8	+4.6	834	1.8
- third and fourth level managers	6,162	13.3	6,250	13.3	-1.4	6,252	13.4
- other employees	39,371	84.8	39,863	84.9	-1.2	39,470	84.8

Capital and reserves

Net shareholders' equity

Group shareholders' equity as of 30 June 2002 was 10,369 million euro. Movements during the half year were as follows:

<i>Movements in Group shareholders' equity</i>	<i>€/mil</i>
Net shareholders' equity as of 1 January 2002	8,182
Decreases	-773
- Dividends	-773
- Exchange and other adjustments	-
Increases	2,960
- Merger with Cardine Banca	2,063
- <i>capital</i>	1,212
- <i>reserves</i>	851
- Decrease in own shares held by the Parent Bank	294
- Provisions for general banking risks	2
- Net income for the period	601
Net shareholders' equity as of 30 June 2002	10,369

Own shares

Own shares held by the Group as of 30 June 2002 amounted to 4,985,517 (14 million euro nominal value), representing 0.27% of the total capital, and were booked in the balance sheet at 50 million euro.

During the first half of 2002, the following Group transactions involving SANPAOLO IMI shares were performed:

- as of 31 December 2001, the Parent Bank held 17,080,403 own shares in portfolio (48 million euro

nominal value), with a book value carried at a cost of 294 million euro. During the half year it purchased 32,859,429 shares (92 million euro nominal value) for a total cost of 403 million euro. Shares were destined as follows:

- 48,013,809 shares (134 million euro nominal value) were used in the exchange involved in the merger with Cardine Banca;
- 1,912,373 shares (5 million euro nominal value), for a cost of 19 million euro were assigned to employees in June in relation with the extended employee stock plan. At the end of the first half of 2002, there were 13,650 own shares in the Parent Bank's portfolio, with a book value carried at a cost of 0.1 million euro;
- at 31 December 2001, in relation to its institutional dealing activity, BANCA IMI had a portfolio of 815,564 shares (2 million euro nominal value), carried at a market value of 10 million euro. During the half year, the company purchased 26,714,714 shares (75 million euro nominal value), for a total cost of 264 million euro, and sold 25,904,416 shares (73 million euro nominal value), for total proceeds of 298 million euro. At 30 June 2002, Banca IMI had a portfolio of 1,625,862 shares (5 million euro nominal value), carried at a market value of 17 million euro;
- at 30 June 2002, the subsidiary IMI Investimenti had a dealing portfolio of 219,190 shares (1 million euro nominal value), carried at a market value of 2 million euro. The shares came from the conversion of Cardine Banca shares into SANPAOLO IMI shares following the merger between the two banks;
- at 30 June 2002, several companies from the ex Cardine Group had a dealing portfolio of 3,126,815 SANPAOLO IMI shares (9 million euro total nominal value), carried at an overall market value of 31 million euro).

Regulatory capital and solvency ratios

At the end of June 2002, the ratio between regulatory capital and total risk-weighted assets, essentially for credit and market risks, presented a total solvency ratio of 10%; the ratio between Group Tier 1 capital and total risk weighted assets was 7.2%.

Regulatory capital and solvency ratios

	30/6/2002
Regulatory capital (€/mil)	
Tier 1 capital	9,558
Tier 2 capital	4,074
less: prescribed deductions	-902
Regulatory capital	12,730
Subordinated Tier 3 capital	601
Total regulatory capital	13,331
Weighted assets (€/mil)	
Credit risk	122,162
Market risk	10,163
Other requirements	625
Total assets	132,950
Capital solvency ratios (%)	
Tier 1 ratio	7.2
Total capital ratio	10.0

Risk management and control

The basic principles

The SANPAOLO IMI Group is strongly committed to risk management and control, which is based on three principles:

- clear identification of responsibility for taking on risks;
- measurement and control systems in line with international best practice;
- organizational separation between the Business Areas that carry on day to day operations and those that carry out controls.

The policies relating to the acceptance of credit and financial risks are defined by the Parent Bank's Board of Directors and Executive Committee with support from the Group Risks Technical Committee and specific operating committees.

The Parent Bank also performs general functions of risk management and control and makes risk-acceptance decisions in the case of particularly large risks, aided by the Risk Management unit.

The Business Areas that generate credit and/or financial risks are all assigned with limits of autonomy and each has its own control structure.

Financial risks

Financial risks from lending business

Financial risk generated by the lending activities of the Group in the first half of 2002 was slightly lower than the average level observed last year, suitably restated to take the inclusion of the Cardine Banca's accounts into consideration. 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, showed a negative average value of 181 million euro during the first half of 2002.

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 during the subsequent ten working days with a statistical confidence

interval of 99%, retained an average value of 73 million euro during the half year, reaching 99 million euro at the end of June.

Equity investments in non-Group listed companies

As of the end of June, the equity investments in quoted companies not consolidated using the line by line method or the equity method showed a market value of 1,600 million euro, 311 million euro of which held by IMI Investimenti. The market value of equity investments, according to the end of June prices, showed net potential capital gains on book value of 146 million euro, almost exclusively referring to the interest in Santander Central Hispano.

The Value at Risk related to the minority investments in quoted companies came to 251 million euro at the end of June; this value was lower than the levels observed at the end of the previous year due to the drop in the portfolio value, against increased volatility of share prices.

Trading activities

The VaR of the trading activities, concentrated in Banca IMI and its subsidiaries, oscillated between a low of 3.1 million euro and a high of 11.5 million euro during the first half of 2002. At the end of June, the VaR was 7.2 million euro, in line with the average value for the half year.

In addition to the VaR, the Worst Case Scenario technique is also used to monitor the impact of potential losses that might arise under extreme market conditions. The development of the maximum potential daily loss was largely stable in the first half of the year, in terms of potential risks, oscillating around the yearly average of 36 million euro. In no case was the ex ante potential daily exposure exceeded by actual losses.

Credit risks

All of the on- and off-balance sheet credit exposures are measured here. The initial analysis of the Parent Bank's portfolio was gradually extended to the main subsidiaries that assume credit risks, represented by Banco di Napoli, Banca OPI, Sanpaolo IMI Bank Ireland and Sanpaolo Leasint. The exposures of Cardine Banca will be integrated into the risk measurement system in the second half of the year. Excluding the figures for Cardine, the portfolio analyzed represents over 90% of the Group's risk weighted assets.

Analytical ratings are available for 80% of the counterparties in the loan portfolio, in terms of exposure. The unrated counterparties to whom a rating estimated on the basis of the average likelihood of insolvency has been assigned are concentrated in the households sector. Analytical ratings coverage for other sectors is over 90%.

In relation to the combination of analytical ratings, more than half are represented by ratings of specialized agencies, while the remainder are internal ratings; the latter are by large the prevailing ones in the corporate sector.

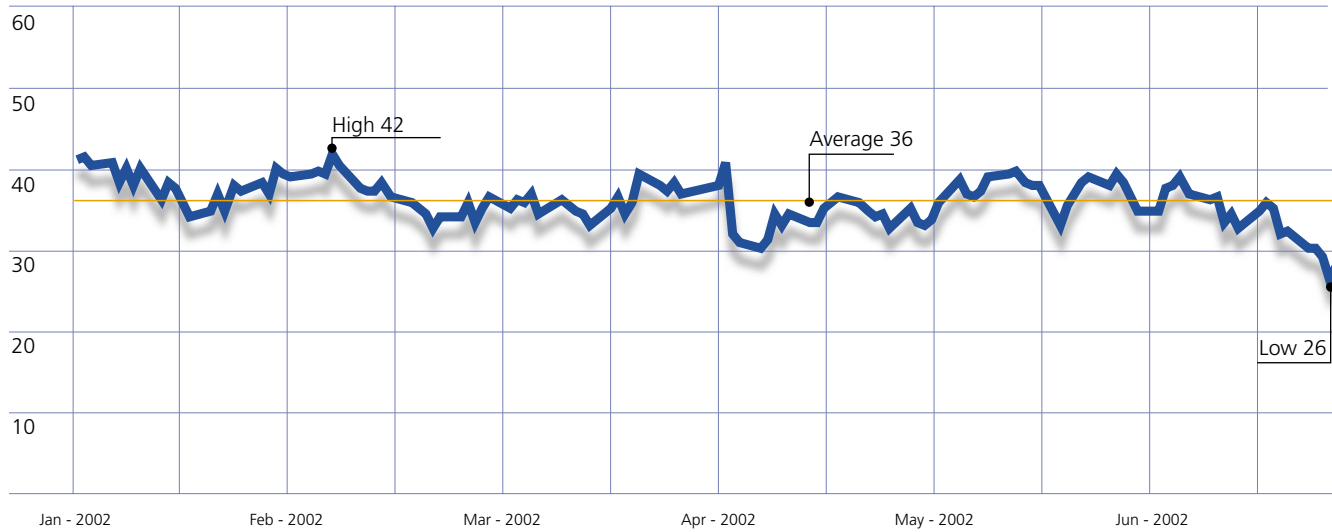
Loans to customers to which an analytical rating has been assigned, which represent the main reference of the credit risk management model, show a high credit quality, with a portion of investment grade loans (from AAA to BBB) in excess of three quarters of the total, despite slight

deterioration compared with the first half of 2001.

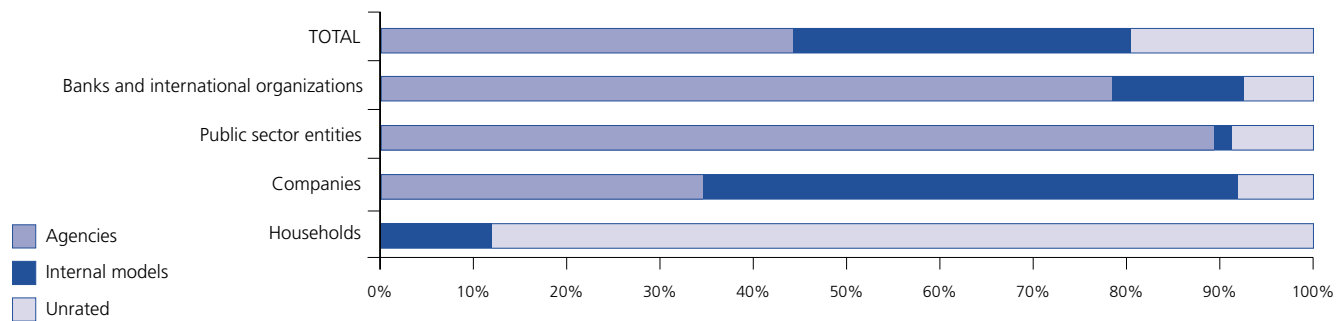
The economic capital against loans to customers, including country risk, was 3.3 billion euro at the end of the half year; this represented 3.54% of the capital used, registering a rise of 3.37% compared with the first half of 2001. Over 75% of the overall capital is allocated to the Sanpaolo Network and Consumer Banking and to Banco di Napoli, while the remainder is split between Large Groups and Structured Finance, the Foreign Network and Banca OPI, characterized by a more contained level of risk, due to the activity performed.

Other risks

SANPAOLO IMI also considers two other types of risk in its models: operational risk and business risk.



Maximum potential daily loss in trading (€/mil)



Drawn down loan portfolio by rating source (%)

Operational risk is defined as the risk of incurring losses as a result of four macro categories of events: fraud, legal risks (including non-performance of contractual obligations), weaknesses in internal control or information systems, and natural calamities.

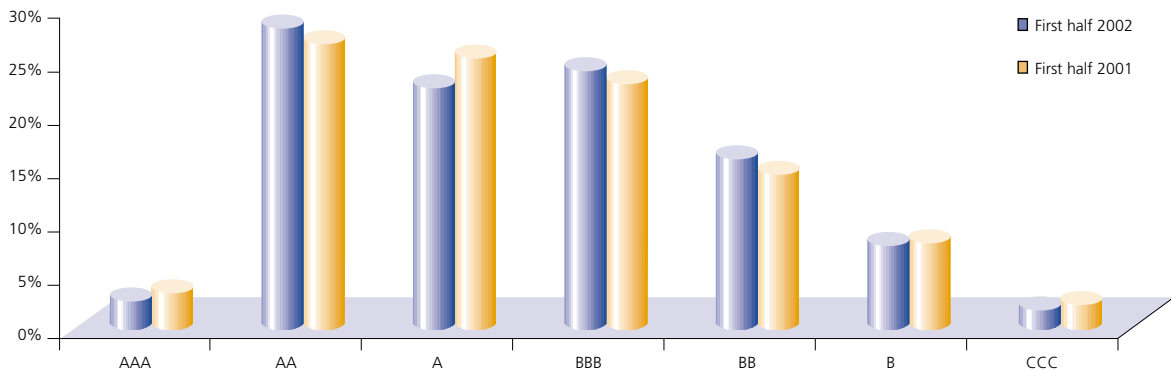
Business risk (also called strategic risk) is the risk of incurring losses as a result of changes in the macro- or micro-economic scenario which could jeopardize the ability to generate income, typically by reduced operating volumes or margin compression.

The top down techniques based upon external figures are used to calculate a risk capital to suit the Group's capital allocation, while controls are carried out at process level by defining internal rules and procedures, the observation

of which is monitored by the Audit Department.

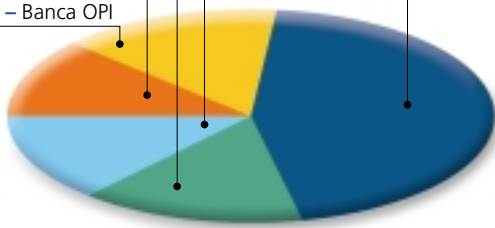
Further refinements are currently being made on this subject, which principally concern the collection of data related to operating losses, the extension of external data bases (also through participation in domestic and international consortium initiatives), the evolution of the statistical calculation engine, the evaluation of the economic effect of internal controls, above all their effectiveness and frequency.

These developments, in line with emerging international best practices and with indications formulated by the Basle Committee as part of its proposed revision of the Accord on Capital, will enable more analytical capital measurements, which can also be used to manage and control operating risks.



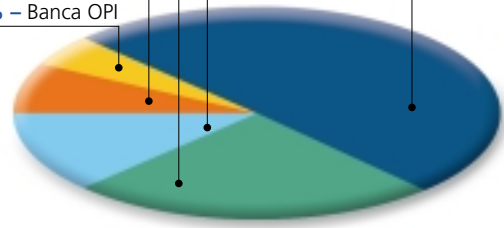
Drawn down loan portfolio by level of rating (%)

44.9% – Sanpaolo Network and Consumer Banking
13.4% – Large Groups and Structured Finance
15.0% – Banco di Napoli
12.0% – Foreign Network
14.7% – Banca OPI



Loans and guarantees by Business Area

50.4% – Sanpaolo Network and Consumer Banking
12.4% – Large Groups and Structured Finance
24.7% – Banco di Napoli
7.7% – Foreign Network
4.8% – Banca OPI



Capital against credit risk by Business Area

Supplementary information

Performance of share prices

At the end of June 2002 the price of SANPAOLO IMI shares was 10.167 euro; this was 15.6% down since the start of

the year, compared with a 5% drop in the MIB bancario. On that same date, the price/book value of SANPAOLO IMI shares was 1.8, and the price/earnings ratio, as calculated on the basis of the consensus earnings for 2003, was 11.9.

On 19 September 2002, the quoted price was 6.604 euro, representing a drop of 45.2% since the start of the year.

Market comparison

	19/9/2002	28/6/2002	29/6/2001	Change 28/6/02-29/6/01 (%)
SANPAOLO IMI share price (€)	6.604	10.167	15.280	-33.5
Banking index (historical MIB bancario)	1,805	2,252	2,969	-24.1

SANPAOLO IMI share price (1)

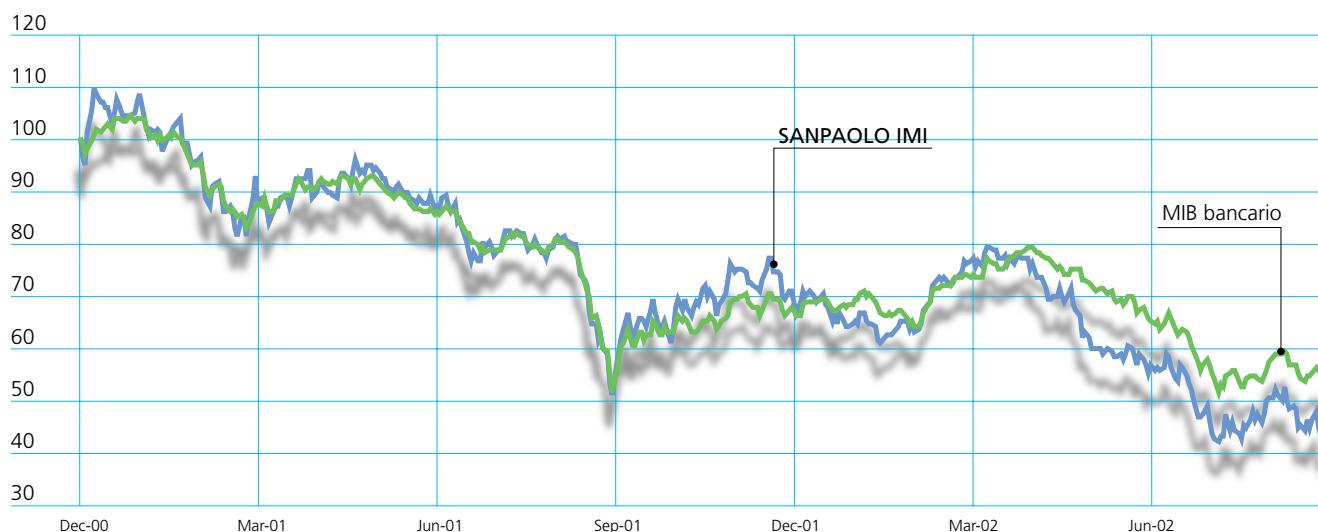
Year	High (€)	Low (€)	Average (€)
1995	5.118	4.025	4.577
1996	5.269	4.236	4.766
1997	8.800	4.564	6.275
1998	16.274	8.717	12.429
1999	16.071	10.970	13.192
2000	20.800	11.483	16.612
2001	18.893	8.764	14.375
2002 (until 19/9/2002)	13.702	6.604	10.547

SANPAOLO IMI market indices

	28/6/2002	29/6/2001
Price/book value	1.8	2.8
Price/earnings on consensus earnings (2)	11.9	13.8

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

(2) Calculated on consensus earnings 2003 for 28/6/2002 and on consensus earnings 2002 for 29/6/2001.



SANPAOLO IMI share price and MIB bancario (29/12/00=100)

Shareholders

As of 30 June 2002 the shareholder composition of SANPAOLO IMI, based on available information, was as follows:

Shareholders of SANPAOLO IMI

	% of capital	
	total	ordinary
Compagnia di San Paolo	14.48	7.50
Fondazione CR Padova e Rovigo	10.80	4.38
Fondazione CR Bologna	7.69	3.12
Santander Central Hispano	5.11	6.47
IFI / IFIL	3.81	4.83
Deutsche Bank	3.68	4.67
Ente CR Firenze	2.06	2.61
Fondazione Cariplo	1.75	2.21
EULIA	1.70	2.16
Società Reale Mutua di Assicurazioni	1.54	1.95
Fondazione CR Venezia	1.50	1.90
Other shareholders (1)	45.88	58.20
Total	100.00	100.00

(1) Includes own shares held by the Group.

Ratings

The following table shows the main ratings assigned to the debt of SANPAOLO IMI.

SANPAOLO IMI debt ratings

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+ outlook stable

Regarding the companies in the Group, during the month of April Moody's raised from stable to positive the outlook for the rating in relation to the medium- and long-term debt of the Banco di Napoli (A1). In September, Standard & Poor's as well had raised the rating of the medium/long-term debt of

Banco di Napoli from A to A+, bringing it into line with the Group level.

Transactions with Group companies and related parties

Transactions between the companies belonging to the SANPAOLO IMI Group lie within the scope of the regular management of the Group, which, in accordance with the organizational profile, is structured in the form of subsidiaries or associated companies that handle specific lines of business.

The most important transactions with Group companies and related parties from a financial, economic and balance sheet viewpoint are described in the corresponding sections of the Consolidated Report on Operations, in the Explanatory Notes, and in the Report on the Parent Bank. In particular, the assets, liabilities, guarantees, income and expenses for the Group companies and for the companies subject to significant influence, as of 30 June 2002, are described in detail in the Report on the Parent Bank.

Transactions with Group companies and transactions with related parties, as defined by Consob in the Communications dated 20 February 1997, 27 February 1998 and 6 April 2001, lie within the scope of the normal operations of the Bank, and were executed under market conditions, on the basis of valuations made for mutual economic convenience. Specifically, note that:

- all of the relevant transactions executed by the Parent Bank with Group companies and with related parties are to be approved by the Board of Directors;
- during the first half of 2002 none of the transactions with Group companies or transactions executed with related parties were "of an atypical or unusual nature," except as otherwise indicated elsewhere in the present Report on Operations with regard to the transactions relating to the purchase and sale of shareholdings with the Compagnia di San Paolo, as well as the following extraordinary company reorganization transactions between Group counterparties:
 - the agreement of integration of Banca Sanpaolo Invest into Banca Fideuram;
 - the transfer of a 30% share in Sanpaolo IMI Institutional Asset Management from Banca Fideuram to Sanpaolo IMI Wealth Management;
 - the conferral by the Banco di Napoli of its subsidiary, Banco di Napoli Asset Management, to Sanpaolo IMI Wealth Management.

According to information provided by CONSOB in the above mentioned Communication of 6 April 2001, the formal address “transactions of an atypical or unusual nature” means transactions which, because of their magnitude/importance, the nature of the counterparties, their subject, the way in which the transfer price was determined, and their completion in relation to the end of the year, might raise questions about the accuracy/completeness of the information contained in the financial statements, potential conflicts of interest, preservation of company’s assets and protection of minority shareholders.

As regards transactions with subjects who fulfil administrative, managerial and executive duties for the Bank, or

for Group companies, are governed by the provisions of Article 136 of D. Lgs. 385/93 (Testo Unico Bancario). Accordingly, any such transactions were the subject of unanimous decisions by the Board of Directors, with the favorable vote of all of the Statutory Auditors, subject to the abstention obligations provided by the law. The same procedure also applies to the parties who carry out the administrative, managerial and executive duties within a bank or a company belonging to the Group, for actions taken in connection with the company itself or with other companies or banks within the Group. In such cases, the transactions were decided upon by the organs of the contracting company or bank, with the prior consent of the Parent Bank.

Group Business Areas

Organization by Business Areas

On 26 March 2002, the Board of Directors of SANPAOLO IMI approved a new business model which completed the reorganization process launched in the summer of 2001, defining an adequate structure for the Group following the merger with Cardine. The new model, based on the exploitation of capacity for customer relationship and service, specialization in professional production, distribution and service units and responsibility and measurement of results, is structured in four basic components:

- **Domestic Banking Networks:** include the Sanpaolo Network, in-depth present in North West Italy, Cardine, rooted in the North East and the Banco di Napoli, which operates in the South; the three networks, dedicated to the service of retail customers and companies, present an optimal coverage of the Italian territory through approximately 3,000 banking branches and integrated multichannel infrastructures. The banking networks are flanked by specialist units to serve domestic clients: Banca OPI, which provides consultancy and medium- and long-term financing to public bodies and infrastructure, tax collection, as well as, within the Sanpaolo Network and Consumer Banking, companies operating in private banking, consumer credit and leasing. The management of large corporate customers is attributed to Large Groups and Structured Finance, where IMI Investimenti, which gathers the Group's significant industrial shareholdings, operates. The sector also includes Other Italian Networks, which manages the shareholdings held by the Group in Cassa di Risparmio di Firenze and Cassa dei Risparmi di Forlì;
- **Personal Financial Services,** with activities carried out by the networks of financial planners of Banca Fideuram and Banca Sanpaolo Invest to serve customers with a medium-high savings potential;
- **Wealth Management and Financial Markets** which include: the Sanpaolo IMI Wealth Management companies, dedicated to providing asset management products to the Group networks, associated networks, as well as institutional investors and other networks; Eptaconsors, 40.5% held, operating mainly in corporate finance, asset management, securities dealing and trading on line; Banca IMI, the Group's investment bank, whose business priorities concern, on the one side, the strengthening of the supply of specialist services to companies and institutional customers and, on the other, the development

of structured products distributed to retail customers and companies through the Group's networks; the new NHS, which operates in private equity;

- **International Activities,** which include the French subsidiary Banque Sanpaolo, the Foreign Network of the Parent Bank, limited to corporate lending, and the International Markets unit, established to develop the presence in foreign countries of strategic interest through appropriate growth initiatives, in particular acquisitions and alliances.

Holding activities, finance, the Macchina Operativa Integrata and the management of property and shareholding investments are included in Central Functions.

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.

Capital has also been attributed to each Area 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

net income of the Group to the relative economic capital quantified according to VaR;

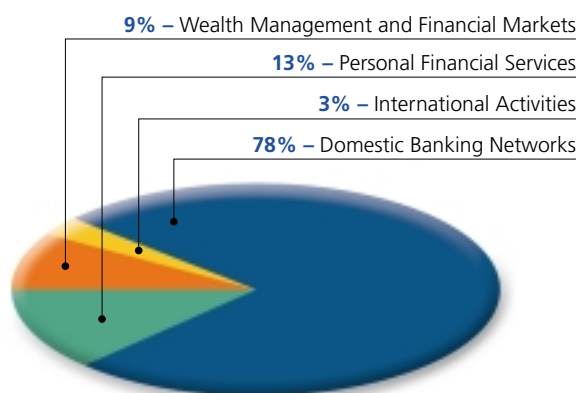
- for those Areas whose business is carried out exclusively by subsidiaries, profitability has been expressed in terms of RoE (Return on Equity), reporting the Area's contribution to net income of the Group to the respective average accounting net shareholders' equity (excluding income for the period), consistently with the principles adopted for the Group.

Results of the Business Areas

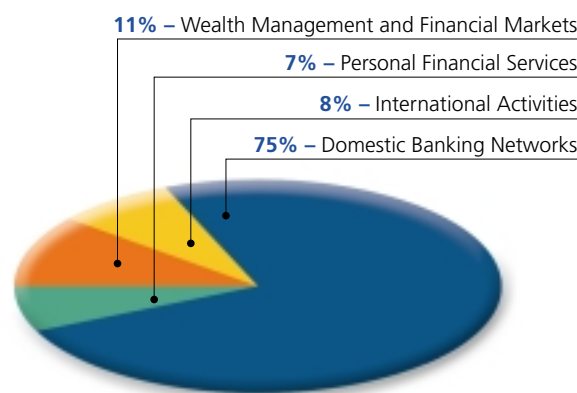
The table below summarizes the economic results and the profitability ratios for the sectors in which the Group operates. The major initiatives and the operating and economic results for the main Business Areas during the half year are then presented, with reference to the existing structure at the end of June 2002. Where necessary, the information used to evaluate the trend in comparison with the preceding periods was reconstructed in homogeneous terms, on the assumption that the new organizational structure was launched on 1/1/2001.

	Contribution to net income of the Group			2001	Average capital			Annualized profitability		
	First half 2002	First half 2001	Change first half 2002 / First half 2001		First half 2002	First half 2001	2001	First half 2002	First half 2001	2001
	(€/mil)	(€/mil)	(%)	(€/mil)	(€/mil)	(€/mil)	(€/mil)	(%)	(%)	(%)
DOMESTIC BANKING NETWORKS (1)	466	507	-8.1	869	7,971	7,481	7,493	11.7	13.6	11.6
PERSONAL FINANCIAL SERVICES	76	101	-24.8	191	794	769	705	19.1	26.3	27.1
WEALTH MANAGEMENT AND FINANCIAL MARKETS (1)	53	182	-70.9	257	1,127	1,148	1,115	9.4	31.7	23.0
INTERNATIONAL ACTIVITIES	20	40	-50.0	44	809	745	755	4.9	10.7	5.8
CENTRAL FUNCTIONS	-14	-27	-48.1	15	-98	50	-175	n.s.	n.s.	n.s.
GROUP TOTAL	601	803	-25.2	1,376	10,603	10,193	9,893	11.3	15.8	13.9

(1) The results of IMI Investimenti are included in the Domestic Banking Networks sector for the first half of 2002 and in Wealth Management and Financial Markets for the first half of 2001 and the whole of 2001.



First half 2002 net income by business sectors



First half 2002 allocated capital by business sectors

Domestic Banking Networks

Sanpaolo Network and Consumer Banking

Sanpaolo Network and Consumer Banking operates through the 1,389 Italian branches of the Parent Bank and through the Internet, phone, and mobile banking direct channels. The Network consists of two Divisions, the first dedicated to private and retail customers and small entrepreneurs, the second to companies. After the Group was reorganized at the end of March, the Area also assumed responsibility for the companies operating in consumer credit (Finconsumo Banca and Finemiro Banca), leasing (Sanpaolo Leasing and Cardine Leasing) and private bank-

ing (Sanpaolo Bank Lussemburgo, Sanpaolo Bank Austria and Sanpaolo Bank Svizzera).

Overall, during the first half of 2002, the Sanpaolo Network and Consumer Banking posted net income of 249 million euro, a drop of 15.6% in comparison with the same period of the preceding year. This drop is attributable, on the one hand, to the resizing of the flow of commissions and, on the other hand, to the increase in provisions by the companies operating in the consumer credit sector.

Regarding the Sanpaolo Network in particular, the major initiatives undertaken during the half year were aimed at

	Sanpaolo Network and Consumer Banking				of which: Sanpaolo Network (1)			
	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)								
Net interest and other banking income	1,519	1,576	-3.6	3,090	1,264	1,336	-5.4	2,611
Operating costs	-963	-953	+1.0	-1,979	-869	-853	+1.9	-1,787
Operating income	556	623	-10.8	1,111	395	483	-18.2	824
Provisions and net adjustments to loans and financial fixed assets	-98	-85	+15.3	-231	-84	-90	-6.7	-203
Income before extraordinary items	458	538	-14.9	880	311	393	-20.9	621
Net income	249	295	-15.6	484	155	206	-24.8	320
ALLOCATED CAPITAL (€/mil)	2,612	2,686	-2.8	2,708	1,754	1,809	-3.0	1,824
RATIOS (%)								
Annualized RORAC	19.1	22.0		17.9	17.7	22.8		17.5
Cost / Income ratio	63.4	60.5		64.0	68.8	63.8		68.4
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)								
Customers financial assets	152,521	156,002	-2.2	154,347	139,055	140,142	-0.8	139,927
- Direct deposits	35,611	35,891	-0.8	36,505	30,562	29,636	+3.1	31,188
- Asset management	62,350	65,283	-4.5	65,236	61,980	64,575	-4.0	64,583
- Mutual funds and fund-based portfolio management	48,207	53,883	-10.5	52,566	48,076	53,584	-10.3	52,310
- Portfolio management	3,994	4,752	-16.0	4,462	3,755	4,343	-13.5	4,065
- Life technical reserves	10,149	6,648	+52.7	8,208	10,149	6,648	+52.7	8,208
- Asset administration	54,560	54,828	-0.5	52,606	46,513	45,931	+1.3	44,156
Net asset management flows	16	1,040		2,841	114	1,081		2,916
Net loans to customers excluding NPLs	43,530	43,117	+1.0	43,766	33,713	33,362	+1.1	33,375
OPERATING STRUCTURE								
Employees	17,908	17,875	+0.2	17,809	16,485	16,556	-0.4	16,465
Branches	1,414	1,365	+3.6	1,401	1,389	1,363	+1.9	1,376

(1) Excluding transactions with companies with turnover in excess of 250 million euro.

strengthening the market position in terms of private customers and companies:

- to improve service to private customers, emphasis was placed on a more customized management. This was achieved by training personal consultants, and by launching a project for the development of new information media for the evaluation of customers' financial profiles. The product range was also expanded, in line with market requirements, through the introduction of new investment products with capital protection as well as new retail mortgages intended for households;
- the strengthening of business to companies was pursued first through the completion of the reorganization of the distribution network, bringing to 130 the number of branches specialized in service and consultancy for entrepreneurs. Also, a project was launched for the development of advanced financial instruments dedicated to specific coverage and investment needs.

The spread of multi-channel capabilities also continued throughout the half year. As of the end of June, the number of contracts allowing private customers to operate in an integrated way through both traditional and direct channels rose to 238,000, with an increase of more than 58,000 since the start of the year. Internet banking contracts with companies grew to more than 13,000, for a 76% increase since the end of 2001.

From an operational viewpoint, customer financial assets for the half year presented a net positive flow in excess of 4 billion euro, thanks in particular to significant flows in asset administration (4.6 billion euro) and life policies (2.3 billion euro). Therefore, despite the devaluation caused by the drop in the stock market prices, the amounts at the end of June were only slightly below the levels posted at the end of December and at the end of June 2001. Loans to customers resulted in a 1% increase in comparison with the start of the year. Noteworthy overall are the continued positive dynamics of retail mortgages intended for households. The disbursements made in the half year amounted to 921 million euro, as opposed to 864 million euro for the same period in 2001.

The profit results showed a trend in line with expectations. There was a drop in profitability in comparison with the first half of 2001, following the reduction in the contribution of direct deposits, in conjunction with the change in the rate profile and a low flow of commissions, due to a more limited number of equity products and lower asset allocation in customer portfolios.

Cardine

Cardine undertakes retail activities in the North East, through the 834 branches of the seven bank networks: Cassa di Risparmio di Padova e Rovigo, Cassa di Risparmio in Bologna, Cassa di Risparmio di Venezia, Cassa di Risparmio di Udine e Pordenone, Cassa di Risparmio di Gorizia, Banca Agricola di Cerea and Banca Popolare dell'Adriatico.

Cardine's major actions during the first part of the year were aimed at:

- realization of an optimal organizational model to accomplish the duties assigned to Cardine Finanziaria within the new Group. These include assisting the Parent Bank in direction, governance and control of the bank networks and also, during the initial phase, providing support to these banks in the IT sector, as well as for administrative, accounting and logistical functions;
- initiation of activities associated with the integration in progress, particularly with regard to the Macchina Operativa Integrata, the centralization of finance and projects aimed at the development of revenues derived from retail customers and from small- and medium-sized companies, through the sharing of products and know how of SANPAOLO IMI.

Efforts were also directed to continue the initiatives launched in the previous year to integrate the bank networks and strengthen customer service capacity. In particular, these activities involved the reinforcement of the sales structure, through the adoption of a commercial model based on customer segments and on the management of customer portfolios by specialized consultants, and the completion of the integration of the banks into the target IT system.

During the first half of 2002, the activities of the Cardine bank networks were characterized by developments within all of the main operational aggregates. In asset management, the net inflow from the start of the year, 0.7 billion euro, more than offset the devaluation of the stocks, which at the end of June were 12.4 billion euro. The trend of direct customer deposits was also positive, showing growth of 7.7% on an annual basis (+10% in terms of average amounts). Loans to customers, excluding non-performing loans, posted a 12-month increase of 4.4% (+5% in terms of average amounts). Especially noteworthy is the fact that during the first half of 2002, the networks made new disbursements in the amount of 395 million euro in connection with retail mortgages.

Profit results for the first half of the year showed a drop in net interest and other banking income (-0.8%), which was more than offset by a 2.6% reduction in operating costs. As a result, operating income posted an increase of 1.7% over the analogous period of the previous year. Lower levels of provisions for the half year allowed Cardine to post an 18.5% increase in net income, which in turn brought its annualized RoE to 11.1%.

Banco di Napoli

Banco di Napoli operates in retail business in the Southern Italy regions, with a network of 730 branches.

During the first half of 2002, Banco di Napoli continued the activities associated with its integration into the Group, with

the rationalization of its operations, and with the focusing on its business of reference. The principal initiatives consisted of:

- the sale, at the end of January, of the share held in Datitalia, with a capital gain of 6 million euro, and the arrangement for the divestiture of a minority interest in Cedel International, completed in July with the realization of a capital gain of 6 million euro;
- the conferral of the subsidiary Banco di Napoli Asset Management to Sanpaolo IMI Wealth Management. This transaction, which was made on the basis of the market values of the two companies, included the acquisition by Banco di Napoli of a 3.1% share in Sanpaolo IMI Wealth Management and the realization of a capital gain in the amount of approximately 13 million euro;

Cardine (1)

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	712	718	-0.8	1,432
Operating costs	-409	-420	-2.6	-838
Operating income	303	298	+1.7	594
Provisions and net adjustments to loans and financial fixed assets	-47	-75	-37.3	-158
Income before extraordinary items	256	223	+14.8	436
Net income	141	119	+18.5	238
Contribution to net income of the Group (2)	141	119	+18.5	238
ALLOCATED CAPITAL (€/mil)	2,545	2,479	+2.7	2,440
RATIOS (%)				
Annualized RoE	11.1	9.6		9.8
Cost / Income ratio	57.4	58.5		58.5
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)				
Customer financial assets	50,930	49,020	+3.9	49,683
- Direct deposits	26,210	24,330	+7.7	25,820
- Asset management	12,395	12,751	-2.8	12,394
- <i>Mutual funds and fund-based portfolio management</i>	8,333	8,403	-0.8	8,104
- <i>Portfolio management</i>	2,752	3,319	-17.1	3,081
- <i>Life technical reserves</i>	1,310	1,029	+27.3	1,209
- Asset administration	12,325	11,939	+3.2	11,469
Net asset management flows	678	-22		-50
Net loans to customers excluding NPLs	23,573	22,587	+4.4	23,433
OPERATING STRUCTURE				
Employees	9,778	9,832	-0.5	9,680
Domestic branches	834	806	+3.5	834

(1) Data referring to the seven bank networks.

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

- the disposal of real estate not instrumental for the commercial network;
- disengagement from the activities of the foreign network, with the sale to third parties of the London branch and the definition of the sale of the New York branch.

In the half year, the trend in the operating volumes of Banco di Napoli was characterized by the recomposition of the customer financial assets in favor of asset management, rising at the end of June to 9.3 billion euro, up (+6.3%) from 8.8 billion at the end of 2001. The increase was produced by the positive net flow, equal to 0.7 billion euro, within the context of a market characterized by strong disinvestments out of mutual funds. The profit

results of the Bank benefited from a reduction in structural costs (-12.2% in comparison with the first six months of 2001) and from significant net extraordinary income (+24%), which partially offset the reduction in revenues resulting from the downsizing of activities in the corporate sector.

Banca OPI

The provision of financial services to the public sector, with particular reference to the financing of investments and infrastructure, is undertaken by Banca OPI, a company that was constituted in July 2000. During the first half of 2002 the bank was strengthened through the conferral by the Parent Bank of its total stake in CIP - Compagnia di San

Banco di Napoli

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	483	567	-14.8	1,094
Operating costs	-403	-459	-12.2	-881
Operating income	80	108	-25.9	213
Provisions and net adjustments to loans and financial fixed assets	-38	-74	-48.6	-97
Income before extraordinary items	42	34	+23.5	116
Net income	45	26	+73.1	3
Contribution to net income of the Group (1)	25	19	+31.6	-13
ALLOCATED CAPITAL (€/mil)	1,357	1,359	-0.1	1,358
RATIOS (%)				
Annualized RoE	3.7	2.8		n.s.
Cost / Income ratio	83.4	81.0		80.5
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)				
Customer financial assets	36,204	37,454	-3.3	38,034
- Direct deposits	20,301	22,285	-8.9	22,759
- Asset management	9,315	7,590	+22.7	8,761
- <i>Mutual funds and fund-based portfolio management</i>	6,762	5,235	+29.2	6,255
- <i>Portfolio management</i>	1,319	1,424	-7.4	1,421
- <i>Life technical reserves</i>	1,234	931	+32.5	1,085
- Asset administration	6,588	7,579	-13.1	6,514
Net asset management flows	699	1,056		2,480
Net loans to customers excluding NPLs and SGA loans	14,157	14,757	-4.1	15,740
OPERATING STRUCTURE				
Employees	9,241	9,744	-5.2	9,588
Financial planners	206	199	+3.5	200
Domestic branches	730	731	-0.1	731

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

Paolo Investimenti Patrimoniali. In addition to boosting the own funds of Banca OPI, this transaction has interesting implications in terms of operational potential with regard to the relationships with local structures on the part of Sinloc, participated through CIP.

The operations of Banca OPI grew significantly during the first half of 2002, likewise through the launch of new project financing operations. In this regard, the bank: took on advisory and financial structuring mandates for various significant projects in Italy and abroad; operated as co-arranger in important international initiatives relating to HST and the modernization of local transport; financed investment programs in the field of environmental protection and land preservation, participating, in cooperation with CDC Ixis, in an innovative transaction for supporting the development of renewable energy. In advisory, it acquired new mandates relating to the exploitation of the AIM multiutility in the Comune di Vicenza, and with regard to the incorporation of the Ente Autonomo Fiera di Rimini, with the preparation of the corresponding business plan.

The new disbursements that were made during the first half of the year, 1.7 million euro, brought total loans to 14.2 bil-

lion euro, a 6.9% increase since the end of 2001 and a 13.7% increase in the 12 months. The positive trend in volumes was reflected in the growth of operating margins, which in part offset the larger provisions that were made exclusively for tax purposes.

Large Groups and Structured Finance

Large Groups and Structured Finance was established with the goal of optimizing the credit quality of the Group and the risk/return ratio, defining the reference rules in terms of loans and providing direction and support for the operating lines. This Area is also responsible for managing relationship with large groups, specifically in connection with transactions in structured finance, as well as activities relating to the exploitation of the major industrial investments held by the Group through IMI Investimenti.

The first initiatives undertaken by the Area after its creation were aimed in particular at the launch and development of a plan for the active management of the Group's loan portfolio, to best reap business opportunities, by handling the risk on a unitary basis and avoiding overlaps among the various operating units. IMI Investimenti's operations have

Banca OPI

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	65	63	+3.2	127
Operating costs	-9	-8	+12.5	-18
Operating income	56	55	+1.8	109
Provisions and net adjustments to loans and financial fixed assets	-33	-13	+153.8	-65
Income before extraordinary items	23	42	-45.2	44
Net income	18	32	-43.8	32
Contribution to net income of the Group (1)	37	37	-	69
ALLOCATED CAPITAL (€/mil)	411	349	+17.8	349
RATIOS (%)				
Annualized RoE	18.0	21.2		19.8
Cost / Income ratio	13.8	12.7		14.2
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)				
Net loans to customers excluding NPLs	14,197	12,490	+13.7	13,284
Disbursements in the period	1,680	1,154	+45.6	3,018
OPERATING STRUCTURE				
Employees	116	111	+4.5	114

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

been concentrated on the management of the FIAT and Italenergia shareholdings, within the context of the activities outlined in the Framework Agreement signed by the main banks financing the Turin industrial group.

The profit results for the Area in the first half of 2002 were affected negatively by the persistence of weakened conditions in the economic context, which was reflected in an increase in provisions and adjustments to financial fixed assets, which to a large extent were associated with the devaluation of the investment in FIAT.

Other Italian Networks

Other Italian Networks operates in the domestic market, through the distribution networks of the Cassa di Risparmio di Firenze, in which the Group holds a 19.5% share, and of the Cassa dei Risparmi di Forlì, in which it holds a 21% share.

In the context of the distribution agreements between SANPAOLO IMI and the companies in the Area, the following should be noted:

- positive progress in the marketing of mutual funds managed by CR Firenze Gestion Internationale (in which an 80% interest is held by Carifirenze and a 20% interest by SANPAOLO IMI). The net flow for the half year, equal to 257 million euro, brought the overall volumes to 2 billion euro;
- expansion of the range of products offered by Cariforlì, with the launch of sales of new guaranteed policies from Sanpaolo Life. Since the start of the year, the net asset management flow by the Cariforlì branches reached 52 million euro.

In profit terms, the posted contribution in the context of the profits from companies carried at equity was 15 million euro for Carifirenze, in comparison with 10 million euro for the first half of 2001, and 4 million euro for Cariforlì.

Personal Financial Services

Banca Fideuram

Banca Fideuram, which has a network of 3,675 financial planners and 85 branches in Italy, operates through its own specialized companies dedicated to the production of asset management services.

In the first half of 2002 Banca Fideuram continued the implementation of the business plan relating to the operational development of the French group Wargny; completed the restructuring of the subsidiaries in Luxembourg, with the concentration of the five product companies in a single corporate vehicle, Fideuram Gestions; launched, in Ireland, the operations of the subsidiary Fideuram Asset Management Ireland, which is responsible for the asset management activities of the Luxembourg funds.

During the half year, the bank also undertook evaluations for the determination of the steps to be taken for the exploitation of the potential of Banca Sanpaolo Invest, in advance of the forthcoming acquisition. In particular, these steps will involve the creation of a common technological platform, with potential cost savings, and a shared product portfolio, appropriately adapted in accordance with the specific commercial needs of each network.

At the end of June 2002 the customer financial assets of Banca Fideuram amounted to 49.7 billion euro, slightly below the figure at the end of 2001 (-1.4%). Especially positive was the progress of asset administration, which grew by 17.1% from the start of the year and by 23.9% over the 12 months. This increase partially offset the reduction in assets under management, attributable to the devaluation of the stock. Profit margins for the half

Banca Fideuram

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	286	306	-6.5	578
Operating costs	-149	-143	+4.2	-280
Operating income	137	163	-16.0	298
Adjustments to goodwill and merger and consolidation differences	-6	-12	-50.0	-24
Provisions and net adjustments to loans and financial fixed assets	-13	-12	+8.3	-47
Income before extraordinary items	118	139	-15.1	227
Net income	103	119	-13.4	226
Contribution to net income of the Group (1)	72	94	-23.4	173
ALLOCATED CAPITAL (€/mil)	694	670	+3.6	612
RATIOS (%)				
Annualized RoE	20.7	28.1		28.3
Cost / Income ratio	52.1	46.7		48.4
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)				
Customer financial assets	49,723	51,738	-3.9	50,414
- Direct deposits	3,712	3,656	+1.5	3,564
- Asset management	35,033	39,222	-10.7	37,477
- <i>Mutual funds and fund-based portfolio management</i>	27,499	33,167	-17.1	31,022
- <i>Life technical reserves</i>	7,534	6,055	+24.4	6,455
- Asset administration	10,978	8,860	+23.9	9,373
Net asset management flows	-263	64		339
OPERATING STRUCTURE				
Employees	1,670	1,634	+2.2	1,647
Financial planners	3,675	3,781	-2.8	3,795
Domestic branches	85	76	+11.8	82

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

year were generally lower, particularly as a result of the downturn in commission revenues, and also because of the greater burdens sustained in connection with the implementation of the development plan for the French subsidiaries.

Banca Sanpaolo Invest

Banca Sanpaolo Invest operates through a network of 1,320 financial planners, whose activity is supported by direct sales channels.

In the first half of 2002, because of market uncertainty, Banca Sanpaolo Invest focused its commercial development policies on enriching its product range, particularly with regard to the SANPAOLO IMI Group products. The bank launched the sale of a new structured bond with guaranteed capital, created in collaboration with Banca

IMI, and two new life policies created, respectively, by Sanpaolo Vita and Sanpaolo Life.

The bank also continued with its activities toward strengthening the operations that it performs through the phone and Internet banking direct channels. During the half year, a total of 55,560 securities trades were performed through the phone channel, and 12,028 by Internet.

At the end of June 2002 the volumes of customer financial assets of Banca Sanpaolo Invest were smaller than at the start of the year. The increases that were posted for direct deposits (+5.2%) and asset administration (+1%) were unable to offset the reduction in assets under management (-10,2%). The profit results for the half year stayed essentially in line with those for the same period of the preceding year, in that, despite the drop in revenues, the bank was able to reduce its administrative costs.

Banca Sanpaolo Invest

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	34	37	-8.1	79
Operating costs	-25	-28	-10.7	-52
Operating income	9	9	-	27
Provisions and net adjustments to loans and financial fixed assets	-1	-1	-	-3
Income before extraordinary items	8	8	-	24
Net income	6	7	-14.3	18
Contribution to net income of the Group (1)	4	7	-42.9	18
ALLOCATED CAPITAL (€/mil)	100	99	+1.0	93
RATIOS (%)				
Annualized RoE	8.0	14.1		19.4
Cost / Income ratio	73.5	75.7		65.8
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)				
Customer financial assets	8,884	9,884	-10.1	9,677
- Direct deposits	382	185	+106.5	363
- Asset management	7,284	8,727	-16.5	8,108
- <i>Mutual funds and fund-based portfolio management</i>	4,878	6,518	-25.2	5,708
- <i>Portfolio management</i>	494	548	-9.9	524
- <i>Life technical reserves</i>	1,912	1,661	+15.1	1,876
- Asset administration	1,218	972	+25.3	1,206
Net asset management flows	-179	112		470
OPERATING STRUCTURE				
Employees	220	208	+5.8	210
Financial planners	1,320	1,532	-13.8	1,494

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

Wealth Management and Financial Markets

Sanpaolo IMI Wealth Management

Wealth Management provides asset management products and services, both to the Group's internal distribution networks and to institutional investors, associated networks and other networks. This Area was created in April 2001 through the conferral by the Parent Bank to the holding Sanpaolo IMI Wealth Management of the subsidiary operating in the field of mutual funds, portfolio management and life insurance.

In February 2002 the Area launched a new industrial plan, aimed at strengthening the efficiency of production processes and the marketing effectiveness, particularly through greater integration of the financial products offered.

In line with the stated objectives of the plan, during the half year:

- the structure of performance commissions and of the benchmarks for mutual funds were redefined. A proposal was submitted to the local authorities for a review of the Luxembourg funds;

- the range of insurance products was reviewed, on the basis of the emerging needs of customers. In particular, new protected unit linked policies to be distributed through the network of the Cassa dei Risparmi di Forlì were launched;
- agreements with extra-captive networks were entered into. These agreements envisage the distribution of the funds and portfolio management of Wealth Management.

In the context of the Group's restructuring, during the first half of the year Banco di Napoli Asset Management was conferred to Sanpaolo IMI Wealth Management, which also acquired from Banca Fideuram 30% of Sanpaolo IMI Institutional Asset Management, a company dedicated to management activities for institutional investors. Sanpaolo IMI Alternative Investments SGR, a company dedicated to the management of hedge funds, also became operational.

As of the end of June, the Area's assets under management amounted to 83.5 billion euro, down 1.5% from the start of the year. Noteworthy with regard to the total amounts is the sustained growth in life technical reserves, which rose to 12 billion euro (+23.1% in comparison with the end of

Sanpaolo IMI Wealth Management

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	86	127	-32.3	233
Operating costs	-41	-35	+17.1	-73
Operating income	45	92	-51.1	160
Adjustments to goodwill and merger and consolidation differences	-4	-4	-	-7
Provisions and net adjustments to loans and financial fixed assets	-	-6	n.s.	-7
Income before extraordinary items	41	82	-50.0	146
Net income	32	126	-74.6	177
Contribution to net income of the Group (1)	36	135	-73.3	190
ALLOCATED CAPITAL (€/mil)	611	434	+40.8	422
RATIOS (%)				
Annualized RoE	11.8	62.2		45.0
Cost / Income ratio	47.7	27.6		31.3
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)				
Assets under management	83,479	n.a.	n.a.	84,724
OPERATING STRUCTURE				
Employees	372	342	+8.8	348

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

2001). The profit results for the Area during the half year reflected the negative context of the market, with an overall reduction in comparison with the first half of 2001.

Investment Banking

Investment Banking covers securities dealing both on own account and for customers, the raising of risk and debt capital for companies, as well as consultancy in corporate finance. Investment banking operations are undertaken by the Banca IMI group, with the exception of IMIWeb Bank, which operates in on line trading.

During the half year, Banca IMI strengthened its collaboration with the SANPAOLO IMI Group's networks for the creation and distribution of personal finance products.

In corporate finance and capital markets, Banca IMI:

- was a leading participant, in equity placements, in some of the major IPOs (Initial Public Offerings) that took

place in Europe, such as Autoroutes du Sud de la France, Enagas in Spain, and PPC in Greece;

- with regard to Public Offerings, acted as co-ordinating intermediary for the Public Offer launched by Idra Partecipazioni on Idra Presse and for the residual Public Offer launched by SANPAOLO IMI on the savings shares of Banco di Napoli;
- in capital increases, led, along with a small group of financial institutions, the capital increase of FIAT, and received a mandate to serve as the primary player in the capital increase for Alitalia, which was launched after the close of the half year. It also participated in capital increases for IT Holding, Aedes and SS Lazio.

With regard to corporate finance advisory, Banca IMI provided financial consultancy with regard to the transfer of the majority share of Utet to De Agostini and with regard to the entry of Autogrill into the capital of Pastarito. Banca IMI also served as a financial consultant in the definition of the exchange ratio in the merger of Unimed into Buzzi Unicem.

Investment Banking

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	107	115	-7.0	197
Operating costs	-78	-75	+4.0	-160
Operating income	29	40	-27.5	37
Provisions and net adjustments to loans and financial fixed assets	-2	-	-	-7
Income before extraordinary items	27	40	-32.5	30
Net income	18	26	-30.8	34
Contribution to net income of the Group (1)	18	26	-30.8	34
ALLOCATED CAPITAL (€/mil)	325	314	+3.5	302
RATIOS (%)				
Annualized RoE	11.1	16.6		11.3
Cost / Income ratio	72.9	65.2		81.2
OPERATING DATA (€/mil)				
Banca IMI SpA trading volumes				
- trading	320,062	356,673	-10.3	681,694
- sales	64,953	64,180	+1.2	121,814
- repurchase agreements	747,894	634,143	+17.9	1,440,015
- placements	4,207	6,162	-31.7	14,506
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING STRUCTURE				
Employees	634	666	-4.8	653
Branches	2	2	-	2

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

Banca IMI also launched major transactions, including providing assistance to the Albanian government in the privatization of the fixed telecommunication sector and of the energy sector and advising AEM Torino in its project for the exploitation of certain electrical-power generation assets.

During the half year, the profit results of Banca IMI were conditioned by the high instability of the financial markets. Total revenues, although benefiting from the profits derived from the negotiation of equity and bond portfolios, were lower than revenues for the analogous period of 2001.

NHS

The new NHS, established following the partial split of the pre-existing homonymus company, is responsible for the private equity activities of the Group, with the strategic goal of strengthening and consolidating its presence in this sector, which is characterized by high growth potentials.

NHS intends to become a specialized center with the ability to act as a point of reference for venture capital investments in small- and medium-sized companies, supporting the possibilities for their growth, aggregation and reorganization. Accordingly, the company is concentrating its efforts on promotion, management and placement of closed-end private equity funds.

Among the initiatives that have been taken during the first part of the year the preliminary activities aiming at the launch of the first pan European LBO fund organized in collaboration with CDC Ixis and Bayerische Landesbank are to be noted. The fund will invest in small- and medium-sized European companies, primarily in Italy, France and Germany. The fund, which will have a value of 300 to 500 million euro and which will be managed jointly by the three Groups, should be launched by the end of 2002, following the final determination of its legal structure and of the rules for its governance.

International Activities

Banque Sanpaolo

Banque Sanpaolo operates in the French market, through a network of 59 branches. Its customer base consists of 125,000 private customers with a medium-high savings potential and small- and medium-sized companies.

During the first half of 2002, Banque Sanpaolo continued its activities toward the specialization of the branch network on the reference customer segments.

In operating terms, during the half year the bank reported a positive performance in asset management, with a new flow of 0.3 billion euro. Consequently, as of the end of

June, the amount rose to 5.4 million euro, an increase of 0.7% since the start of the year and 5.4% over the 12 months. Profit margins displayed a favorable trend for net interest income, which partially offset the drop in commissions. The higher costs that were sustained in connection with the strengthening of the bank's market position nevertheless led to a lower net income.

Foreign Network

This Area is responsible for the foreign network of the Parent Bank, which, following the conferral of Cardine's operating points, consists of 12 branches and 17 representative offices, as well as for the Irish subsidiary Sanpaolo IMI Bank Ireland. With the aim of strengthening the presence in its reference markets, the organization of the Area

Banque Sanpaolo

	First half 2002	First half 2001	Change first half 2002 / First half 2001 (%)	2001
STATEMENT OF INCOME (€/mil)				
Net interest and other banking income	100	102	-2.0	201
Operating costs	-69	-65	+6.2	-134
Operating income	31	37	-16.2	67
Provisions and net adjustments to loans and financial fixed assets	-8	-6	+33.3	-16
Income before extraordinary items	23	31	-25.8	51
Net income	16	22	-27.3	38
Contribution to net income of the Group (1)	15	25	-40.0	37
ALLOCATED CAPITAL (€/mil)	432	436	-0.9	425
RATIOS (%)				
Annualized RoE	6.9	11.5		8.7
Cost / Income ratio	69.0	63.7		66.7
	30/6/2002	30/6/2001	Change 30/6/02-30/6/01 (%)	31/12/2001
OPERATING DATA (€/mil)				
Customer financial assets	12,166	12,849	-5.3	12,340
- Direct deposits	4,429	4,413	+0.4	4,532
- Asset management	5,400	5,122	+5.4	5,362
- <i>Mutual funds and fund-based portfolio management</i>	3,563	2,822	+26.3	3,514
- <i>Portfolio management</i>	1,022	1,555	-34.3	1,104
- <i>Life technical reserves</i>	815	745	+9.4	744
- Asset administration	2,337	3,314	-29.5	2,446
Net asset management flows	291	212		310
Net loans to customers excluding NPLs	3,528	3,583	-1.5	3,406
OPERATING STRUCTURE				
Employees	1,224	1,243	-1.5	1,257
Branches	59	62	-4.8	59

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

was centered around three regional offices (America, Europe and Asia) with duties consisting of the direction and control of the various operating points.

The activities, which are focused on the development of business with Italian and foreign multinational groups, were oriented more to improving the quality of the loan portfolio than to the growth of operating volumes, within a market context characterized by financial scandals and accounting irregularities of major foreign companies.

In profit terms, corporate lending activities in the first half of 2002 confirmed a substantial maintenance in operating income, which was in line with the objectives stated in the budget.

International Markets

The International Markets unit was formed for the purpose of developing the presence in those foreign countries that

were deemed to be of strategic interest through appropriate growth initiatives, including, in particular, operations involving acquisitions and alliances. The Area is responsible for handling the Group's shareholdings in Central Eastern Europe. These include Banka Koper, in which SANPAOLO IMI holds a 62.1% share and which operates in Slovenia through a network of 38 branches; Inter-Europa Bank, in which the Group holds a 32.5% interest and which has 21 branches in the Hungarian market; West Bank, 72.4% controlled, which is active in Romania through 15 operating points. These shareholdings will be transferred to a dedicated company, Sanpaolo IMI Internazionale.

The initiatives in the Area during the half year were aimed in particular at the exploitation of the potential of the two most recently acquired banks, Banka Koper and West Bank. For this purpose, actions were identified and launched in order to enable these two banks to share the Group's know how in the operating sectors that offer the greatest opportunities for development in the reference markets.

Developments in the second half of the year

Economic background

In recent months, trend indicators highlighted a worsening in the international economic cycle prospects.

After partial recovery in August, the major stockmarket indexes dropped again, while corporate spreads have risen once more. The financial markets have been negatively influenced by the difficulties still being experienced by the United States corporate sector and the fear of a possible war in the Middle East.

Due to the deterioration of the trends, expectations for a reduction of policy rates by the Fed and ECB between late 2002 and early 2003 have started again to characterize the money markets.

In this context, the leading international financial institutions have revised downwards the growth outlook in the United States and in the euro-zone for 2002-2003, thus indicating the presence of concrete risks of a drop in production activity.

Investment banking and equity based asset management were considerably affected by the weakness of the equity markets. At the end of August, the equity value of the mutual funds dropped to 477 billion euro, 1.9% down compared with June. In July and August net inflow recorded a negative balance of 1.5 billion euro.

The weakness affecting the stock markets could continue, as signs of an effective recovery of the corporate investment and profit cycle have yet to be received.

Group performance and prospects

As regards customer financial assets, the trend in July and August was mainly influenced by the significant net flow realized through the placement of insurance products, determining a flow of asset management for the two months of

over one billion euro. This took the net flow from the beginning of the year up to 2.5 billion euro. This progress was contrasted by the further devaluation of stocks which, at the end of August, were essentially in line with the half year amounts. The trend in direct customer deposits confirmed the growth rates recorded in the first half of the year.

Net loans to customers presented a slight outflow in the two months. At the end of August they showed an annual increase of over 2%.

From the economic viewpoint, at the end of August the rates of change in operating margins were very similar to those recorded in the first six months of the year. To this end, on the basis of the stockmarket trend after the end of the half year, the value of quoted minority shareholdings held by the SANPAOLO IMI Group has fallen considerably compared with the end of the half year. The investment in Santander Central Hispano suffered in particular due to its exposure with countries in recession in Latin America.

The Group prospects for the rest of the year will still be largely conditioned by a market evolution which does not seem to indicate a recovery of operating revenues. Moreover, the financial market trend could have economic effects linked with the valuation of Group equity investments.

In this context, SANPAOLO IMI is intensifying its commitment to actions which make it possible to improve operating efficiency, both in areas of potential revenue development and further cost savings; particular attention is dedicated to finding every possible space for rationalization within the Group.

The most important initiatives currently being evaluated include the project for strengthening the presence of SANPAOLO IMI in Southern Italy by fully enhancing the potential of Banco di Napoli, in which the Group has made significant investments in recent years. The project aims to further develop the efficiency and profitability of the Group's banking networks in the Southern regions.

Turin, 24 September 2002

The Board of Directors

**AUDITORS REPORT ON THE LIMITED REVIEW OF SANPAOLO IMI SPA
INTERIM FINANCIAL REPORTING FOR THE SIX MONTHS PERIOD ENDED
30 JUNE 2002**

To the Shareholders of
Sanpaolo IMI SpA

- 1 We have performed a limited review of the interim financial reporting of Sanpaolo IMI SpA for the six months period ended 30 June 2002, consisting of consolidated balance sheet, income statement and related explanatory notes. We have also ensured that the management discussion and analysis is consistent with other information in the interim financial reporting.

- 2 Our work was carried out in accordance with the procedures for a limited review recommended by the National Commission for Companies and the Stock Exchange (Consob) with Resolution n° 10867 of 31 July 1997. The limited review of the interim financial reporting of certain subsidiaries which, at 30 June 2002 reflected “Total assets” representing 27 percent of consolidated total assets, “Net interest income” representing 20 percent of consolidated net interest income and “Net interest and other banking income” representing 20 percent of consolidated net interest and other banking income have been performed by other auditors who provided us with their related reports. The limited review consisted principally of inquiries of company personnel about the information reported in the interim financial reporting and about the consistency of the accounting principles utilised therein with those applied at year end as well as the application of analytical review procedures on the data contained in the interim financial reporting. The limited review excluded certain auditing procedures such as compliance testing and verification or validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual statutory and consolidated financial statements, we do not express a professional audit opinion on the interim financial reporting.

- 3 Regarding the comparative data of the consolidated financial statements at 31 December 2001 and of the prior year’s interim financial reporting, reference should be made to reports issued by us, respectively, on 9 April 2002 and on 24 September 2001.

- 4 Based on our review, no significant changes or adjustments came to our attention that should be made to the interim financial reporting identified in paragraph 1 of this report, in order to make them consistent with the criteria for the preparation of interim financial reporting established by article 81 “interim financial reporting” of Consob Regulation as approved by Resolution n° 11971 of 14 May 1999 and subsequent modifications.
- 5 As described in detail by the Directors in the interim financial reporting, the merger agreement between Sanpaolo IMI and Cardine Banca was signed on 24 May 2002, becoming legally effective on 1 June 2002 and effective for accounting and tax purposes starting on 1 January 2002. In order to ensure comparability of the accounting results on a consistent basis, in the interim financial reporting the accounts of the previous period are additionally presented in a pro-forma format that conventionally assumes the merger with Cardine Banca as of 1 January 2001.

Turin, 3 October 2002

PricewaterhouseCoopers SpA

Signed by
Sergio Duca
(Partner)

“This report has been translated into the English language solely for the convenience of international readers. The original report was issued in accordance with Italian legislation.”

Consolidated half year financial statements

CONSOLIDATED BALANCE SHEET

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED BALANCE SHEET (comparison with pro forma schedules)

CONSOLIDATED STATEMENT OF INCOME (comparison with pro forma schedules)

EXPLANATORY NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(€/million)

ASSETS	30/6/2002	31/12/2001	30/6/2001
10. Cash and deposits with central banks and post offices	1,029	818	478
20. Treasury bills and similar bills eligible for refinancing with central banks	7,382	9,373	10,796
30. Due from banks	22,735	21,571	18,717
a) repayable on demand	8,062	3,191	3,063
b) other deposits	14,673	18,380	15,654
40. Loans to customers of which: - loans using public funds	123,872 198	97,056 99	98,380 102
50. Bonds and other debt securities	15,519	11,216	12,420
a) public entities	7,065	4,352	5,122
b) banks of which: - own bonds	4,915 1,809	3,433 1,074	3,647 1,101
c) financial institutions of which: - own bonds	1,126 -	1,120 -	1,159 -
d) other issuers	2,413	2,311	2,492
60. Shares, quotas and other equities	5,791	1,528	3,159
70. Equity investments	3,472	4,054	3,654
a) carried at equity	438	339	347
b) other	3,034	3,715	3,307
80. Investments in Group companies	648	643	586
a) carried at equity	648	643	586
90. Goodwill arising on consolidation	939	838	901
100. Goodwill arising on application of the equity method	202	215	163
110. Intangible fixed assets of which: - start-up costs - goodwill	407 3 8	367 3 8	377 5 10
120. Tangible fixed assets	2,491	1,726	1,768
140. Own shares or quotas (nominal value € 14 million)	50	304	306
150. Other assets	20,031	18,585	20,292
160. Accrued income and prepaid expenses	2,964	2,191	2,334
a) accrued income	2,268	1,871	2,115
b) prepaid expenses of which: - discounts on bond issues	696 139	320 31	219 18
Total assets	207,532	170,485	174,331

	(€/million)		
LIABILITIES	30/6/2002	31/12/2001	30/6/2001
10. Due to banks	30,201	27,922	31,032
a) repayable on demand	7,032	3,378	6,817
b) time deposits or with notice period	23,169	24,544	24,215
20. Due to customers	83,826	65,845	65,052
a) repayable on demand	63,741	48,463	45,973
b) time deposits or with notice period	20,085	17,382	19,079
30. Securities issued	52,429	40,839	39,963
a) bonds	40,211	27,695	27,286
b) certificates of deposits	7,411	8,346	7,803
c) other	4,807	4,798	4,874
40. Public funds administered	201	100	109
50. Other liabilities	17,202	15,590	17,847
60. Accrued expense and deferred income	2,552	2,162	2,215
a) accrued expense	2,080	1,811	1,877
b) deferred income	472	351	338
70. Provisions for employee termination indemnities	989	734	758
80. Provisions for risks and charges	3,092	2,471	3,449
a) pensions and similar commitments	343	43	1,110
b) taxation	1,058	901	864
c) other	1,691	1,527	1,475
90. Reserve for possible loan losses	79	41	34
100. Reserve for general banking risks	357	356	350
110. Subordinated liabilities	6,155	5,607	5,178
130. Negative goodwill arising on application of the equity method	115	118	135
140. Minority interests	437	698	737
150. Capital	5,144	3,932	3,932
160. Additional paid in capital	22	22	22
170. Reserves	4,112	2,836	2,821
a) legal reserve	793	793	793
b) reserve for own shares or quotas	39	304	306
d) other reserves	3,280	1,739	1,722
180. Revaluation reserves	18	9	9
200. Net income	601	1,203	688
Total liabilities	207,532	170,485	174,331

	(€/million)		
GUARANTEES AND COMMITMENTS	30/6/2002	31/12/2001	30/6/2001
10. Guarantees given	16,557	16,016	15,250
<i>of which:</i>			
- acceptances	172	128	153
- other guarantees	16,385	15,888	15,097
20. Commitments	25,576	24,839	31,059

CONSOLIDATED STATEMENT OF INCOME

(€/million)

	First half 2002	2001	First half 2001
10. Interest income and similar revenues	4,357	8,016	4,246
<i>of which:</i>			
– loans to customers	3,444	5,999	3,134
– securities	492	1,026	550
20. Interest expense and similar charges	-2,509	-5,326	-2,905
<i>of which:</i>			
– customer deposits	-714	-1,600	-862
– securities issued	-1,132	-2,112	-1,159
30. Dividends and other revenues	514	397	370
a) from shares, quotas and other equities	388	263	267
b) from equity investments	126	134	103
40. Commission income	1,734	3,312	1,689
50. Commission expense	-359	-714	-371
60. Profits (losses) on financial transactions	-159	105	-52
70. Other operating income	204	280	156
80. Administrative costs	-2,296	-3,600	-1,784
a) personnel	-1,420	-2,221	-1,116
<i>of which:</i>			
– wages and salaries	-1,027	-1,600	-788
– social security charges	-300	-471	-242
– termination indemnities	-73	-109	-53
– pensions and similar commitments	-20	-41	-33
b) other administrative costs	-876	-1,379	-668
90. Adjustments to intangible and tangible fixed assets	-308	-543	-242
100. Provisions for risks and charges	-99	-136	-101
110. Other operating expenses	-22	-36	-21
120. Adjustments to loans and provisions for guarantees and commitments	-339	-636	-272
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	206	278	140
140. Provisions to the reserve for possible loan losses	-15	-11	-4
150. Adjustments to financial fixed assets	-71	-235	-15
160. Writebacks of adjustments to financial fixed assets	15	2	1
170. Income (losses) on investments carried at equity	58	79	47
180. Income from ordinary assets	911	1,232	882
190. Extraordinary income	277	660	275
200. Extraordinary expenses	-141	-269	-100
210. Extraordinary net income	136	391	175
230. Change in the reserve for general banking risks	-2	-1	4
240. Income taxes	-415	-318	-315
250. Income (loss) attributable to minority interests	-29	-101	-58
260. Net income	601	1,203	688

CONSOLIDATED BALANCE SHEET (comparison with pro forma schedules)

(€/million)

ASSETS	30/6/2002	31/12/2001 pro forma (*)	30/6/2001 pro forma (*)
10. Cash and deposits with central banks and post offices	1,029	1,172	688
20. Treasury bills and similar bills eligible for refinancing with central banks	7,382	10,181	11,551
30. Due from banks	22,735	26,436	21,340
a) repayable on demand	8,062	4,658	3,478
b) other deposits	14,673	21,778	17,862
40. Loans to customers of which:	123,872	124,910	124,617
- loans using public funds	198	200	196
50. Bonds and other debt securities	15,519	16,280	17,899
a) public entities	7,065	6,639	7,807
b) banks	4,915	5,254	5,606
of which:			
- own bonds	1,809	1,080	1,105
c) financial institutions	1,126	1,688	1,639
of which:			
- own bonds	-	-	-
d) other issuers	2,413	2,699	2,847
60. Shares, quotas and other equities	5,791	2,054	3,830
70. Equity investments	3,472	4,238	3,832
a) carried at equity	438	414	448
b) other	3,034	3,824	3,384
80. Investments in Group companies	648	660	601
a) carried at equity	648	651	591
b) other	-	9	10
90. Goodwill arising on consolidation	939	1,028	1,097
100. Goodwill arising on application of the equity method	202	215	163
110. Intangible fixed assets of which:	407	444	449
- start-up costs	3	3	6
- goodwill	8	8	10
120. Tangible fixed assets	2,491	2,561	2,582
140. Own shares or quotas	50	28	35
150. Other assets	20,031	20,544	22,134
160. Accrued income and prepaid expenses	2,964	2,676	2,737
a) accrued income	2,268	2,271	2,436
b) prepaid expenses	696	405	301
of which:			
- discounts on bond issues	139	41	24
Total assets	207,532	213,427	213,555

(*) The pro forma consolidated balance sheets as of 30 June 2001 and 31 December 2001, which are unaudited, were prepared to enable consistent comparison with the consolidated financial statements as of 30 June 2002. The pro forma schedules reflect the line-by-line consolidation of the ex Cardine Group and the proportional consolidation of Banka Koper as of 1 January 2001.

	(€/million)		
LIABILITIES	30/6/2002	31/12/2001 pro forma (*)	30/6/2001 pro forma (*)
10. Due to banks	30,201	36,482	38,629
a) repayable on demand	7,032	4,986	8,657
b) time deposits or with notice period	23,169	31,496	29,972
20. Due to customers	83,826	82,276	80,305
a) repayable on demand	63,741	61,263	57,624
b) time deposits or with notice period	20,085	21,013	22,681
30. Securities issued	52,429	52,326	50,316
a) bonds	40,211	36,529	35,812
b) certificates of deposits	7,411	10,777	9,545
c) other	4,807	5,020	4,959
40. Public funds administered	201	201	206
50. Other liabilities	17,202	17,658	19,809
60. Accrued expense and deferred income	2,552	2,651	2,605
a) accrued expense	2,080	2,157	2,135
b) deferred income	472	494	470
70. Provisions for employee termination indemnities	989	955	979
80. Provisions for risks and charges	3,092	3,250	4,058
a) pensions and similar commitments	343	343	1,400
b) taxation	1,058	1,219	1,029
c) other	1,691	1,688	1,629
90. Reserve for possible loan losses	79	73	71
110. Subordinated liabilities	6,155	5,829	5,401
130. Negative goodwill arising on application of the equity method	115	118	135
140. Minority interests	437	793	831
Capital and reserves (caption 100, 150, 160, 170, 180)	9,653	9,439	9,407
200. Net income	601	1,376	803
Total liabilities	207,532	213,427	213,555

	(€/million)		
GUARANTEES AND COMMITMENTS	30/6/2002	31/12/2001 pro forma (*)	30/6/2001 pro forma (*)
10. Guarantees given	16,557	17,833	16,918
<i>of which:</i>			
- acceptances	172	158	178
- other guarantees	16,385	17,675	16,740
20. Commitments	25,576	26,424	32,409

(*) The pro forma consolidated balance sheets as of 30 June 2001 and 31 December 2001, which are unaudited, were prepared to enable consistent comparison with the consolidated financial statements as of 30 June 2002. The pro forma schedules reflect the line-by-line consolidation of the ex Cardine Group and the proportional consolidation of Banka Koper as of 1 January 2001.

CONSOLIDATED STATEMENT OF INCOME (comparison with pro forma schedules)

(€/million)

	First half 2002	2001 pro forma (*)	First half 2001 pro forma (*)
10. Interest income and similar revenues	4,357	10,451	5,440
<i>of which:</i>			
– loans to customers	3,444	7,873	4,076
– securities	492	1,343	723
20. Interest expense and similar charges	-2,509	-6,590	-3,520
<i>of which:</i>			
– customer deposits	-714	-1,962	-1,054
– securities issued	-1,132	-2,571	-1,386
30. Dividends and other revenues	514	425	388
a) from shares, quotas and other equities	388	273	269
b) from equity investments	126	152	119
40. Commission income	1,734	3,849	1,958
50. Commission expense	-359	-803	-415
60. Profits (losses) on financial transactions	-159	121	-39
70. Other operating income	204	419	232
80. Administrative costs	-2,296	-4,647	-2,308
a) personnel	-1,420	-2,862	-1,451
<i>of which:</i>			
– wages and salaries	-1,027	-2,054	-1,030
– social security charges	-300	-589	-303
– termination indemnities	-73	-140	-69
– pensions and similar commitments	-20	-79	-49
b) other administrative costs	-876	-1,785	-857
90. Adjustments to intangible and tangible fixed assets	-308	-651	-293
100. Provisions for risks and charges	-99	-214	-141
110. Other operating expenses	-22	-56	-34
120. Adjustments to loans and provisions for guarantees and commitments	-339	-892	-379
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	206	374	178
140. Provisions to the reserve for possible loan losses	-15	-23	-5
150. Adjustments to financial fixed assets	-71	-255	-26
160. Writebacks of adjustments to financial fixed assets	15	2	1
170. Income (losses) on investments carried at equity	58	82	48
180. Income from ordinary assets	911	1,592	1,085
190. Extraordinary income	277	701	320
200. Extraordinary expenses	-141	-288	-113
210. Extraordinary net income	136	413	207
230. Change in the reserve for general banking risks	-2	-6	1
240. Income taxes	-415	-517	-430
250. Income (loss) attributable to minority interests	-29	-106	-60
260. Net income	601	1,376	803

(*) The pro forma consolidated balance sheets as of 30 June 2001 and 31 December 2001, which are unaudited, were prepared to enable consistent comparison with the consolidated financial statements as of 30 June 2002. The pro forma schedules reflect the line-by-line consolidation of the ex Cardine Group and the proportional consolidation of Banka Koper as of 1 January 2001.

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Introduction – Background information on the consolidated half year financial statements

Form and content of the consolidated half year financial statements

The report on Group performance during the first half of 2002 has been prepared in accordance with D. Lgs. 87 dated 27 January 1992, and the CONSOB instructions approved in Resolution 12475 dated 6 April 2000. For all matters not governed by special regulations, reference has been made to the Italian Civil Code and to national accounting standards.

The SANPAOLO IMI Group's Half Year Report is structured in substance like the annual Consolidated Financial Statements, comprising a Report on Operations and the Half Year Financial Statements - which are represented by the Balance Sheet, the Statement of Income and the Explanatory Notes. This ensures, as far as possible, the necessary continuity between the annual and half year accounts.

As in the Annual Consolidated Financial Statements, the Report on Operations describes the Group's financial position and its performance during the half year, both as a whole and with reference to its various sectors of activity. The Notes to the half year financial statements provide details and analyses regarding balance sheet and statement of income information.

In addition to the information required by the Bank of Italy and Consob, the Notes and the Report on Operations provide all the supplementary information considered necessary, even where not specifically required by law, in order to present a true and fair view of the Group's financial and operating position.

In relation to the main variations in line-by-line and proportional consolidation during the first half of 2002, following the merger of Cardine Banca S.p.A. with SANPAOLO IMI S.p.A. and the purchase 62.10% of Banka Koper, the analyses and contents of the report on operations refer to the pro forma performances during 2001 and the first quarter of 2002, prepared assuming the line-by-line consolidation of the ex Cardine Group and the proportional consolidation of the Slovenian bank as of 1 January 2001 (see subsequent paragraph on "Consolidated pro forma schedules for 2001 and the first quarter of 2002"). Furthermore, in order to make a more significant and consistent comparison with the situation as of 30 June 2002, a pro forma version of the official Consolidated Balance Sheets and Statements of Income as of 30 June 2001 and 31 December 2001 have also been supplied. Lastly, the Explanatory Notes offer comparison with the pro forma performances for 2001 relatively to the tables summarizing the main balance sheet and income aggregates, as well as remarks on the effects of the merger during the presentation of the changes included in portfolio stocks.

The Half Year Report has been prepared in millions of Euro.

The following schedules are attached to the consolidated half year financial statements:

- Statement of changes in consolidated shareholders' equity;
- Statement of consolidated cash flows;
- Statement reconciling the Bank's half year financial statements with the consolidated half year financial statements;
- List of equity investments that exceed 10% of the capital of unquoted and limited companies (as per Consob resolution no. 11715 of 24 November 1998);
- Methodological notes and statements to determine the pro forma consolidated statements of income and balance sheets for 2001 and for the first quarter of 2002.

Scope of consolidation

The scope of line-by-line consolidation reflects membership of the SANPAOLO IMI Banking Group as recorded in the appropriate register in compliance with art. 64 of D. Lgs. 385 dated 1 September 1993, with the exception of certain minor subsidiaries whose balance sheets and results of operations are not significant to the consolidated financial statements, or which have been put into liquidation or listed for disposal. In addition to SANPAOLO IMI S.p.A. (the Parent Bank), the Banking Group comprises those directly and indirectly controlled subsidiaries which carry out banking, finance or other activities which complement those of the Parent Bank.

The scope of line-by-line consolidation excludes Società per la Gestione di Attività S.p.A. (Sga), owned by Banco di Napoli, the shares of which have been handed over as a pledge with voting right to the Treasury Ministry as part of the special procedures described in these notes - Part B Section 5 - Other assets.

The scope of line-by-line consolidation also excludes companies for which disposal has been formally arranged.

Joint control equity investments have been consolidated using the proportional method.

Investments in subsidiaries whose activities differ from banking, financing and those of the rest of the Group, i.e. those that are excluded from the scope of consolidation for the above-mentioned reasons, are valued using the equity method, together with holdings in companies subject to significant influence where the Group controls at least 20% of the voting rights in the ordinary meeting (i.e. associated companies).

The main changes in the scope of line-by-line and proportional consolidation compared with 31 December 2001 concern:

- inclusion of the line-by-line consolidation:
 - of the ex Cardine Group companies following the merger of the Cardine Banca Parent Bank with SANPAOLO IMI S.p.A., which became legally effective as of 1 June 2002 and effective in booking-tax terms as of 1 January 2002;
 - of Compagnia di San Paolo Investimenti Patrimoniali S.p.A., purchased by SANPAOLO IMI S.p.A.;
- inclusion of the proportional consolidation of the Slovenian Banka Koper following the increase of the interest already held by the Parent Bank last year.

Compared with 30 June 2001, the aforementioned changes are joined by:

- introduction of the proportional consolidation of the companies from the Centradia Group, Centradia Limited and Centradia Services Limited as of 31 December 2001;
- exclusion of the line-by-line consolidation of SIM BancoNapoli & Fumagalli Soldan S.p.A. and Datitalia S.p.A., these companies having been disposed of as of 31 December 2001.

Companies consolidated on a line-by-line or proportional basis and investments carried at equity are listed in Part E, Section 1 - Investments in subsidiaries and companies subject to significant influence - of these notes.

Modalities and effects of the consolidation of the ex Cardine Group companies

For the first time consolidation of the companies of the ex Cardine Group, following the merger of the Parent Bank Cardine Banca S.p.A. with SANPAOLO IMI S.p.A., reference has been made to the shareholder's equity of the newly-consolidated com-

panies and to the related book values as of 1 January 2002, this being the reference date of the transaction, in terms of booking and tax. The reference shareholder's equities have been properly adjusted in alignment with the SANPAOLO IMI Group's accounting policies to reflect the actualization of the doubtful loans of the former Cardine Group companies (63 million Euro net of the related tax effect), as well as capital losses on investment securities (23 million Euro net of the related tax effect).

The first time consolidation of shareholdings of the ex Cardine Group revealed goodwill and negative goodwill arising on line-by-line consolidation and on application of the equity method, respectively for 314 million Euro and 299 million Euro. Goodwill is allocated as follows:

- a) 299 million Euro is deducted from negative goodwill, using the faculty provided for by art. 32, subsection 4 of D. Lgs. 87/92, confirmed by subsection 5 of the same article, as well as the related instructions applied by the Bank of Italy (provision dated 30 July 1992 and subsequent amendments);
- b) the remaining 15 million Euro of assets in the consolidated balance sheet to be amortized, given the nature of the investment, over 10 years. For the first half of 2002, amortization in the statement of income was 0.7 million Euro.

Considering that, as mentioned earlier, the merger of Cardine Banca had accounting effect as of 1 January 2002, the SANPAOLO IMI consolidated statement of income for the first half of 2002 reflects the financial flow of the ex Cardine Group companies line-by-line for the whole period.

Consolidated pro forma schedules for 2001 and the first quarter of 2002

Given the impact on the balance sheet and statement of income of consolidating the ex Cardine Group, carried out for the first time in the accounts as of 30 June 2002, in order to ensure comparability of the accounting results on a consistent basis, the accounts of the previous period are also presented in a pro forma version that conventionally assumes the merger with Cardine Banca as of 1 January 2001. The same pro forma accounts also assume the proportional consolidation as of 1 January 2001 of the Slovenian company Banka Koper. Furthermore, as the Consolidated Quarterly Statement of the SANPAOLO IMI Group as of 31 March 2002 was published with reference to the SANPAOLO IMI Group stand alone accounts, here the pro forma reconstruction of the results of the first quarter of 2002 has been made to include the ex Cardine Group.

The above pro forma results, which are unaudited, are used as a comparable basis for the analyses and comments contained in the Report on Operations.

Methodological notes and statements to determine the pro forma consolidated statements of income and balance sheets for 2001 and for the first quarter of 2002 are attached to these notes.

Consolidation principles

The main consolidation principles adopted are as follows:

The book value of equity investments in consolidated companies, held by the Parent Bank or other Group companies, is off set against the corresponding portion of the Group's share of the company's shareholder's equity - adjusted where necessary to bring the company into line with Group accounting principles - including their assets and liabilities on a line-by-line basis in accordance with the "full consolidation method". The off setting of book value against shareholders' equity is carried out on the basis of values current at the time the investment was consolidated for the first time, or at the time the controlling interest was acquired. Where possible, any differences arising are allocated to the assets and liabilities of the related consolidated companies, or, for the quota attributable to the Group on the basis of the application of equity ratios, to "negative or positive goodwill" arising on consolidation, depending on whether the value of the investment is lower or higher than the shareholders' equity.

More specifically, the shareholders' equity of Group companies used in calculating consolidation differences has been determined as follows:

- for investments held in portfolio as of 31 December 1994, this being the date of the Parent Bank's first consolidated financial statements, with reference to their financial position as of 31 December 1993;
- for investments purchased after 31 December 1994, with reference to their financial position as of the date of purchase or, where this is not available, with reference to the financial position reported in the official financial statements prepared closest to that date;
- for investments formerly belonging to the IMI Group, with reference to their financial position as of 1 January 1998 (accounting date for the merger of Sanpaolo and IMI).

Investments in companies carried at equity are recorded in the financial statements at the amount equal to the corresponding portion of their shareholders' equity. Any balance not assignable to the assets or liabilities of the companies concerned at the time this method is first implemented, is booked under "positive/negative goodwill arising on application of the equity method". In the years after the first year of consolidation, the adjustment of the value of these investments is booked under "negative goodwill arising on application of the equity method" and to "Profit and losses from investments carried at equity" respectively for the changes referring to reserves and those referring to the net income of the company in which the investment is held.

"Positive goodwill" arising on the application of line-by-line consolidation, proportional consolidation or the equity method is deducted from the total "negative goodwill" already existing or which arose during the same year and up to the total amount. Investments acquired to be re-sold as part of the merchant banking activity are not off-set in this way. Goodwill which is not off-set against negative goodwill is amortized over a period corresponding to the use of the investment (see Section 5 - Other assets).

Receivables, payables, off-balance sheet transactions, and costs and revenues as well as any gains and losses relating to significant transactions between consolidated Group companies are eliminated. By way of exception, given the provisions of art. 34, D. Lgs. 87/92, costs and revenues arising from intra-Group trading in financial instruments and currency are not eliminated if such transactions were carried out under normal market conditions.

Financial statements denominated in currencies not included in the Euro-zone are converted into Euro at period-end rates of exchange. Differences arising on the conversion of the shareholders' equity captions using these closing rates of exchange are allocated to consolidated reserves, unless they are offset by specific hedging transactions.

Adjustments and provisions made in the financial statements of the Parent Bank and other companies consolidated on a line-by-line basis solely for fiscal purposes are eliminated from the Consolidated Financial Statements.

Financial statements used for consolidation

The financial statements used for the line-by-line consolidation process are those prepared as of 30 June 2002, as approved by the boards of the subsidiaries concerned. They have been adjusted, where necessary, for consistency with Group accounting policies. The financial statements of companies operating in the financial leasing sector used for consolidation purposes were prepared using the financial lease method, which is essentially consistent with Group accounting policies.

Audit of the consolidated half year report

The Half Year Report of the SANPAOLO IMI Group has been subjected to a limited audit by PricewaterhouseCoopers S.p.A., in accordance with CONSOB Recommendations 97001574 of 20 February 1997 and 10867 of 31 July 1997, and the shareholders' resolution of 28 April 2000, which appointed them as auditors for the 2001/2003 three-year period.

Comparison with the quarterly report as of 30 June 2002

The Consolidated Financial Statements, prepared using the final accounting information of the Parent Bank and its subsidiaries, include a number of changes compared with Quarterly report as of 30 June 2002, which was presented on 30 July 2002 and provided advance information concerning the Group's results for the first six months of the year.

The differences are not significant and do not alter the substance of the report already published. They relate primarily to:

- the completion of the reconciliation process and the elimination of intra-Group transactions;
- a more precise determination of the goodwill and negative goodwill arising from first-time line-by-line consolidation and on the shareholder's equity of the ex Cardine Group;
- the precise valuation of equity investments using the equity method;

Part A - Accounting policies

SECTION 1 - DESCRIPTION OF ACCOUNTING POLICIES

The Consolidated Half Year Report has been prepared using the accounting policies adopted in relation to the consolidated financial statements as of 31 December 2001. In particular, the half year accounts have been prepared using the discrete approach, by which the reference period is considered to be an independent financial period. Accordingly, the half year statement of income reflects both the ordinary and extraordinary components of income pertaining to the period, in accordance with the accrual principle.

Loans, guarantees and commitments

Loans

Loans, comprising principals not yet due and principals and interest due but not yet collected, are stated at their estimated realizable value, taking into account the solvency of borrowers in difficulty and any debt-servicing problems faced by individual industrial sectors or the countries in which borrowers are resident. The assessment performed also takes into consideration any guarantees received, market prices and negative market trends involving the consistent loan categories. Estimated realizable value is determined following a detailed review of loans outstanding at year-end, considering the degree of risk associated with the various forms of lending and the risk of default inherent in loans that are currently performing normally. The estimated realizable value of doubtful loans (non-performing, problem and restructured loans, loans being restructured and loans to companies under observation, assessed on a case-by-case basis) takes into consideration not only the likelihood of eventual recovery, but also any total or partial failure to generate income and delayed repayments.

In detail:

- non-performing loans: being loans to borrowers in a state of insolvency or similar, are valued on a case-by-case basis;
- problem loans: being loans to borrowers suffering temporary difficulties which are likely to be overcome in an acceptable period of time, are valued on a case-by-case basis;
- restructured loans: being loans for which a syndicate of banks (or a single bank) reschedules the repayment of principal or re-negotiates the applicable terms at lower-than-market rates, are valued on a case-by-case basis;
- loans being restructured: being loans for which the borrower has applied for consolidation to a variety of banks within the past 12 months, are valued on a case-by-case basis;
- loans exposed to "country risk": being loans to borrowers resident in countries with debt-servicing difficulties; they are normally adjusted on a general basis, from country to country, by applying writedown percentages that are not lower than those specified by the banking association. Exceptions are made for certain positions which are valued separately as they are backed by specific guarantees. They do not include specific positions which, on the basis of an objective state of insolvency, are classified in the previous risk categories;
- performing loans: being loans to borrowers who, at this time, do not present specific insolvency risks, are valued on a general basis, except for the positions of certain companies under observation, which are assessed on a case-by-case basis. With reference to trading on the secondary loans market by the Parent Bank's New York and London branches, performing loans acquired within this activity form a separate consistent portfolio which is valued on the basis of the

lower between cost and market value. General adjustments to other performing loans are calculated by the individual subsidiaries on a historical, statistical basis. As regards the Parent Bank, this method is flanked by a portfolio model based on the risk management methodologies, used to monitor and control credit risks.

The Parent Bank's historical, statistical method, which provides a historical valuation of the portfolio risk level, is organized as follows:

1. at the period-end, an estimate is made of the performing loans which, based on the movements over the last four years, are likely to become doubtful loans during the next year;
2. the Bank then calculates the potential losses likely to be incurred on the aggregate mentioned in point 1, assuming that the loss percentage is the same as the average loss on performing loans transferred to doubtful loans over the last four years.

The portfolio model, which provides the amount of the loss the Parent Bank might suffer during a year, is based essentially on the following elements:

1. the rating, attributed to every counterparty assigned by the Parent Bank, which identifies the likelihood of insolvency (or the transfer to doubtful loans) on an annual basis;
2. the severity (or loss given default), which measures the average percentage of loss in the event of insolvency.

The expected loss, as resulting from the calculation of the two models, constitutes the minimum level of general adjustment destined to cover the default risk on performing loans. This is increased by the Parent Bank, with the application of a multiplying factor, to a value considered acceptable to take into consideration the various stages of the economic cycle.

As regards the method used to calculate the discounting adjustments, they have been determined to reflect the difference between the:

- estimated realizable value;
- and the net present value of future financial flows (principal and interest).

The current value of financial flows is determined by reference to expected cash receipts, the timing of such receipts and the applicable discounting rate.

The timing and extent of expected cash receipts are determined by input from the departments responsible for loan evaluation and, where this is unavailable, using estimates and general statistics deriving from historical data and studies of the business sectors concerned.

With regard to the discounting rate, at 30 June 2002, the Parent Bank has used a reference rate of 5.5%, compared with 5.6% applied at the end of 2001. Since this reflects the best approximation of the average performance at the date of inception of the problem loan portfolio – considering the contractual rates currently applied by the Bank over medium-long term loans (fixed and floating rate) and short term loans (floating rate). A similar approach has been adopted by the subsidiaries; foreign companies have applied reference rates appropriate to the markets concerned.

For the purpose of classifying loans as non-performing, problem, restructured or exposed to country-risk, reference is made to current Bank of Italy regulations on the subject integrated, for the Parent Bank, by internal instructions establishing automatic rules and criteria for the transfer of loans to the various risk categories.

The Parent Bank's doubtful loans are classified in the various risk categories (non-performing, problem, restructured and being restructured) by the operating structures working together with the central departments responsible for the supervision of lending.

Following a review by the central departments responsible for the control and recovery of loans, the resulting estimated realizable values are formally approved by the committees and other levels within the organization empowered to make such decisions.

Default interest accrued during the period is eliminated from the statement of income since, for the sake of prudence, collection is considered unlikely.

Writedowns, both specific and general, are made by an adjustment to reduce the value of the asset recorded in the balance sheet on the basis of the aforementioned criteria. The original values may be reinstated by means of writebacks, should the reasons for any writedowns cease to apply.

The discounting process automatically means that there will be writebacks to discounted loans: in fact, the mere passage of time, with the consequent approach of the expected collection deadlines, implies an automatic reduction in the implicit financial charges previously deducted from the value of the loans.

Loans for which the Group acquired protection against the risk of non-performance as part of derivative contracts (“buyer protection”) continue to be booked in the financial statements among loans secured by personal guarantees.

Loans deriving from financing and deposit contracts

These are recorded at the amount disbursed. The difference between the amount of the loan granted to a customer and the amount actually disbursed is credited to the statement of income in accordance with the loan repayment plan. Loans backed by discounted notes, acquired within the scope of lending activities, are recorded in the financial statements at their nominal value, while the portion pertaining to future years is recorded among deferred income.

Repurchase agreements on securities

Repurchase agreements on securities that require the holder to resell securities when the agreement matures are treated as lending transactions. The amounts disbursed in this way are therefore recorded as loans. Income from lending, comprising interest coupons on securities and the differential between the spot and forward prices for such securities, are recorded on an accruals basis as interest in the statement of income.

Lending of securities

Transactions involving the loan of securities guaranteed by funds freely available to the lender, are treated in the same way as repurchase agreements on securities. Securities loaned, not guaranteed by sums of money, are reported in the financial statements as a combination of two functionally-linked transactions: a loan to and a deposit from a third party (or vice versa). These transactions are essentially the same as repurchase agreements, which means that the securities loaned remain in the portfolio of the lender.

Finance leases

Lease transactions are recorded using the financial accounting methodology, which states lease contracts and transactions in such a way as to disclose their economic substance. This approach, which recognizes the financial nature of lease transactions, treats the excess of total lease payments over the cost of the related asset as interest income. Such income is credited to the statement of income with reference to the residual principal and the pre-determined rate of return, taking into consideration the end-of-lease purchase value of the asset. Accordingly, the balance of loans under finance leases reported in the financial statements essentially represents the outstanding principal on loans to customers and instalments due but not yet collected.

Guarantees and commitments

Guarantees and commitments giving rise to lending risk are recorded at the total value of the exposure, while the related risk is assessed on the basis described in relation to loans. Expected losses in relation to guarantees and commitments are

covered by the related reserve. Commitments include exposures to the derivatives of loans for which the Group has taken over the lending risk (“seller protection”).

Securities and off-balance sheet transactions (other than foreign currency transactions)

Investment securities

Investment securities due to be held long term by the Group as stable investments are valued at “the average daily cost”, as adjusted by accrued issue and dealing discounts (the latter being the difference between the purchase cost of the securities and the related redemption price, net of issue discounts yet to mature).

Such securities are written down to reflect any lasting deterioration in the solvency of the issuers and the ability of the related nations to repay debt. Investment securities may also be written down in consideration of the market trend in accordance with the first subsection of art. 18 of D. Lgs. 87/92. The original value is reinstated if the reasons for any writedowns cease to apply.

Dealing securities

Securities held for dealing and treasury purposes are stated at their “average daily cost”, as adjusted to reflect accrued issue discounts. They are determined as follows:

- securities quoted in organized markets: the official price quoted on the last trading day of the period;
- securities not quoted in organized markets: at the lower between cost and market value. The latter value is estimated via the discounting of future financial flows, applying the market rate, as at the time of valuation, for similar type of instruments and the creditworthiness of the issuer. Where possible, the estimates are compared with quoted securities with similar financial characteristics. The original value of dealing securities is reinstated when the reasons for any writedowns cease to apply. Unquoted securities which are economically linked to derivative contracts are valued at market price, consistent with the accounting treatment of the contracts concerned.

Any transfers between investment security and dealing security portfolios are made on the basis of the value resulting from the application - at the time of the transaction - of the valuation policies for the portfolio of origin; the related economic effects are reported in caption 60 “Profits and losses from financial transactions” if the portfolio of origin is a dealing portfolio, and in caption 150 “Adjustments to fixed financial assets” if the portfolio of origin is an investment portfolio. Securities transferred and still held at period-end are valued using the method applicable to the destination portfolio.

Commitments to buy or sell for security transactions to be settled

Commitments to buy are valued on the basis applicable to the destination portfolio. The value of commitments to sell, on the other hand, takes into consideration the contractual forward sale price.

Equity investments

Equity investments, which are not subject to line-by-line consolidation or valued using the equity method, are stated at cost, as revalued in the past at the time of transformation into a limited company or as a result of mergers, determined on a LIFO basis with annual increments. Cost is written down to reflect any permanent losses in value, taking into account any reductions in the equity value of the companies concerned. The original value of equity investments is reinstated if the reasons for any writedowns cease to apply.

Equity investments may also be written down in consideration of the market trend, in accordance with the first subsection of art. 18 of D. Lgs. 87/92.

Dividends from investments that are not subject to line-by-line consolidation or valued at equity are recorded, together with the related tax credits, when the tax credit becomes collectible, usually in the year in which dividends are collected.

Stock option plans

Stock incentive plans approved by the Parent Bank, which do not include the assignment of own shares, consist in the assignment of rights to underwrite increases in capital against payment. Considering that neither Italian regulations nor Italian accounting policies provide specific instructions to such effect, the booking of these plans takes place through the registration, at the time of underwriting, of the increase in capital with related additional paid in capital.

Own shares

Own shares purchased by the Parent Bank are valued at cost, determined according to the “average daily cost” method, being classed as long-term investments. The main reason for the Parent Bank buying its own shares is to use them in strategic deals that require the availability of own shares (e.g. share exchanges as part of the acquisition of equity investments, co-operation agreements and other corporate finance deals). Shares of the Parent Bank purchased by subsidiaries for dealing purposes are valued at their market value corresponding to the “official quotation of the period closing date”.

Should the Bank’s shares be destined to stock incentive plans or stock option plans, they are classified in special separate portfolios valued at market value like dealing securities.

Foreign currency assets and liabilities (including off-balance sheet transactions other than derivatives)

With the introduction of the Euro, the term foreign currency refers to all currencies outside the EMU.

Assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currencies, or indexed to foreign exchange movements, as well as financial fixed assets funded in foreign currencies, or indexed to foreign exchange movements, are valued using the spot exchange rates applying at period-end. Equity investments denominated in foreign currencies subject to local exchange control restrictions (non-convertible currencies) stated in currencies other than those of use, and those not fully or partially hedged by a deposit in the currency of denomination of the investment are stated, with regard to the part financed in currencies other than those of use, at the historical rates of exchange applying at the time of acquisition. Foreign currency costs and revenues are stated using the exchange rates applying at the time they arose.

Unsettled spot and forward currency transactions

Unsettled spot and forward currency transactions carried out for hedging purposes are valued in the same way as the assets and liabilities being hedged, whether they are recorded on or off the balance sheet.

Transactions not carried out for hedging purposes are valued:

- at period-end spot exchange rates, in the case of spot transactions still to be settled;

- at period-end forward exchange rates for maturity dates corresponding with that of the transactions being valued, in the case of forward transactions.

The effect of these valuations is debited or credited to the statement of income.

Tangible fixed assets

Tangible fixed assets are stated at purchase cost, including related charges and the cost of improvements. In certain cases, purchase cost may have been restated on transformations, at the time of mergers or as a result of applying monetary revaluation laws.

Operating assets are depreciated on a straight-line basis over their residual useful lives. Tangible fixed assets are written down in cases where there is a permanent loss in value, regardless of how much depreciation has already been accumulated. The value of such assets is reinstated in future accounting periods if the reasons for any writedowns no longer apply.

Ordinary maintenance and repairs which do not determine increased utility and/or useful life are expensed in the year they are incurred.

Intangible fixed assets

Intangible fixed assets are stated at purchase or production cost, including related charges, and amortized over the period they are expected to benefit, as described below:

- formation and capital increase expenses and other deferred charges are amortized, generally on a straight-line basis, over five years;
- costs incurred for the purchase of software or for its development using external resources are amortized, generally on a straight-line basis, over three years, taking into account the residual period such software is expected to benefit;
- the differences arising on the merger of Banca Provinciale Lombarda and Banco Lariano in 1993, net of the portion allocated to more closely reflect the value of the related assets, are amortized on a straight-line basis. Amortization is provided over a period of ten years. These amortization periods are justifiable in view of the durability of the goodwill accumulated by the merged banks, as assessed in expert appraisals prepared for the respective mergers.

Payables

Payables are stated at their nominal value. The difference between the nominal value of loans received, or securities placed, and the amount actually received, is recorded in the financial statements among deferrals and released to the statement of income on an accruals basis, in accordance with the repayment plan implicit in the funding transaction. Zero-coupon securities issued are stated at their issue price plus accrued interest. Consistent with the policies described above, funding repurchase agreements that require the holder to resell the securities acquired when the agreement matures are recorded among payables, as are related securities borrowing transactions.

Funding repurchase agreements on securities issued by Group companies are not reported on the above basis if they are arranged by the issuing company concerned. In this case, they are recorded as securities issued with a forward repurchase commitment.

Provision for employee termination indemnities

The provision for employee termination indemnities represents the liability to each employee at period-end, accrued in accordance with current legislation and payroll agreements.

Provisions for risks and charges

Provisions for risks and charges cover known or likely liabilities whose timing and extent cannot be determined at period-end or at the time the financial statements are prepared.

Pensions and similar commitments

The pension fund is set up by the Parent Group to cover charges linked with integration of the pension paid to ex IMI S.p.A. staff entitled to such payment integration and by some companies from the ex Cardine Group. The contingency arising in this connection is assessed at period-end on the basis of independent actuarial appraisals, in order to determine the provisions to technical reserves needed to cover future pensions.

Taxation

The provision for taxation covers deferred taxes, income taxes and the regional tax on business activities, including those charged on units operating abroad. The provision also takes into consideration current and potential disputes with the tax authorities.

Income taxes are estimated prudently on the basis of the tax charges for the period, determined in relation to current tax legislation.

Deferred taxation, determined according to the so called “balance sheet liability method”, reflects the tax effect of timing differences between the book value of assets and liabilities and their value for tax purposes, which will lead to taxable and deductible amounts in future years.

To this end, taxable timing differences are defined as those which will give rise to taxable income in future years (deferred capital gains, for example); while deductible timing differences are defined as those which will give rise to deductible amounts in future years (such as provisions and costs that can be deducted for tax purposes over a period of years, e.g. general loan writedowns in excess of the fiscally deductible amount).

Deferred tax liabilities are calculated by applying to each consolidated company the average tax rate to taxable timing differences likely to generate a tax burden. Deferred tax assets are calculated on deductible timing differences if these are likely to be recovered.

The deferred taxation on equity reserves that will become taxable “however used” is charged against shareholders’ equity. Deferred taxation relating to revaluations arising on conversion to the Euro, credited to a specific reserve that will become taxable pursuant to art. 21 of D. Lgs. 213/98, is charged directly against this reserve.

No provision is made for the Parent Banks’ reserves subject to taxation only in the event of distribution. This is because such reserves are allocated to accounts that are not available for distribution and because the events which would give rise to such taxation are not expected to occur.

Deferred taxation on the equity items of consolidated companies is not booked if it is unlikely that any liability will actually arise, bearing in mind the permanent nature of the investment.

Deferred tax assets and liabilities relating to the same kind of tax, applicable to the same entity and expiring in the same period are offset against each other.

Deferred tax assets are booked to the assets side of the balance sheet under caption 150 - Other assets - offset against income tax. Liabilities for deferred taxes are booked to the liabilities side of the balance sheet under sub-caption 80.b - Taxation - and are also offset against income tax.

If the deferred tax (assets or liabilities) relates to transactions directly involving shareholders' equity without affecting the statement of income, it is debited or credited to shareholders' equity.

Other provisions

Provisions for guarantees and commitments cover losses on guarantees given and, more generally, the contingencies associated with the Group's guarantees and commitments.

Other provisions for risks and charges cover estimated losses arising from legal action and, in particular, from repayments claimed by the receivers of bankrupt customers. They also cover possible charges in connection with guarantees given on the sale of equity investments, possible charges in connection with the Group's commitment to support the Interbank Deposit Guarantee Fund, possible charges in connection with the renegotiation of subsidized home mortgage loans (Law 133/99 and that dictated by Budget Law 2001) and unsubsidized fixed rate mortgages (Law Decree 394 dated 29 December 2000, converted to Law 24 dated 28 February 2001); possible charges in connection with other potential liabilities.

The provision for other personnel charges comprises:

- provisions made by the Parent Bank on the basis of an independent actuarial report, in order to balance the technical deficit of the independent supplementary pension, an independent entity which integrates the compulsory pension fund, as well as provisions for contributions that may be due in relation to the personnel of the Parent Bank;
- provisions made on a mathematical/actuarial basis to set up the technical reserve needed to cover long-service bonuses payable to employees.
- provisions made to cover discretionary employee bonuses and other potential liabilities, including those connected with staff leaving incentives.

Reserve for general banking risks

This reserve covers general business risks and, as such, forms part of shareholders' equity in compliance with international supervisory standards and Bank of Italy instructions.

Accruals and deferrals

Accruals and deferrals are recognized in accordance with the matching principle.

Derivative contracts

Derivatives on currency, securities, interest rates, stockmarket indices and other assets

Derivative contracts are valued individually using the methods applicable to the portfolio concerned (hedging contracts and non-hedging contracts).

The values determined are recorded separately in the balance sheet without off-setting assets and liabilities. Agreements between the parties for the off-setting of reciprocal receivables and payables in the case of default by one of the counterparts (“*master netting agreements*”) are not relevant for disclosure purposes, but are taken into consideration when assessing the counterparty’s lending risk.

The values determined by the contract valuation process (hedging and non-hedging) are adjusted on a case-by-case or a general basis, where appropriate, in order to reflect the lending risk (counterparty and/or country risk) inherent in the contracts.

Hedging contracts

These are entered into with the aim of protecting the value of individual assets or liabilities, as well as any groups of assets or liabilities, on or off the balance sheet, from the risk of market fluctuations. In the case of off-balance sheet items, the hedging objective is achieved via the use by the Group of *asset and liability management* techniques. A transaction is considered to be a hedge in the presence of the following documented conditions:

- a) intent to enter into a hedge;
- b) high degree of correlation between the technical and financial characteristics of the assets or liabilities hedged and those inherent in the hedging contract.

If just one of the conditions above ceases to apply, then the contract is re-qualified as “non-hedging”.

Hedging derivatives are valued on a basis consistent with the assets and liabilities being hedged. The related procedures for presentation in the financial statements are summarized below:

Balance sheet: the period element of differentials or net interest on contracts hedging the interest arising from interest-earning/bearing assets and liabilities is classified among “Accrued income” and/or “Accrued expenses”. The period element of differentials on forward rate agreements hedging the interest arising from interest-earning/bearing assets and liabilities is classified among “Prepaid expenses” and/or “Deferred income”. The market value of contracts hedging the risk of price fluctuations, and the effect of valuing contracts hedging the exchange risk on lending and funding activities (principal portion) using year-end spot exchange rates, are classified among “Other assets” and/or “Other liabilities”. Contracts hedging investment securities, or total loans and deposits, are valued consistently with the assets and liabilities being hedged.

Statement of income: where derivative contracts are intended to hedge the interest arising from interest-earning/bearing assets and liabilities, the related economic effect will form part of net interest income on an accruals basis. In this case, the related differentials and margins are allocated either to interest income or to interest expense, depending on their nature. If, on the other hand, the derivative contract hedges the risk of market price or exchange fluctuations (principal portion), then the revenues or costs generated are treated as “Profits (losses) on financial transactions”. More specifically, differentials and margins earned on derivative contracts hedging dealing securities are treated as interest, if they relate to multiple-flow contracts (e.g. IRS) or to single-flow contracts where the duration of the underlying asset is less than one year (e.g. FRA); but as profits and losses from financial transactions, if they relate to single-flow contracts where the duration of the underlying asset is more than one year (e.g. futures and options).

Non-hedging contracts

These are valued as follows:

Contracts on securities, interest rates, stockmarket indices and other assets: contracts quoted in organized markets are stated at their market value on the last day of the period. Contracts linked to reference indicators subject to official observation are stated on the basis of their financial value (replacement cost), determined with reference to the market quotations

for those indicators on the last day of the period. Other contracts are valued with reference to other elements determined on an objective and consistent basis.

Foreign currency derivatives: these are stated using the forward exchange rates ruling at period-end for the maturity dates of the transactions subject to valuation.

The related procedures for presentation in the financial statements are summarized below:

Balance sheet: the amounts determined from the valuation of non-hedging contracts are classified as “Other assets” or “Other liabilities”.

Statement of income: the economic effects of non-hedging derivative contracts are classified as “Profits (losses) on financial transactions”.

Internal deals

The Parent Bank has adopted an organizational structure based on specialized trading desks that have exclusive authorization to deal in specific derivatives. The arrangement is inspired mainly by the goals of efficiency (lower transaction costs), improved management of market and counterparty risks, and the optimal allocation of specialized human resources. These desks manage portfolios consisting of various types of derivatives (and sometimes securities) and operate within defined net risk limits.

The desks serve as counterparties to other desks (which are also autonomous from an accounting point of view) that are not authorized to deal in the market, by means of internal deals in derivatives at market prices.

With regard to the accounting treatment of internal deals and their effect on income, it should be noted that:

- internal deals involving derivatives held in specialized desk portfolios are stated at market value when entered into for trading/dealing purposes;
- internal deals involving derivatives held in non-specialized desk portfolios are treated on a basis consistent with the assets or liabilities being hedged (for example, at market value if they hedge listed dealing securities and at cost if they hedge investment securities and/or deposits).

Settlement date

Currency and security transactions, interbank deposits and loans and the bills portfolio are recorded with reference to their settlement dates.

SECTION 2 - ADJUSTMENTS AND PROVISIONS RECORDED FOR FISCAL PURPOSES

Value adjustments recorded solely for fiscal purposes

Adjustments recorded solely for fiscal purposes by the Parent Bank and consolidated companies in their statutory financial statements have been reversed upon consolidation.

No adjustments have been recorded solely for fiscal purposes during the half year.

Provisions recorded solely for fiscal purposes

Provisions recorded solely for fiscal purposes by consolidated companies in their statutory financial statements have been reversed upon consolidation.

Provisions to the reserve for possible loan losses made in accordance with tax laws by the subsidiary Banca OPI S.p.A. for 29 million Euro have been eliminated from the consolidated statement of income for the first half of the year.

Part B - Information on the consolidated balance sheet

SECTION 1 - LOANS

The Group's loan portfolio is analyzed below by type of counterparty:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Due from banks (caption 30)	22,735	21,571	26,436
Loans to customers (caption 40) (*)	123,872	97,056	124,910
Total	146,607	118,627	151,346

(*) The sum includes 1,692 million Euro in loans to the Company for the management of S.p.A. assets (Sga) (2,041 million Euro as of 31 December 2001) (See Information contained in - Section 5 - Other assets)

Due from banks (caption 30)

Amounts due from banks include:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Deposits with central banks	1,734	1,796	-3.5
b) Bills eligible for refinancing with central banks	-	-	n.s.
c) Finance leases	-	-	n.s.
d) Repurchase agreements	10,694	6,678	+60.1
e) Securities lending	131	52	+151.9

Deposits with central banks as of 30 June 2002 represent the compulsory reserve of 1,690 million Euro with the Bank of Italy and other foreign central banks, (786 million Euro as of 31 December 2001).

Loans to customers (caption 40)

Loans to customers, which are analyzed by technical form in the report on operations, include:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Bills eligible for refinancing with central banks	16	15	+6.7
b) Finance leases	3,714	2,253	+64.8
c) Repurchase agreements	2,819	3,623	-22.2
d) Securities lending	53	129	-58.9

“Secured loans to customers” are detailed as follows:

Secured loans to customers()*

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Mortgages	30,988	21,826	+42.0
b) Pledged assets:			
1. Cash deposits	983	200	n.s.
2. Securities (**)	4,413	5,698	-22.6
3. Other instruments	230	432	-46.8
c) Guarantees given by:			
1. Governments (***)	6,763	6,091	+11.0
2. Other public entities	227	253	-10.3
3. Banks	2,275	1,650	+37.9
4. Other operators	17,036	12,122	+40.5
Total	62,915	48,272	+30.3

(*) The values as of 31 December 2001 related to mortgage loan and personal guarantees have been reclassified to make them consistent with those indicated as of 30 June 2002.

(**) Include repurchase and similar agreements guaranteed by underlying securities totalling 2,872 million Euro (3,752 million Euro as of 31 December 2001).

(***) Include 1,692 million Euro of Banco di Napoli loans to Sga (2,041 million Euro as of 31 December 2001).

Loans to customers guaranteed by banks and other operators include 136 million Euro of positions (151 million Euro as of 31 December 2001) for which the Parent Bank bought buyer protection against the risk of non-performance, by means of derivative contracts.

“Secured loans to customers” and those granted directly to Governments or other public bodies represent 61.5 % of total loans to customers (62.7% as of 31 December 2001).

Degree of risk in loan portfolio

The principal and interest elements of loans are stated at their estimated realizable value by applying the policies described in detail in Part A, Section 1 of these notes; the related writedowns are effected via direct reduction of the balance sheet asset value of the loans concerned.

The estimated realizable value of problem loans takes into account not only the likelihood of recovery, but also their total or partial lack of income generation and late repayment. The overall adjustments for discounting purposes as of 30 June 2002 are set at 266 million Euro, 83 million of which attributable to the ex Cardine Group (192 million Euro for SANPAOLO IMI Group *stand alone* and 94 million Euro for the ex Cardine Group as of 31 December 2001).

Analysis of loans to customers

	30/6/02 (€/million)			31/12/01 (€/million)		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
A. Doubtful loans	6,248	3,324	2,924	4,391	2,501	1,890
A.1 Non-performing loans	4,227	2,807	1,420	3,069	2,139	930
A.2 Problem loans	1,662	448	1,214	1,090	293	797
A.3 Loans in course of restructuring	19	1	18	66	21	45
A.4 Restructured loans	262	48	214	121	35	86
A.5 Unsecured loans to countries at risk	78	20	58	45	13	32
B. Performing loans	121,908	960	120,948	95,899	733	95,166
Total loans to customers	128,156	4,284	123,872	100,290	3,234	97,056

Non-performing and problem loans include unsecured loans to residents of nations exposed to risk for a gross exposure of 3 million Euro, of 12 million Euro. Adjustments in value of these loans amount to 3 million Euro for non-performing and 10 million Euro for problem loans.

Coverage of doubtful loans (*)

	30/6/02	31/12/01
Non-performing loans (gross of writeoffs)	70.8%	75.0%
Non-performing loans (net of writeoffs)	66.4%	69.7%
Problem loans (gross of writeoffs)	27.0%	27.7%
Problem loans (net of writeoffs)	27.0%	26.9%

(*) The index is defined as the ratio between accumulated adjustments on non-performing loans and problem loans and the amounts of such loans at the period end.

Analysis of loans to banks

	30/6/02 (€/million)			31/12/01 (€/million)		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
A. Doubtful loans	65	23	42	86	28	58
A.1 Non-performing loans	11	10	1	11	10	1
A.2 Problem loans	-	-	-	-	-	-
A.3 Loans in course of restructuring	-	-	-	-	-	-
A.4 Restructured loans	-	-	-	-	-	-
A.5 Unsecured loans to countries at risk	54	13	41	75	18	57
B. Performing loans	22,703	10	22,693	21,522	9	21,513
Total loans to banks	22,768	33	22,735	21,608	37	21,571

Non-performing loans include unsecured loans to residents of nations exposed to risk, held in portfolio by the Parent Bank, for a gross exposure of 7 million Euro, written-down in full.

Movements in gross doubtful loans to customers

Movements in gross doubtful loans to customers during the first half of 2002, stated gross of value adjustments, were as follows:

Description/Categories	(€/million)				
	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans to countries at risk
A. Gross value as of 1/1/02	3,069	1,090	66	121	45
A.1 Including: for default interest	547	38	-	-	-
B. Increases	1,569	1,431	20	171	36
B.1 Inflows from performing loans	66	648	3	7	2
B.2 Default interest	64	17	-	-	-
B.3 Transfers from other categories of doubtful loans	291	80	14	22	-
B.4 Other increases	1,148	686	3	142	34
C. Decreases	411	859	67	30	3
C.1 Outflows to performing loans	6	119	-	5	-
C.2 Writeoffs	126	52	-	3	-
C.3 Collections	237	360	6	14	3
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of doubtful loans	25	314	61	7	-
C.6 Other decreases	17	14	-	1	-
D. Gross value as of 30/6/02	4,227	1,662	19	262	78
D.1 Including: for default interest	608	73	-	1	-

"Other increases" include a 1,771 million Euro balance as of 1/1/2002 for the Cardine Group, of which 1,078 million Euro for non-performing loans, 549 million Euro for problem loans, 1 million Euro for loans being restructured, 140 million Euro for restructured loans and 3 million Euro for unsecured loans to risk countries.

Movements in gross doubtful amounts due from banks

Movements in gross doubtful amounts due from banks during the first half of 2002, stated gross of value adjustments, were as follows:

Description/Categories	(€/million)				
	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans to countries at risk
A. Gross value as of 1/1/02	11	-	-	-	75
<i>A.1 Including: for default interest</i>	1	-	-	-	-
B. Increases	2	-	-	-	9
B.1 Inflows from performing loans	-	-	-	-	-
B.2 Default interest	-	-	-	-	-
B.3 Transfers from other categories of doubtful loans	-	-	-	-	-
B.4 Other increases	2	-	-	-	9
C. Decreases	2	-	-	-	30
C.1 Outflows to performing loans	-	-	-	-	-
C.2 Writeoffs	-	-	-	-	-
C.3 Collections	1	-	-	-	30
C.4 Disposals	-	-	-	-	-
C.5 Transfers to other categories of doubtful loans	-	-	-	-	-
C.6 Other decreases	1	-	-	-	-
D. Gross value as of 30/6/02	11	-	-	-	54
<i>D.1 Including: for default interest</i>	1	-	-	-	-

“Other increases” include a 5 million Euro balance as of 1/1/2001 for the Cardine Group, the whole amount being for unsecured loans to risk countries.

Movements in adjustments made to loans granted to customers

Description/Categories	(€/million)					
	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans to countries at risk	Performing loans
A. Total adjustments as of 1/1/02	2,139	293	21	35	13	733
<i>A.1 Including: for default interest</i>	547	38	-	-	-	8
B. Increases	904	347	3	29	9	314
B.1 Adjustments	181	107	2	3	5	124
<i>B.1.1 Including: for default interest</i>	64	17	-	-	-	20
B.2 Use of reserves for possible loan losses	1	14	-	-	-	3
B.3 Transfers from other categories of doubtful loans	101	63	1	1	-	5
B.4 Other increases	621	163	-	25	4	182
C. Decreases	236	192	23	16	2	87
C.1 Writebacks from valuations	32	20	1	6	1	10
<i>C.1.1 Including: for default interest</i>	-	-	-	-	-	-
C.2 Writebacks of collections	51	37	1	1	-	6
<i>C.2.1 Including: for default interest</i>	18	5	-	-	-	5
C.3 Writeoffs	126	52	-	3	-	17
C.4 Transfers to other categories of doubtful loans	16	79	21	5	-	50
C.5 Other decreases	11	4	-	1	1	4
D. Adjustments as of 30/6/02	2,807	448	1	48	20	960
<i>D.1 Including: for default interest</i>	608	73	-	1	-	28

“Other increases” include a 970 million Euro balance as of 1/1/2002 for the Cardine Group, of which 611 million Euro for non-performing loans, 161 million Euro for problem loans, 25 million Euro for restructured loans, 1 million Euro for unsecured loans to risk countries and 172 million Euro for performing loans.

As of 30 June 2002 total adjustments include 266 million Euro (with 83 million Euro attributable to the ex Cardine Group) related to adoption of the policy for discounting problematic loans (192 million Euro for the SANPAOLO IMI Group *stand alone* and 94 million Euro for the ex Cardine Group as of 31 December 2001). More specifically, writedowns for discounting purposes total 216 million Euro on non-performing loans, 35 million Euro on problem loans and 15 million Euro on restructured loans and loans being restructured.

Value adjustments to performing loans to customers and banks include 10 million Euro (20 million Euro as of 31 December 2001) of specific writedowns by the Parent Bank to watchlist positions for a gross exposure of 102 million Euro (233 million Euro as of 31 December 2001) and 34 million Euro to subsidiaries. The inherent risk associated with other performing loans is covered by a general writedown of 898 million Euro.

Movements in adjustments made to loans granted to banks

Description/Categories	(€/million)					
	Non-performing loans	Problem loans	Loans in course of restructuring	Restructured loans	Unsecured loans to countries at risk	Performing loans
A. Total adjustments as of 1/1/02	10	-	-	-	18	9
<i>A.1 Including: for default interest</i>	1	-	-	-	-	-
B. Increases	1	-	-	-	2	10
B.1 Adjustments	-	-	-	-	-	9
<i>B.1.1 Including: for default interest</i>	-	-	-	-	-	-
B.2 Use of reserves for possible loan losses	-	-	-	-	-	-
B.3 Transfers from other categories of doubtful loans	-	-	-	-	-	-
B.4 Other increases	1	-	-	-	2	1
C. Decreases	1	-	-	-	7	9
C.1 Writebacks from valuation	-	-	-	-	4	9
<i>C.1.1 Including: for default interest</i>	-	-	-	-	-	-
C.2 Writebacks of collection	-	-	-	-	-	-
<i>C.2.1 Including: for default interest</i>	-	-	-	-	-	-
C.3 Writeoffs	-	-	-	-	-	-
C.4 Transfers to other categories of doubtful loans	-	-	-	-	-	-
C.5 Other decreases	1	-	-	-	3	-
D. Total adjustments as of 30/6/02	10	-	-	-	13	10
<i>D.1 Including: for default interest</i>	1	-	-	-	-	-

“Other increases” include a 1 million Euro balance as of 1/1/2002 for the Cardine Group, the whole amount being for unsecured loans to risk countries.

Loans to customers and banks resident in nations exposed to risk

Country	(€/million)		
	Total	Gross exposure	
		of which: unsecured	
		book value	weighted value
Brazil	93	49	49
Romania	31	28	28
Egypt	48	17	17
Venezuela	16	13	13
Argentina	68	9	8
Algeria	7	5	2
Cameroon	2	2	2
Russia	422	1	1
Iran	60	1	1
Lebanon	43	1	1
Philippines	17	1	1
Bermudas	26	-	-
Pakistan	22	-	-
Cayman Islands	19	-	-
Angola	19	-	-
Other	28	5	3
Total gross exposure	921	132	126
Total adjustments	33	33	
Net exposure as of 30/6/02	888	99	

For the purposes of these notes, the countries considered are those listed by the Italian Banking Association, for which, in the absence of specific guarantees, general adjustments have to be made.

Adjustments to unsecured loans exposed to country risk have been made by applying the weighting criteria and the write-down percentages agreed industry-wide by the Italian Bankers' Association, as mentioned above. Such writedowns are to cover all of the losses that might arise from those events that are typical to "country risk".

Secured loans, amounting to 789 million Euro, are mainly insured by SACE or equivalent entities and by surety bonds from banking operators in the OECD area. In addition, they comprise loans of 197 million Euro granted by the Parent Bank to a prime customer resident in Russia that are guaranteed by receivables deriving from supply contracts with leading West European companies. This collateral is deemed adequate to cover the lending risk. In compliance with Bank of Italy regulations, these loans are included in the calculation of country risk, which is deducted from the Bank's capital for supervisory purposes.

Other information relating to loans

Information regarding the distribution of loans, by category of borrower, business sector, geographical area, currency and liquidity, is provided in Part B, Section 11 of these notes.

SECTION 2 - SECURITIES

Securities owned by the Group are analyzed as follows:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Treasury bills and similar bills eligible for refinancing with central banks (caption 20)	7,382	9,373	10,181
Bonds and other debt securities (caption 50)	15,519	11,216	16,280
Shares, quotas and other equities (caption 60)	5,791	1,528	2,054
Total	28,692	22,117	28,515

“Treasury bills and similar bills eligible for refinancing with central banks” represent securities which may be used for refinancing purposes, but may not be used for this purpose as of the balance date.

Investment securities

Securities recorded in the consolidated financial statements include those which will be held long term by Group companies and declared as such in their financial statements. The investment securities portfolio is analyzed as follows:

	30/6/02 (€/million)		31/12/01 (€/million)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	1,683	1,725	1,579	1,605
– unquoted	-	-	-	-
1.2 Other securities				
– quoted	1,244	1,255	1,069	1,090
– unquoted	709	710	655	656
2. Equities				
– quoted	-	-	-	-
– unquoted	6	6	5	5
Total	3,642	3,696	3,308	3,356

The comparison between the market value and the value entered in the financial statements reveals net unrealized gains, for the Parent Bank and some subsidiaries, for 1 million Euro on securities not covered by derived contracts and for 53 million Euro on hedged securities. The evaluation of related derived tools reveals potential losses for 58 million Euro (including 33 million Euro for operations entered into with Group companies operating on financial markets within their brokerage activity).

“Other securities”, quoted and unquoted, mainly include securities held by Banco di Napoli for 517 million Euro, by foreign subsidiaries for 670 million Euro and by the Parent Bank for 752 million Euro. More specifically, securities deriving from securitization operations amount to 297 million Euro, investments in securities in foreign Governments and public bodies amount to 409 million Euro, while other investments, amounting to 1,247 million Euro, are concentrated on leading companies in the European Union.

Dealing securities

Dealing securities, held for treasury and negotiation purposes, are analyzed as follows:

	30/6/02 (€/million)		31/12/01 (€/million)	
	Book value	Market value	Book value	Market value
1. Debt securities				
1.1 Government securities				
– quoted	10,704	10,704	9,626	9,626
– unquoted	39	39	57	57
1.2 Other securities				
– quoted	3,820	3,822	4,140	4,140
– unquoted	4,702	4,724	3,463	3,471
2. Equities				
– quoted	5,719	5,723	1,259	1,259
– unquoted	66	66	264	265
Total	25,050	25,078	18,809	18,818

In the reclassified consolidated financial statements, the dealing securities portfolio also includes 50 million Euro in SAN-PAOLO IMI S.p.A. shares in the portfolios of some subsidiaries.

Gains shown in the table for other quoted debt securities and other equities quoted refer to small values quoted on East European markets characterized by limited liquidity. These gains are not reflected in the statement of income.

Other information relating to securities

The composition of the securities portfolio is analyzed by geographical area, currency and liquidity in Part B, Section 11 of these notes.

SECTION 3 - EQUITY INVESTMENTS

Equity investments, reported in asset captions 70 and 80 of the balance sheet, are analyzed as follows:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Equity investments (caption 70)	3,472	4,054	4,238
Investments in Group companies (caption 80)	648	643	660
Total	4,120	4,697	4,898
– significant investments carried at equity (Part E - Section 1)	1,086	982	1,102
– other equity investments carried at cost (Part E - Section 2)	3,034	3,715	3,796

Composition of the investment portfolio

Analysis of caption 80 "Investments in Group companies"

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) In banks			
1. Quoted	-	-	-
2. Unquoted	1	1	-
b) In financial institutions			
1. Quoted	-	-	-
2. Unquoted	17	13	+30.8
c) Other			
1. Quoted	-	-	-
2. Unquoted	630	629	+0.2
Total	648	643	+0.8

Analysis of caption 70 "Equity investments"

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) In banks			
1. Quoted	1,528	1,740	-12.2
2. Unquoted	626	1,118	-44.0
b) In financial institutions			
1. Quoted	10	10	-
2. Unquoted	144	67	+114.9
c) Other			
1. Quoted	406	414	-1.9
2. Unquoted	758	705	+7.5
Total	3,472	4,054	-14.4

The investment portfolio, amounting to 4,120 million Euro, reveals a net decrease of 778 million Euro compared with 31 December 2001 pro forma. The main buying and selling transactions are analyzed below:

Increases

- Increase deriving from the entry of the companies held by Compagnia di San Paolo Investimenti Patrimoniali S.p.A. for 32 million Euro.
- Subscribed increase in FIAT S.p.A. share capital by IMI Investimenti S.p.A. for 15 million Euro.
- Purchase of a 15% shareholding in Fin.Ser. S.p.A. by Cassa di Risparmio di Padova e Rovigo S.p.A. for 4 million Euro.
- Purchase of a 7.41% shareholding in Idra Partecipazioni S.p.A. by LDV Holding B.V. for 3 million Euro.

Decreases

- Disposal by the Parent Bank of shares in Cardine Banca S.p.A. for 473 million Euro (realized gain of 62 million Euro).
- Disposal by the Parent Bank of the shareholding in Banca Agricola Mantovana S.p.A. for 110 million Euro (incurred loss of 96 million Euro). Simultaneously with the shareholding, the deriving contracts linked with it, registering contingent assets of an equal amount were also disposed of. See Sec. 6 of the statement of income "Extraordinary expense".
- Disposal by NHS S.p.A. of the shareholding in Camuzzi Gazometri S.p.A. for 27 million Euro (realized gain of 7 million Euro).
- Disposal by IMI Investimenti S.p.A. of a portion of its shareholding in Eni S.p.A. for 23 million Euro (realized gain of 4 million Euro).
- Disposal by Banco di Napoli S.p.A. of the shareholding in Datitalia Processing S.p.A. for 11 million Euro (realized gain of 3 million Euro).
- Disposal by NHS S.p.A. of a portion of its shareholding in Davide Campari S.p.A. for 9 million Euro (realized gain of 2 million Euro).
- Disposal by Invesp S.p.A. of a portion of its shareholding in Beni Stabili S.p.A. for 6 million Euro (realized gain of 2 million Euro).

Decreases also include:

- Net adjustments for 56 million Euro (See Sec. 5 of the statement of income "Adjustment of financial fixed assets" and "Writebacks of fixed financial assets").
- The decrease of 37 million Euro due to the entry of Banka Koper d.d. to the proportionally consolidated companies, with the consequence that the interest was no longer included among equity investments.

Amounts due to and from Group companies and investments (non-Group companies)

Amounts due to and from Group companies, as established in art. 4 of D. Lgs. 87/92, as well as subsidiaries and affiliated companies (non-Group companies), are analyzed in the following tables:

Amounts due to and from Group companies

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Assets			
1. Due from banks	-	-	-
<i>of which:</i>			
– subordinated	-	-	-
2. Due from financial institutions (*)	47	490	-90.4
<i>of which:</i>			
– subordinated	-	-	-
3. Due from other customers	87	154	-43.5
<i>of which:</i>			
– subordinated	35	-	n.s.
4. Bonds and other debt securities	-	-	-
<i>of which:</i>			
– subordinated	-	-	-
Total assets	134	644	-79.2
b) Liabilities			
1. Due to banks	10	31	-67.7
2. Due to financial institutions	9	12	-25.0
3. Due to other customers	499	219	+127.9
4. Securities issued	891	151	n.s.
5. Subordinated liabilities	-	-	-
Total liabilities	1,409	413	n.s.
c) Guarantees and commitments			
1. Guarantees given	14	9	+55.6
2. Commitments	45	-	n.s.
Total guarantees and commitments	59	9	n.s.

(*) This does not include 1,692 million Euro (2,041 million as of 31 December 2001) of loans due to Banco di Napoli by Sga, given the special nature of the relationship (see Part B - Section 5 "Other assets" of these notes) .

Amounts due to and from subsidiaries (other than Group companies)

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Assets			
1. due from banks (*)	2,144	1,105	+94.0
<i>of which:</i>			
– subordinated	30	20	+50.0
2. due from financial institutions	1,101	751	+46.6
<i>of which:</i>			
– subordinated	-	-	-
3. due from other customers	1,676	1,305	+28.4
<i>of which:</i>			
– subordinated	20	5	n.s.
4. bonds and other debt securities	81	9	n.s.
<i>of which:</i>			
– subordinated	15	-	n.s.
Total assets	5,002	3,170	+57.8
b) Liabilities			
1. due to banks (**)	1,813	1,448	+25.2
2. due to financial institutions	294	173	+69.9
3. due to other customers	307	257	+19.5
4. securities issued	4	-	n.s.
5. subordinated liabilities	-	-	-
Total liabilities	2,418	1,878	+28.8
c) Guarantees and commitments			
1. guarantees given	1,206	1,142	+5.6
2. commitments	475	384	+23.7
Total guarantees and commitments	1,681	1,526	+10.2

(*) Including the compulsory reserve deposit with the Bank of Italy.

(**) Including the repurchase agreements with the Bank of Italy.

Amounts due to and from affiliated companies (companies in which Group companies hold 20% or more, or 10% or more if quoted) are:

Amounts due to and from affiliated companies

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Assets			
1. Due from banks	105	91	+15.4
<i>of which:</i>			
– subordinated	30	20	+50.0
2. Due from financial institutions	96	260	-63.1
<i>of which:</i>			
– subordinated	-	-	-
3. Due from customers	196	13	n.s.
<i>of which:</i>			
– subordinated	-	-	-
4. Bonds and other debt securities	10	-	n.s.
<i>of which:</i>			
– subordinated	-	-	-
Total assets	407	364	+11.8
b) Liabilities			
1. Due to banks	98	110	-10.9
2. Due to financial institutions	16	-	n.s.
3. Due to other customers	30	20	+50.0
4. Securities issued	4	-	n.s.
5. Subordinated liabilities	-	-	-
Total liabilities	148	130	+13.8
c) Guarantees and commitments			
1. Guarantees given	185	179	+3.4
2. Commitments	85	23	n.s.
Total guarantees and commitments	270	202	+33.7

SECTION 4 - TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets comprise the following :

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Tangible fixed assets (caption 120)	2,491	1,726	2,561
Intangible fixed assets (caption 110)	407	367	444
Total	2,898	2,093	3,005

Tangible fixed assets (caption 120)

Tangible fixed assets comprise :

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Property			
– operating	2,008	1,422	+41.2
– non-operating	204	60	n.s.
– undergoing renovation	1	-	n.s.
Furniture and installation			
– electronic equipment	146	146	-
– general and specific installation	55	43	+27.9
– office furniture and equipment	76	54	+40.7
– vehicles	1	1	-
Total	2,491	1,726	+44.3

Intangible fixed assets (caption 110)

Intangible fixed assets comprise:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Merger differences (goodwill of merged companies)	13	27	-51.9
Goodwill	8	8	-
Software for active systems	221	183	+20.8
Software for non-active systems	71	70	+1.4
Other deferred charges	94	79	+19.0
Total	407	367	+10.9

The differences arising on the mergers of Banca Provinciale Lombarda and Banco Lariano in 1993 are recorded in the financial statements since they represent goodwill relating to merged companies. Such differences are stated net of the amounts allocated to the related assets acquired.

The “software for operating systems” caption refers to purchases of new packages for integration of the operating network procedure.

Amounts registered under “software not yet in use” relate to modification and procedure changes for the development of application programs mainly ordered from third parties and not yet completed.

Other “Deferred charges” include:

- 68 million Euro for leasehold property improvements;
- 3 million Euro for start-up and expansion costs.

SECTION 5 - OTHER ASSETS

Asset captions 90, 100, 150 and 160, not commented upon previously in these notes, comprise the following:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Goodwill arising on consolidation (caption 90)	939	838	1,028
Goodwill arising on application of the equity method (caption 100)	202	215	215
Other assets (caption 150)	20,031	18,585	20,544
Accrued income and prepaid expenses (caption 160)	2,964	2,191	2,676
Total	24,136	21,829	24,463

Goodwill arising on consolidation (caption 90)

The caption expresses line-by-line and proportional goodwill remaining after off-setting with negative goodwill on first time consolidation and amortization (see Part B - Section 8).

Analysis of caption 90 "Goodwill arising on consolidation"

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Banco di Napoli	781	764	+2.2
Gruppo Cardine	14	-	n.s.
Banka Koper	76	-	n.s.
Financiere Fideuram	65	69	-5.8
Banque Privee Fideuram Wargny	3	3	-
SANPAOLO IMI Asset Management S.g.r.	-	1	-100.0
Finconsumo Banca	-	1	-100.0
Total	939	838	+12.1

Goodwill arising on consolidation with respect to Banco di Napoli, net of the portion off-set in 2000, during first time consolidation of the subsidiary, with the existing negative goodwill, changed during the half year as follows:

Change in goodwill arising on consolidation with respect to Banco di Napoli

	€/mil
A. Goodwill arising on consolidation as of 1 January 2002	764
B. Increases:	62
- OPA on savings shares	62
- Other purchases	-
C. Amortizations:	45
- of differences on consolidation remaining at the start of the year	42
- of period increases	3
D. Goodwill arising on consolidation as of 30 June 2002	781

The first time consolidation of shareholdings of the ex Cardine Group revealed goodwill and negative goodwill arising on line-by-line consolidation and on application of the equity method, respectively for 314 million Euro and 299 million Euro. Goodwill is allocated as follows:

- a) 299 million Euro is deducted from negative goodwill, using the faculty provided for by art. 32, subsection 4 of D. Lgs. 87/92, confirmed by subsection 5 of the same article, as well as the related instructions applied by the Bank of Italy (provision dated 30 July 1992 and subsequent amendments);
- b) the remaining 15 million Euro of assets in the consolidated balance sheet to be amortized, given the nature of the investment, over 10 years. For the first half of 2002, amortization in the statement of income was 0.7 million Euro.

The goodwill arising on consolidation of Banka Koper reflects the higher price paid for the purchase of 62.10% of the company compared with the adjusted equity of the same and is shown net of amortization in the statement of income for the first half of 2002 (4 million Euro).

Goodwill arising on application of the equity method (caption 100)

The caption expresses goodwill arising on consolidation of the equity method remaining after off-setting with negative goodwill on first time consolidation and amortization (see Part B - Section 8).

Analysis of caption 100 "Goodwill arising on application of the equity method"

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Cassa di Risparmio di Firenze	59	63	-6.3
Cassa dei Risparmi di Forlì	114	121	-5.8
Aeffe	29	31	-6.5
Total	202	215	-6.0

Goodwill arising on consolidation of the line-by-line and proportionally consolidated companies (caption 90), and related to Cassa di Risparmio di Firenze and Cassa dei Risparmi di Forlì are amortized over 10 years, given the strategic nature of these investments. The goodwill in the Aeffe company, purchased under private equity, is amortized over 5 years.

Other assets (caption 150)*Analysis of caption 150 "Other assets"*

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Valuation of derivatives on interest rates and stockmarket indices	3,696	4,326	-14.6
Effect of currency hedges, forex swap and cross-currency swap transactions	1,367	2,292	-40.4
Unprocessed transactions (a)	4,193	2,097	+100.0
Deferred tax assets	1,775	1,681	+5.6
Tax collection accounts	1,435	1,531	-6.3
Due from tax authorities:	1,753	1,319	+32.9
– prepaid current year direct taxes	464	495	-6.3
– tax credit relating to prior years	190	342	-44.4
– taxes paid in advance on termination indemnities - Law 662/96	85	70	+21.4
– taxes withheld during the year	15	24	-37.5
– other loans	999	388	+157.5
Amounts in transit between branches and subsidiaries (a)	1,377	1,229	+12.0
Banco di Napoli loans to be restored ex Law 588/96	625	840	-25.6
Premiums paid on purchased options	595	526	+13.1
Other items derivative contracts	524	271	+93.4
Amounts receivable due to settlement value date	45	173	-74.0
Checks and other instruments held	186	160	+16.3
Banco di Napoli non interest-bearing deposits with the Bank of Italy	58	58	-
Net effect of translating funds from international agencies using current rates, with the exchange risk borne by third parties	36	46	-21.7
Items relating to securities transactions	13	30	-56.7
Transactions by foreign branches	9	20	-55.0
Other	2,344	1,986	+18.0
Total	20,031	18,585	+7.8

(a) Generally settled a few days after the balance sheet date.

Banco di Napoli loans to be restored ex Law 588/96

This item, amounting to 625 million Euro (840 million Euro as of 31 December 2001), represents the residual principal and interest of the interventions made by Banco di Napoli to cover the liquidation deficit of Isveimer and the losses of Società per la Gestione di Attività S.p.A. (Sga). These interventions form part of the reorganization plan prepared with Bank of Italy approval in accordance with Law 588/96 containing urgent provisions for the restoration, reorganization and privatization of Banco di Napoli. Among other things, this law intends to safeguard Banco di Napoli from the economic and financial consequences deriving from such interventions, either those already made or those still to be made using the mechanism as envisaged by the Decree of the Treasury Ministry dated 27 September 1974.

To summarize, the procedure applicable both to Isveimer and to Sga states that the Bank of Italy grants to Banco di Napoli extraordinary advances at a special low rate of interest (1%) to cover the losses of the subsidiaries concerned. These amounts must be invested in Government securities, so that the differential between the interest income on the securities purchased and the interest expense on the advances received can directly reduce these "loans to be restored" and the related interest accrued, based on the "minimum interest rate offered on the principal refinancing transactions".

From an accounting point of view, the advances received from the Bank of Italy and the Government securities purchased are shown under the memorandum accounts of Banco di Napoli, while the financial flows deriving from collection of the coupons on such securities and from the payment of interest on the advances are respectively debited and credited directly to the “loans to be restored”, thus allowing them to be gradually reduced. This accounting treatment has been authorized by the Bank of Italy as it places emphasis on the substance of the situation rather than the form, in accordance with Decree Law 87 dated 27 January 1992.

At the end of 2001, the Bank of Italy granted Banco di Napoli 3 new advances to replace that expiring in December, for a total of 15,402 million Euro, all to expire by the end of 2002.

As of 30 June 2002, there remain 1,487 million Euro, expiring on 1 September 2002, and 12,255 million Euro, expiring on 27 December 2002.

A summary of these two matters is given below.

The liquidation of Isveimer

Isveimer S.p.A., a subsidiary of Banco di Napoli which financed industrial development in Southern Italy, was put into voluntary liquidation in 1996.

In 1997, Banco di Napoli intervened to reduce the final liquidation deficit estimated to be 917 million Euro. The cost of this intervention and the related interest were recovered in accordance with Law 588/96, as mentioned above, and the methods described in the aforementioned Treasury Decree of 1974.

In fact, on the expiry of the advances granted by the Bank of Italy, the recovery process showed a balance in favour of the Central Bank of 58 million Euro, lodged as a non interest-bearing deposit with the same Central Bank. In the consolidated balance sheet, this deposit is shown under “other assets” offset by “other liabilities”.

Società per la Gestione di Attività (Sga)

Società per la Gestione di Attività S.p.A. (Sga) was created in 1996 by transforming an existing subsidiary of Banco di Napoli for the purpose of taking over most of the bank's doubtful loans, as an onerous title and without recourse. Although Banco di Napoli owns the entire share capital of the company, it does not exercise control over it, as it gave the shares and the voting rights to the Treasury by way of a pledge.

The transfer of doubtful loans to Sga began on 1 January 1997; at the same time, Banco di Napoli granted its subsidiary various interest-bearing lines of credit, essential to finance the cost of the factoring agreement, as well as to cover the company's running costs. At the end of 2000, Banco di Napoli reached a settlement with Sga, resolving a number of differences of interpretation and substance that had arisen between the parties; the cost of this settlement, 125 million Euro, was deducted from the loans. As of June 2002, Banco di Napoli loans to Sga amount to 1,692 million Euro, with a reduction of 349 million Euro compared with 31 December 2001. This reduction is mainly due to the financial intervention by Banco di Napoli in May 2002, to cover losses for 246 million Euro registered by the subsidiary in the second half of 2001. As with similar interventions, the amount in question was deducted from loans granted to the subsidiary, included amongst customer loans, increasing loans to be restored, shown as other assets, in accordance with Law 588/96.

The following tables show details of the aforementioned restoration procedure for the first half of 2002, with comparative figures for 2001:

Advances received and securities purchased ex Law 588/96 ()*

	30/6/02 (€/million)	31/12/01 (€/million)
Advances received from the Bank of Italy ex Law 588/96	13,742	15,402
Securities lodged in guarantee for advances ex Law 588/966 (nominal value) (**)	12,549	13,919
- securities purchased with advances received from the Bank of Italy	11,799	13,391
- securities of Banco di Napoli	750	528

(*) The transactions are shown in the interim accounts as authorized by the Bank of Italy. The remaining advance of 13,742 million Euro, granted on 27 December 2001, will expire as follows: 1,487 million Euro on 1 September 2002 and 12,255 million Euro on 27 December 2002.

(**) As of 30 June 2002, the book value of Banco di Napoli securities put up as guarantee for the advance received from The Bank of Italy is 746.2 million Euro (511.7 million Euro as of 31 December 2001 and 655.1 million Euro as of 30 June 2001) fully included in the dealing portfolio.

Change of loans to be restored ex Law 588/96 ()*

	30/6/02 (€/million)	31/12/01 (€/million)
a. Opening balance	840	1,376
b. Changes		
1. Coverage of SGA's losses (**)	246	507
2. Interest income on the securities purchased with the funds advanced by the Bank of Italy	-543	-1,226
3. Interest expense on advances from the Bank of Italy	71	169
4. Interest accrued on the "Loans to be restored" account	11	46
5. Other changes	-	-32
Total	625	840

(*) The Banco di Napoli statement of income only includes interest accrued on loans to be restored.

(**) The amount refers to the loss during the second half of 2001, made up in May 2002.

Financial flows maturing on the advances received from the Bank of Italy and on securities put up as guarantee ex Law 588/96 ()*

	30/6/02 (€/million)	31/12/01 (€/million)
Interest accrued on advances from the Bank of Italy	-5	-2
Coupons falling due on Bank of Italy's securities lodged in guarantee	175	220
Total	170	218

(*) The amounts refer to accruals for the respective periods.

SECTION 6 - PAYABLES

Total Group deposits and other sources of funds are detailed below:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Due to banks (caption 10)	30,201	27,922	36,482
Due to customers (caption 20)	83,826	65,845	82,276
Securities issued (caption 30)	52,429	40,839	52,326
Public funds administered (caption 40)	201	100	201
Total	166,657	134,706	171,285

Due to banks (caption 10)

Deposits taken from banks are analyzed as follows:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Due to central banks			
– repurchase agreements and securities borrowed	1,626	1,275	+27.5
– other deposits from the Italian Exchange Office	103	127	-18.9
– other deposits from central banks	392	1,149	-65.9
Due to other banks			
– deposits	12,559	14,105	-11.0
– repurchase agreements and securities borrowed	5,371	4,061	+32.3
– medium and long-term loans from international bodies	5,358	4,621	+15.9
– current accounts	1,523	1,227	+24.1
– other	3,269	1,357	+140.9
Total	30,201	27,922	+8.2

Loans from international bodies include loans used by the Group to finance investment projects in industrial sectors and in public utility services.

Due to customers and securities issued (captions 20 and 30)

Funds obtained directly from customers, comprising deposits from customers and securities issued, are detailed below:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Due to customers			
– current accounts	53,162	40,330	+31.8
– repurchase agreements and securities borrowed	12,932	9,133	+41.6
– deposits	14,043	13,394	+4.8
– short-term payables relating to special management services carried out for the government	498	663	-24.9
– other (*)	3,191	2,325	+37.2
Securities issued			
– bonds	40,211	27,695	+45.2
– certificates of deposits	7,411	8,346	-11.2
– banker's drafts	732	651	+12.4
– other securities	4,075	4,147	-1.7
Total	136,255	106,684	+27.7

(*) Essentially comprises short positions on securities taken as part of stockbroking activities.

There have been no issues of bonds convertible into shares of the Bank or other companies, or similar securities or values.

Public funds administered (caption 40)

Public funds administered are provided by the State and other public agencies. These funds are analyzed below:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Funds provided by the State	146	42	n.s.
Funds provided by regional public agencies	19	19	-
Other funds	36	39	-7.7
Total	201	100	+101.0
<i>of which: funds with risk borne by the government under Law 19 of 06/02/87</i>	<i>52</i>	<i>12</i>	<i>n.s.</i>

Other information relating to payables

Information regarding the distribution of deposits by geographical area, type of currency and degree of liquidity, is reported in Part B - Section 11 of these notes.

SECTION 7 - PROVISIONS

The Group provisions are analyzed below:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Provisions for employee termination indemnities (caption 70)	989	734	955
Provisions for risks and charges (caption 80)			
– for pensions and similar commitments (caption 80.a)	343	43	343
– for taxation (caption 80.b)	1,058	901	1,219
– other funds (caption 80.c)	1,691	1,527	1,688
Reserve for possible loan losses (caption 90)	79	41	73
Total	4,160	3,246	4,278

Provisions for risks and charges

Pensions and similar commitments (caption 80.a)

As of 30 June 2002, this reserve is made up of 41 million Euro from the Parent Company to cover charges linked with integration of the pension paid to ex IMI S.p.A. staff (43 million Euro as of 31 December 2001) and 302 million Euro from companies from the ex Cardine Group (300 million Euro as of 31 December 2001).

Provisions for taxation (caption 80.b)

The taxation reserve is to cover current income taxes and actual and existing or potential fiscal disputes (786 million Euro), including local taxes payable by foreign branches and subsidiaries, as well as deferred taxes (272 million Euro).

As regards fiscal disputes, we would like to remind you that the subsidiary Fideuram Vita is in dispute with the tax authorities regarding the years from 1985 to 1987. The years 1988, 1989 and 1990 have been settled thanks to the favourable verdict pronounced by the Regional Tax Commission regarding disputed items in those years. The verdict was deposited on 27 July 2000 and the tax authorities did not appeal against it before the legal deadline.

Regarding the years 1985, 1986 and 1987, the company obtained a favourable judgement in the first degree, but decisions that were substantially unfavourable in the subsequent two degrees. However, Fideuram Vita has appealed to the Supreme Court, as it is still confident that the case can be won. If, on the other hand, the current adverse trend is confirmed, the potential liability for the company would be minimal, but it would become significant (albeit covered by existing reserves) if subsequent open years (from 1996 onwards) were also contested for the same reason. Based on expert opinions, and taking into account the positive evolution of the dispute and the fact that the case involves a practice that is universally applied by the whole of the insurance industry, the subsidiary has not made any specific provision for this risk.

Deferred tax assets and liabilities recorded in the consolidated financial statements relate to temporary differences between the accounting and fiscal value of assets and liabilities accrued in the first half of 2002 and in prior years for which it is deemed likely that a tax liability will be incurred in the future (in the case of deferred tax liabilities) or which will most likely be recovered (in the case of deferred tax assets). Deferred taxation has been estimated by each Group company and it has also been estimated on preparation of the consolidated financial statements for the tax effect of those entries typical of the consolidation process. Different tax rates for each Group subsidiary have been applied to the tax effect caused by the temporary differences.

Information as per Consob Communication 1011405 dated 15 February 2001.

Tax benefits under D. Lgs. 153 dated 17/5/99 (Legge Ciampi)

Law Decree 153 dated 17 May 1999 - known as the "Legge Ciampi" - sets a tax rate, for bank or banking group concentration transactions, reduced by 12.50% on profits destined to a special reserve to be composed of the maximum amount, to be broken down on a straight-line basis over five years, at 1.2% of the difference between the receivables and payables of all the banks that take part in the transaction and the aggregate of the major bank participating in the transaction.

During December 2001, the European Commission informed the Italian Government of decision C (2001) 3955, declaring the tax benefits provided for by the "Legge Ciampi" to be incompatible with community policies. The Italian Government appealed against the Commission's decision before the Court of Justice. The Government was joined by the ABI and the banks involved, including SANPAOLO IMI, in resorting to the Court of Primary Jurisdiction in Luxembourg.

The tax benefit in question was suspended, as of 2001, with a provision approved by the Cabinet on 11 April 2002. Therefore, current and deferred taxes have been determined without considering the benefit in question.

Other reserves (caption 80.c)

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Other funds (caption 80.c):			
- provisions for guarantees and commitments	81	63	+28.6
- provisions for risks and charges	1,172	1,016	+15.4
- provisions for other personnel charges	438	448	-2.2
Total	1,691	1,527	+10.7

Provisions for guarantees and commitments, for 81 million Euro, cover expected losses in respect of guarantees and, more generally, the contingencies associated with the Group's guarantees and commitments.

Provisions for "other risks and charges" amounting to 1,172 million Euro, include:

- the Parent Bank for:
 - 132 million Euro, provisions against potential charges deriving from the possible renegotiation of mortgage loans to a specific reserve calculated on the basis of the parameters that are currently available;
 - 227 million Euro to cover estimated losses arising from legal disputes and, in particular, from repayments claimed by the receivers of bankrupt customers. They also cover possible charges in connection with guarantees issued on the sale of equity investments and with those deriving from the commitment to support the Interbank Deposit Guarantee Fund and with other potential liabilities. These provisions include 7 million Euro to cover risks related to tax collection activity of the subsidiaries;

- Banco di Napoli for:
 - 311 million Euro for bank restructuring costs;
 - 189 million Euro of provisions against estimated losses on legal disputes and, more specifically, on claims from bankruptcy liquidators;
 - 25 million Euro, for potential charges deriving from the possible renegotiation of mortgage loans as a specific provision, as well as to strengthen other provisions against possible losses, in particular charges which could arise following the dispute for the renegotiation of interest rates and conditions following recent instructions issued on these matters;
 - 48 million Euro against other charges;
- other subsidiaries for 240 million Euro, mainly due to risks, also of a commercial or operational nature, connected with the distribution of financial products.

Provisions for “other personnel costs”, of 438 million Euro, include:

- the Parent Bank for:
 - 115 million Euro relating to provisions made, on the basis of independent actuarial appraisals, to cover the technical deficit of its supplementary pension fund, an independent entity, which integrates the compulsory pension fund;
 - 16 million Euro provisions to the technical reserve, determined on the basis of mathematical and actuarial criteria, needed to cover long-service bonuses to the Bank's employees;
 - 14 million Euro provisions against potential liabilities deriving mainly from employee premiums and incentives, the issue of which is at the discretion of the Parent Bank;
 - 4 million Euro provisions made to the technical reserve - Law 336/70;
 - 2 million Euro provisions made for voluntary redundancy, employee accident coverage and other minor potential liabilities;
- Banco di Napoli for:
 - 145 million Euro for charges and provisions for supplementary pensions;
 - 82 million Euro for labour disputes;
 - 12 million Euro for provisions for employee incentives;
 - 15 million Euro for other contractual charges;
- 33 million Euro for provisions made by other subsidiaries.

Information as per Consob Communication 1011405 dated 15 February 2001.

Low-interest building mortgage loans

Law 133/99, implemented with Ministerial Decree 110/2000 (against which an appeal was presented before the administrative court), forces banks to review the interest rates applied to mortgages issued with charges to be born in full or partially by the public sector, upon receipt of a request to such effect by borrowers or by the body issuing the borrowing facilities.

As no “threshold rate” is set for low-interest mortgages, subsection 62 of art. 145 of Law 388 dated 23 December 2000 (Budget Law 2001) clarifies that the renegotiation rate is to be considered as “the average overall rate for building mortgage loans being amortized”, assigning the individuation of the transactions within which to carry out the observations to determine the renegotiation rate to a subsequent regulation. To this end, with the Decree dated 4 April 2001, the Treasury set up the new consistent category of low-interest loans being amortized and the Bank of Italy issued the correlated methodological notes for the observation of average rates for the sector concerned to the whole system.

The observation activity was concluded some time ago, but the regulation has still to be completed with the issue of a Ministerial Decree to establish the renegotiation rate. Subsection 6 of article 1 of Law Decree 138 dated 8 July 2002 (being converted) intervenes to establish 30 September 2002 as the date by which such provision must be adopted, in application of that stated in subsection 62 of article 145 of Law 388/2000.

While the Parent Bank reserves the right to evaluate continuation of the appeals, which were disregarded in the first degree by Lazio Regional Administration Court, against that stated in Ministerial Decree 110/2000, the potential charge deriving from the renegotiation has been determined on the basis of sufficiently prudent criteria, individuating the rate as being considerably lower than that expected to emerge from the Bank of Italy observations. On this basis, the risk has been calculated at 170 million Euro (124 million Euro for the Parent Bank), of which 96 million Euro referring to the period from 1 July 1999 to 31 December 2000 (70 million Euro for the Parent Bank), 52 million Euro for 2001 (38 million Euro for the Parent Bank) and 22 million Euro for the first half of 2002 (16 million Euro for the Parent Bank), and is adequately covered by specific provisions to the reserve for other risks and charges. In the years following 2001, the negative impacts on the statement of income will be gradually reduced due to the expiry of current mortgage loans.

Low-interest agricultural mortgage loans

The provisions of art. 128 of Law 388/2000 (Budget Law 2001) have introduced the faculty for borrowers to renegotiate the loan instalments still to expire at the current, more favourable, rates fixed for low-interest transactions. Renegotiation is subject to an implementation Ministerial Decree which has still not been issued, but which must be adopted by 30 September 2002, as per the aforementioned provision introduced by subsection 6 of article 1 of Decree Law 138 dated 8 July 2002. Considering the precise reference to the “instalments still to expire” contained in Law 388/2000 and the consequent possibility to activate renegotiation exclusively for the future, provisions made for the first half, amounting to 6 million Euro (3 million Euro for the Parent Bank), may be considered suitable for coverage of the risk for the whole year.

Fixed-rate unsubsidized mortgage loans (usury):

Law 24 dated 28 February 2001 converted Decree Law 394/2000 containing the authentic interpretation of the so-called “*legge antiusura*” (Law 108 dated 1996). This provision, which regards fixed-rate unsubsidized property mortgage loans, established the obligation for credit institutes to apply the so-called “*replacement rate*” to existing loans, legally established at 9.96% annual fixed rate, which can be further reduced to 8% for mortgage loans with a maximum original capital of 150 million Lira, granted for the first-time purchase of non-luxury homes.

During 2001 almost all mortgage loans covered by this provision were adapted to the 9.96% rate. As regards the further reduction of the rate to 8% (for mortgage loans in possession of the necessary requirements), this was applied following

presentation by the borrowers concerned of a certificate declaring possession of the necessary requirements. The reserve for other risks and charges still contains 3 million Euro to cover mortgage loans which are still potentially renegotiable to 8%, but for which the necessary documentation has not yet been presented.

The Constitutional Court has recently intervened on the matter with Constitutional Sentence 29 dated 25/02/2002, declaring the unlawfulness of subsection 2 of art. 1 of Law 24/2001, this being the part which provides for the replacement of the interest rate to become effective as of the instalments expiring after 2 January 2001, as opposed to those expiring as of the date (31/12/2000) of entry into force of Decree Law 394/2000. The squaring off operations rendered necessary by the provision in question have already been performed. However, to cover any returns concerning instalments expired between 31/12/2000 and 02/01/2001, assuming the arrival of the necessary self-certification (referred to earlier) declaring the right of the borrowers to benefit from further reduction to 8%, a special provision has been made to the reserve for other risks and charges for 3 million Euro (2 million of which for the Parent Bank).

Anatocism:

Sentence 425 of the Constitutional Court dated 17.10. 2000 established that the transitional rule laid down by art. 25 of the D. Lgs. 342/99, which declared clauses in bank contracts signed before the adjustments introduced by the same Decree permitting the capitalization of interest “valid and effective”, was unconstitutional.

However, this did not discuss the legitimacy of quarterly capitalization, merely stating that capitalization was unconstitutional for formal reasons regarding the excess of power of attorney in contrast with art. 76 of the Constitution. Besides this, the matter does not concern contracts stipulated after 22/04/2000, when the new instructions imposing the same calculation period for interest income and expense became effective.

The matter is still under debate and the outcome is uncertain: on the one hand, recent claims of merit have confirmed the legitimacy of the capitalization clauses while, on the other, the Supreme Court recently reaffirmed its opinion regarding the lack of a ruling on the matter, and the consequent nullity of the same clauses.

The progress of the legal dispute during the first half of 2002 confirms the scarce numeric importance of the disputes, which are subject to constant monitoring by each subsidiary in order to observe their evolution. Any disbursement risks deriving from this kind of dispute (as far as can be calculated) are adequately covered, within the reserve for other risks and charges, by amounts destined to cover disbursements which might derive from all legal cases of an indeterminate amount and uncertain outcome.

Reserve for possible loan losses (caption 90)

This caption reflects provisions made by certain subsidiaries to cover lending risks - including risks deriving from derivative transactions; these risks are only potential, therefore the reserve is not set off against asset balances.

SECTION 8 - CAPITAL, EQUITY RESERVES, RESERVE FOR GENERAL BANKING RISKS AND SUBORDINATED LIABILITIES

This section comments on the following balance sheet captions:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Capital and reserves			
– capital (caption 150)	5,144	3,932	n.d.
– additional paid-in capital (caption 160)	22	22	n.d.
– reserves (caption 170)			
– legal reserve	793	793	n.d.
– reserve for own shares	39	304	n.d.
– other reserves	3,280	1,739	n.d.
– revaluation reserves (caption 180)	18	9	n.d.
– reserve for general banking risks (caption 100)	357	356	n.d.
– negative goodwill arising on consolidation (caption 120)	-	-	-
– negative goodwill arising on application of the equity method (caption 130)	115	118	118
Group interest in capital and reserves	9,768	7,273	9,557
– net income (caption 200)	601	1,203	1,376
Group interest in shareholders' equity	10,369	8,476	10,933
Own shares (asset caption 140)	50	304	28
<i>of which: own shares held by the Parent Bank (*)</i>	-	294	-
Minority interest (caption 140)	437	698	793
Subordinated liabilities (caption 110)	6,155	5,607	5,829

(*) In the reclassified financial statements, SANPAOLO IMI shares held by the Parent Bank are shown adjusted using the consolidated equity method, while the remaining shares are included in the dealing securities portfolio.

Group shareholders' equity

Capital and equity reserves (liability captions 150, 160, 170 and 180)

The capital, additional paid-in capital and the legal reserve coincide with the corresponding captions of the shareholders' equity of the Parent bank. The "other reserves" caption includes the Parent Bank's remaining reserves and Group variations in the equity of the companies included in the consolidated companies.

The merger of Cardine Banca, stipulated 24 May 2002 becoming legally effective as of 1 June 2002, involved the exchange of 267,821,000 shares in Cardine Banca with 480,738,695 shares in SANPAOLO IMI. The exchange was effected via:

- the issue of 432,724,886 ordinary shares with a nominal unitary value of 2.8 Euro;
- the use of 48,013,809 of SANPAOLO IMI's own shares as of 1 June 2002.

As part of the merger, Compagnia di Sanpaolo and Fondazioni di Padova, Bologna e Rovigo availed themselves of the right, in accordance with Law 461/98 and D. Lgs. 153/99, to request conversion of the ordinary shares held into privileged shares, for the part in excess of 15% of the ordinary share capital held overall. Consequently, 388,334,018 ordinary shares were directly converted into privileged shares.

Following the aforementioned transactions, as of 30 June 2002, the share capital amounts to 5,144,064,800 Euro, made up of 1,448,831,982 ordinary shares and 388,334,018 privileged shares with a nominal value of 2.8 Euro each.

The “Reserve for own shares” has been set up by the Parent Bank and some other subsidiaries to cover the SANPAOLO IMI shares in the portfolio. As of 30 June 2002, the reserve is temporarily lower than that recorded in asset caption 140 “Own shares” as the latter aggregate includes shares in the Parent Bank held by some subsidiaries which belonged to the ex Cardine Group, consolidated for the first time in the SANPAOLO IMI Group as of these financial statements.

The “Revaluation reserves” are lodged with some Group companies following the revaluation of investments made in application of special laws.

Reserve for general banking risks (liability caption 100)

The “Reserve for general banking risks” reflects the 336 million Euro reserve shown in the financial statements of the Parent Bank and the 21 million Euro reserves set up by certain subsidiaries.

Negative goodwill arising on application of the equity method and on consolidation (liability captions 120 and 130)

Liability captions 120 and 130 represent negative goodwill arising on line-by-line consolidation and on application of the equity method remaining after off-setting with goodwill on first time consolidation.

Details of the aforementioned off setting operations between negative goodwill and goodwill on first-time consolidation are shown in the table below.

	30/6/02 (€/million)	31/12/01 (€/million)
Negative goodwill arising on first-time consolidation:		
- line-by-line		
- formerly IMI Group	952	952
- formerly Cardine Group	241	-
- using the equity method		
- formerly IMI Group	75	75
- formerly Cardine Group	58	-
Total	1,326	1,027
Goodwill arising on first-time consolidation:		
- line-by-line		
- formerly Banco di Napoli Group	-854	-854
- formerly Cardine Group	-296	-
- using the equity method		
- Cassa di Risparmio di Firenze	-173	-173
- formerly Cardine Group	-3	-
Total	-1,326	-1,027

The balance of caption 130 “Negative goodwill arising on application of the equity method”, for 115 million Euro, represents the Group's interest in the increase in shareholder's equity of the Group companies evaluated using the equity method and recorded after first-time consolidation. The amount refers mainly to companies operating in the insurance sector.

Asset captions 90 “Goodwill arising on consolidation” and 100 “Goodwill arising on application of the equity method” are commented on in Part B – Section 5, “Other assets”.

Own shares (asset caption 140)

Own shares in portfolio are represented by securities of the Parent Bank held by itself and by other Group companies.

Transactions in own shares carried out by the Parent Group during the first half of 2002 involved the individual portfolios in which these shares are classified according to their finalities.

As regards the portfolio evaluated at cost, being related to shares considered as fixed and used to conclude strategic transactions, during the first half of 2002, SANPAOLO IMI purchased 30,933,406 shares (nominal value 87 million Euro) for a total cost of 384 million Euro. The 48,013,809 shares in this portfolio as of 1 June 2002, (nominal value 134 million Euro) were all exchanged with shareholders of the ex Cardine Banca as part of the merger. Consequently, as of 30 June 2002, there are no own shares evaluated at cost.

With reference to the portfolio evaluated at market value and destined for share incentive or stock option plans, during the first half of 2002, SANPAOLO IMI S.p.A. actuated the share incentive plan in favour of employees, which provided for assignment, to those entitled who applied, of numbers of own shares connected with the company production premium due to each employee. On the basis of applications received, in June, the Parent Bank purchased 1,926,023 shares (nominal value 5.4 million Euro) for a cost of 19.3 million Euro and assigned to employees 1,912,373 shares (nominal value 5.4 million Euro) for a cost of 18.6 million Euro. As of 30 June 2002, the portfolio contained 13,650 shares, for a book value of approximately 137,000 Euro, which were sold on the market at the beginning of July.

Lastly, as regards subsidiaries, as of 30 June 2002, they held 4,971,867 SANPAOLO IMI S.p.A. shares for negotiation purposes and therefore carried at a market value of 50 million Euro.

Minority interests (liability caption 140)

As of 30 June 2002, the portion of "Minority interests" amounting to 437 million Euro essentially relates to the quota attributable to minority shareholders in Banca Fideuram and Banca Popolare dell'Adriatico.

A statement of changes in the consolidated shareholders' equity for the period is attached to these notes, together with a reconciliation of the Parent Bank's shareholders' equity and the corresponding consolidated amounts.

Regulatory capital

The composition of regulatory capital and an analysis of the prudent supervisory requirements are given in the table below. The final estimates will be relayed to the Bank of Italy on approval of this Half Year Report.

Category / Value	30/6/02 (€/million)	31/12/01 (€/million)	Change %
A. Regulatory capital			
A.1 Tier 1 capital	9,558	7,656	+24.8
A.2 Tier 2 capital	4,074	3,552	+14.7
A.3 Items to be deducted	-902	-1,740	-48.2
A.4 Regulatory capital	12,730	9,468	+34.5
B. Minimum regulatory requirements			
B.1 Credit risk	9,773	7,771	+25.8
B.2 Market risk	813	642	+26.6
<i>of which:</i>			
- risks on dealing portfolio	785	595	+31.9
- exchange risks	28	47	-40.4
- concentration risks	-	-	-
B.2.1 Tier 3 subordinated loans	601	610	-1.5
B.3 Other minimum requirements	50	43	+16.3
B.4 Total minimum requirements	10,636	8,456	+25.8
C. Risk assets and capital-adequacy ratios			
C.1 Risk-weighted assets (*)	132,950	105,700	+25.8
C.2 Tier 1 capital / Risk weighted assets	7.2%	7.2%	
C.3 Regulatory capital / Risk weighted assets (**)	10.0%	9.5%	

(*) Total regulatory requirements multiplied by the recovery of the minimum compulsory ratio for lending risk (12.5).

(**) In accordance with the Bank of Italy's letter no. 10155 of 3 August 2001, Tier 3 subordinated loans are not considered an adjustment to risk assets for the purpose of calculating capital ratios, but rather a component of total equity.

Subordinated liabilities (liability caption 110)

Loan	Amount in the financial statements as of 30/6/02 (€/million)	Amount in original currency (in millions)	Interest rate	Issue date	Maturity date	Amount in the financial statements as of 31/12/01 (€/million)
Preferred Securities in Euro	1,000	1,000	8.126% (a)	10-11-00	(b)	1,000
<i>Total innovative capital instruments (Tier 1)</i>	<i>1,000</i>					<i>1,000</i>
Notes in US dollars (c)	166	165	floating	12-07-93	30-07-03	188
Notes in US dollars (c)	89	89	floating	24-09-93	24-09-03	101
Notes in US dollars (c)	95	94	floating	30-11-93	30-11-05	107
Notes in Canadian dollars (c)	101	151	floating	10-11-93	10-11-03	107
Notes in Euro (c)	355	362	floating	30-06-94	30-06-04	356
Notes in Italian lire	12	24,545	floating	15-06-93	15-06-03	17
Notes in Italian lire	18	37,520	floating	15-10-93	15-10-03	25
Notes in Euro	150	150	5.75%	15-09-99	15-09-09	146
Notes in Euro (c)	-	27	floating	30-12-96	20-01-02	27
Subordinated loan in Us dollars	100	100	floating	15-09-93	15-09-03	113
Subordinated loan in Italian lire	13	25,000	5.10%	1-06-98	1-06-03	26
Subordinated loan in Italian lire	31	60,000	5.30%	1-01-98	1-01-03	62
Subordinated loan in Italian lire	29	56,000	floating	1-02-98	1-02-03	57
Subordinated loan in Euro	499	500	6.38%	6-04-00	6-04-10	500
Subordinated loan in Euro	346	350	floating	6-04-00	6-04-10	350
Subordinated loan in Euro	989	1,000	floating	27-09-00	27-09-10	1,000
Subordinated loan in Euro	300	300	5.55%	31-07-01	31-07-08	300
Subordinated loan in Euro	200	200	5.16%	2-10-01	2-10-08	200
Subordinated loan in Euro	497	500	floating	28-06-02	28-06-12	-
Subordinated loan in Italian lire	209	404,115	floating	30-06-97	1-08-04	-
Subordinated loan in Euro	189	200	floating	1-10-99	1-10-09	200
Subordinated loan in Euro	150	150	floating	12-10-99	12-10-09	106
Subordinated loan in Euro	8	8	floating	22-12-00	22-12-10	8
Subordinated loan in Euro	7	10	1.00%	27-04-01	27-04-06	-
Subordinated loan in Euro	1	1	3.75%	20-09-01	20-09-06	1
<i>Total subordinated liabilities (Tier 2)</i>	<i>4,554</i>					<i>3,997</i>
Subordinated loan in Euro	452	466	5.63%	3-10-00	3-04-03	460
Subordinated loan in Euro	149	150	floating	6-11-00	6-05-03	150
<i>Total Tier 3 subordinated liabilities</i>	<i>601</i>					<i>610</i>
Total	6,155					5,607

(a) The remuneration of the preferred securities is fixed at 8.126% up to 10 November 2010. After that date, a floating coupon will be paid at 12 month Euribor increased by 350 b.p..

(b) The securities cannot be redeemed. Only SANPAOLO IMI has the right to redeem these notes, totally or partially, and this right can be exercised after 10 November 2010.

(c) These are issues made on a fiduciary basis against deposits of the Parent Bank's Nassau branch.

During the half year, the Parent Bank issued new subordinated loans for 500 million Euro in the form of Tier 2 subordinated loans to support the Group's participating initiatives.

Preferred Securities, which are attributable to Tier 1 capital, satisfy the following requirements:

- the securities are not redeemable, the issuer's redemption right, if any, cannot be exercised during the first 10 years after issuance; redemption has to be authorized in advance by the Bank of Italy;
- the contract provides for the possibility of suspending remuneration of the securities, even partially, if the Parent Bank, which directly controls the issuer, has not distributed dividends on its own shares during the previous year;
- dividends cannot be accumulated in subsequent years;
- in the event of the liquidation of SANPAOLO IMI, the holders of securities can only be reimbursed after all other subordinated and non-subordinated creditors have been paid.

Contractually, subordinated loans included in Tier 2 may not be redeemed prior to maturity, nor converted into capital or any other type of liability. In particular, such contracts lay down that:

- early redemption can only take place on the issuer's initiative and with Bank of Italy authorization;
- the duration exceeds 5 years;
- in the event that the issuer is put into liquidation, these subordinated loans can only be reimbursed once all other creditors, not similarly subordinated, have been satisfied.

Tier 3 subordinated loans, issued to cover market risks, meet the following conditions:

- the original duration is not less than 2 years;
- the payment of interest and principal is suspended if the capital requirements of SANPAOLO IMI should fall below 7% on an individual basis or 8% on a consolidated basis;
- in the event that the Bank is put into liquidation, these subordinated loans can only be reimbursed once all other creditors, not similarly subordinated, have been satisfied.

SECTION 9 - OTHER LIABILITIES

Liability captions 50 and 60 comprise the following:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Other liabilities (caption 50)	17,202	15,590	17,658
Accrued expenses and deferred income (caption 60)	2,552	2,162	2,651
Total	19,754	17,752	20,309

Other liabilities (caption 50)

Analysis of caption 50 "Other liabilities"

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Valuation of derivatives on interest rates and stockmarket indices	3,329	3,846	-13.4
Unprocessed transactions	2,854	2,266	+25.9
Amounts available for third parties	2,306	1,755	+31.4
Amounts in transit between branches and subsidiaries	1,506	803	+87.5
Counterparty for valuations of foreign currency derivative contracts	1,329	1,874	-29.1
Other items derivative contracts	1,287	700	+83.9
Tax collection accounts	1,087	1,019	+6.7
Premiums collected on options sold	396	259	+52.9
Non-liquid balances from portfolio transactions	350	374	-6.4
Due to tax authorities	332	274	+21.2
Items relating to securities transactions	208	31	n.s.
Amounts due to employees	187	170	+10.0
Amounts payable due to settlement value date	32	9	n.s.
Deposits guaranteeing agricultural and construction loans	30	33	-9.1
Transactions by foreign branches	16	17	-5.9
Other	1,953	2,160	-9.6
Total	17,202	15,590	+10.3

SECTION 10 - GUARANTEES AND COMMITMENTS

Captions 10 and 20 of the statement of income, related to guarantees issued and commitments undertaken by the Group, which involve the acceptance of loan risks, are comprised as follows:

	30/6/02 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (€/million)
Guarantees (caption 10)	16,557	16,016	17,833
Commitments (caption 20)	25,576	24,839	26,424
Total	42,133	40,855	44,257

“Guarantees granted to third parties” are comprised as follows:

Analysis of caption 10 “Guarantees given”

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Commercial guarantees	10,134	9,907	+2.3
b) Financial guarantees	6,077	5,984	+1.6
c) Assets lodged in guarantee	346	125	+176.8
Total	16,557	16,016	+3.4

“Commitments” at the end of the half year are:

Analysis of caption 20 “Commitments”

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Commitments to grant finance (certain to be called on)	10,244	8,794	+16.5
b) Commitments to grant finance (not certain to be called on)	15,332	16,045	-4.4
Total	25,576	24,839	+3.0

The commitments undertaken are detailed below:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Purchase of securities not yet settled	4,330	3,631	+19.3
Commitments certain to be called on for derivatives on loans	971	844	+15.0
Other commitments certain to be called on	1,378	1,999	-31.1
Undrawn lines of credit granted	10,571	11,641	-9.2
Put options issued	1,522	682	+123.2
Mortgage loans and leasing contracts to be disbursed	3,058	3,631	-15.8
Deposits and loans to be made	3,064	1,826	+67.8
Membership of Interbank Deposit Guarantee Fund	141	107	+31.8
Other commitments not certain to be called on	541	478	+13.2
Total	25,576	24,839	+3.0

Unused lines of credit

The SANPAOLO IMI Group has unused lines of credit, excluding operating limits, as detailed below:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Central banks	188	54	n.s.
b) Other banks	445	215	+107.0
Total	633	269	+135.3

Forward transactions

Forward transaction, excluding those on behalf of third parties, show the following amounts:

	(€/million)			
	Hedging transactions	Dealing transactions (*)	Other transactions	Total
1. Purchase/sale of				
1.1 Securities				
– purchases	-	4,330	-	4,330
– sales	-	5,997	-	5,997
1.2 Currency				
– currency against currency	2,386	1,705	-	4,091
– purchases against Euro	7,979	3,749	-	11,728
– sales against Euro	5,396	4,979	-	10,375
2. Deposits and loans				
– to be disbursed	-	-	3,177	3,177
– to be received	-	-	4,597	4,597
3. Derivative contracts				
3.1 With exchange of capital				
a) securities				
– purchases	-	3,931	527	4,458
– sales	-	5,566	4	5,570
b) currency				
– currency against currency	284	166	-	450
– purchases against Euro	2,815	1,476	-	4,291
– sales against Euro	1,042	1,415	-	2,457
c) other instruments				
– purchases	-	-	-	-
– sales	-	-	-	-
3.2 Without exchange of capital				
a) currency				
– currency against currency	61	-	-	61
– purchases against Euro	24	11	57	92
– sales against Euro	6	-	13	19
b) other instruments (**)				
– purchases	55,270	120,917	150	176,337
– sales	36,724	119,193	4,733	160,650
Total	111,987	273,435	13,258	398,680

(*) They also include hedging derivatives belonging to the dealing portfolio for 2,456 million Euro.

(**) They include basis swaps for 14,792 million Euro and other derivatives with index exchanges for 18 million Euro both in purchases and sales.

At the end of the half year derivative hedging contracts entered into by Group companies show a potential net loss of 681 million Euro. In compliance with the accounting policies, this amount has not been recorded in the financial statements since the purpose of the derivative contracts in question is to hedge interest and exchange rate risks with regard to funding activities (particularly collection transactions made via the issue of bonds with a structured yield) and lending activities. The above-mentioned contracts are in fact recorded on a consistent basis with those adopted for hedging transactions, with the identification of accruals related to the differential of the interest and exchange rate maturing in the financial statements as of the balance date.

Derivative contracts included under structured financial instruments amount to 5,484 million Euro, at nominal value.

Forward transactions outstanding as of 30 June 2002, presented in the table above, essentially reflect the activities of the Bank and those subsidiaries operating in the stockbroking and credit dealing sector.

Financial information relating to derivative contracts and forward currency purchase/sale transactions

This section offers supplementary information on operations in derivative contracts according to the standards established by the Basle Committee for Bank Supervision, together with the International Organization of Securities Commissions (IOSCO).

The table below shows the notional nominal capital, by type, of purchase/sale of currency and derivative contracts on interest rates, exchange rates and stockmarket index.

<i>Notional amounts</i>	<i>(€/million)</i>				
	Interest rate related	Exchange rate related	Stockmarket index related	Other	Total
OTC trading contracts					
- Forward (a)	4,531	4,641	-	-	9,172
- Swap (b)	188,701	745	-	-	189,446
- Options purchased	12,824	1,032	3,552	-	17,408
- Options sold	13,320	1,000	3,970	-	18,290
- Other	2,725	292	196	-	3,213
Exchange traded contracts					
- Futures purchased	1,322	-	40	-	1,362
- Futures sold	1,840	-	81	-	1,921
- Options purchased	2,016	-	298	-	2,314
- Options sold	1,902	-	276	-	2,178
- Other	-	-	-	-	-
Total trading contracts	229,181	7,710	8,413	-	245,304
Total non-trading contracts	86,645	18,873	7,966	-	113,484
Total contracts (c)	315,826	26,583	16,379	-	358,788
- Including OTC contracts	308,521	26,583	15,684	-	350,788

(a) The caption includes the F.R.A. contracts and forward currency purchase/sale transactions.

(b) The caption mainly includes the I.R.S., C.I.R.S. contracts and basis swaps.

(c) Includes basis swaps for 14,792 million Euro, and other derivatives with index exchanges for 18 million Euro, and does not include forward transactions on currency with an original duration of less than 2 days, amounting to 6,981 million Euro.

The table below shows the residual duration of the above OTC transactions:

<i>Residual maturity of notional amounts underlying OTC derivative contracts</i>				<i>(€/million)</i>
	Up to 12 months	Between 1 and 5 years	Beyond 5 years	Total
Interest rate related	155,295	99,397	53,829	308,521
Exchange rate related	22,700	3,374	509	26,583
Stockmarket index related	3,298	9,643	2,743	15,684
Other contracts	-	-	-	-

The table below reports the credit risk equivalent related to OTC contracts broken down into their various components: positive market value and add on.

<i>Notional amounts, market values and similar add on</i>					<i>(€/million)</i>
	Interest rate related	Exchange rate related	Stockmarket index related	Other	Total
Notional amounts	308,521	26,583	15,684	-	350,788
A. Market value of OTC trading contracts					
A.1 Positive market value	3,337	367	411	-	4,115
A.2 Negative market value	-3,241	-174	-437	-	-3,852
B. Add on	956	94	282	-	1,332
C. Market value of OTC non-trading contracts					
C.1 Positive market value	611	352	242	-	1,205
C.2 Negative market value	-1,031	-676	-198	-	-1,905
D. Add on	201	318	327	-	846
Credit risk equivalent (A.1+B+C.1+D)	5,105	1,131	1,262	-	7,498

Market values of hedging and negotiation transactions arranged with third parties have been calculated using the criteria established by the Bank of Italy to determine the solvency ratio. The market values identified in the table above derive from the application of the aforementioned criteria which provide for inclusion in the calculation of the market value of accrued income and expenses currently maturing as well as the result deriving from the current rate revaluation of the principal amount of cross-currency interest rate swaps to be exchanged at maturity.

Lastly, the table below shows the breakdown of credit risk equivalent on OTC contracts by type of counterparty.

<i>Credit quality of OTC derivative contracts, by counterparty</i>				<i>(€/million)</i>
	Positive market value	Add on	Credit risk equivalent (a) (current value)	
Governments and central banks	-	-	-	
Banks	4,384	1,754	6,138	
Other operators	936	424	1,360	
Total	5,320	2,178	7,498	

(a) The credit risk equivalent reported in this table includes transactions with an original life not exceeding 14 days.

The aforementioned transactions are not covered by real nor personal guarantees. There have been no losses on loans for derivatives during the half year and there are no outstanding derivative contracts matured, but not settled.

Derivative contracts on loans

As of 30 June 2002, transactions in derivatives on loans carried out by the Group are analyzed below:

Categories of operations	Negotiation	Other transactions	Total
<i>(€/million)</i>			
1. Hedging purchases			
1.1 With exchange of capital			
– credit default swap	80	473	553
1.2 Without exchange of capital			
– credit default swap	-	173	173
2. Hedging sales			
2.1 With exchange of capital			
– credit default swap	126	793	919
– credit linked note	-	100	100
2.2 Without exchange of capital			
– credit default swap	-	53	53
Total	206	1,592	1,798

Other information relating to guarantees

The classification of guarantees issued by category of counterparty is provided in Part B, Section 11 of these notes.

SECTION 11 - CONCENTRATION AND DISTRIBUTION OF ASSETS AND LIABILITIES

Significant exposures

The table below shows the positions defined as “Significant exposures” by the Bank of Italy in compliance with EC guidelines. For this purpose, the positions are considered significant if the overall exposure to a single client (or group of companies) on a consolidated basis is equal to or greater than 10% of the Bank’s regulatory capital. Exposure is calculated using a system of weighting positions exposed to lending risk, which takes into account the nature of the counterparty and the guarantees received.

	30/6/02
a) Amount (€/million)	8,552
b) Number	4

Distribution of loans to customers, by category of borrower

Loans to customers are distributed by main category of borrower as follows:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Governments	4,650	5,342	-13.0
b) Other public entities	8,618	7,193	+19.8
c) Non-financial businesses	67,284	51,737	+30.1
d) Financial institutions	12,647	13,669	-7.5
e) Family businesses	5,635	3,240	+73.9
f) Other operators	25,038	15,875	+57.7
Total	123,872	97,056	+27.6

Distribution of loans to resident non-financial and family businesses

The distribution of loans to non-financial and family businesses resident in Italy is detailed below, by sector to which the borrower belongs:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Other services for sale	9,943	6,583	+51.0
b) Commerce, salvage and repairs	8,885	6,099	+45.7
c) Construction and public works	6,306	3,832	+64.6
d) Energy products	5,009	4,768	+5.1
e) Transport	2,910	2,682	+8.5
f) Other sectors	29,642	20,062	+47.8
Total	62,695	44,026	+42.4

Distribution of guarantees issued, by category of counterparty

Guarantees issued by the Group are classified by financial category of counterparty as follows:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Governments	9	23	-60.9
b) Other public entities	46	27	+70.4
c) Banks	914	975	-6.3
d) Non-financial businesses	13,687	13,090	+4.6
e) Financial institutions	1,256	1,421	-11.6
f) Family businesses	153	114	+34.2
g) Other operators	492	366	+34.4
Total	16,557	16,016	+3.4

Geographical distribution of assets and liabilities

The geographical distribution of the Group's assets and liabilities is detailed below, by reference to the countries of residence of the counterparties concerned:

	30/6/02 (€/million)				31/12/01 (€/million)			
	Italy	Other EU countries	Other countries	Total	Italy	Other EU countries	Other countries	Total
1. Assets								
1.1 Due from banks	7,654	13,246	1,835	22,735	8,717	11,207	1,647	21,571
1.2 Loans to customers	106,355	10,791	6,726	123,872	80,618	10,122	6,316	97,056
1.3 Securities	20,605	4,745	3,342	28,692	15,105	3,834	3,178	22,117
Total	134,614	28,782	11,903	175,299	104,440	25,163	11,141	140,744
2. Liabilities								
2.1 Due to banks	10,003	10,753	9,445	30,201	6,774	12,645	8,503	27,922
2.2 Due to customers	72,735	7,603	3,488	83,826	53,312	8,886	3,647	65,845
2.3 Securities issued	37,361	10,944	4,124	52,429	25,151	10,529	5,159	40,839
2.4 Other accounts	4,442	814	1,100	6,356	3,699	1,008	1,000	5,707
Total	124,541	30,114	18,157	172,812	88,936	33,068	18,309	140,313
3. Guarantees and commitments	24,166	9,770	8,197	42,133	21,201	8,078	11,576	40,855

Maturities of assets and liabilities

The residual maturities of assets and liabilities are detailed in the following table:

									(€/million)	
	On demand	Up to 3 months	Specified duration				Beyond 5 years	Unspecified duration	Total	
			Between 3 and 12 months	Between 1 and 5 years		Fixed rate				Indexed rate
1. Assets										
1.1 Treasury bonds eligible for refinancing	-	588	2,585	1,815	677	868	849	-	7,382	
1.2 Due from banks	7,775	10,121	2,354	411	245	98	38	1,693	22,735	
1.3 Loans to customers	24,296	18,229	17,140	15,731	20,692	9,465	16,226	2,093	123,872	
1.4 Bonds and other debt securities	40	1,538	2,789	2,313	4,763	1,520	2,556	-	15,519	
1.5 Off-balance sheet transactions	38,408	123,148	89,936	50,059	3,495	28,917	991	-	334,954	
Total assets	70,519	153,624	114,804	70,329	29,872	40,868	20,660	3,786	504,462	
2. Liabilities										
2.1 Due to banks	7,696	10,232	4,948	1,222	3,124	545	2,434	-	30,201	
2.2 Due to customers	65,450	13,019	2,589	821	788	622	537	-	83,826	
2.3 Securities issued:										
– bonds	175	1,560	6,113	11,428	15,313	2,852	2,770	-	40,211	
– certificates of deposits	162	3,900	2,030	307	977	-	35	-	7,411	
– other securities	827	3,921	59	-	-	-	-	-	4,807	
2.4 Subordinated liabilities	-	-	684	8	1,134	2,149	2,180	-	6,155	
2.5 Off-balance sheet transactions	41,407	114,921	95,424	45,481	5,498	31,403	820	-	334,954	
Total liabilities	115,717	147,553	111,847	59,267	26,834	37,571	8,776	-	507,565	

Assets and liabilities denominated in foreign currencies

Assets and liabilities denominated in currencies other than those of the Euro-zone are broken down as follows.

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Assets			
1. Due from banks	3,949	3,094	+27.6
2. Loans to customers	10,835	10,349	+4.7
3. Securities	3,361	3,397	-1.1
4. Equity investments	92	92	-
5. Other accounts	105	33	n.s.
Total assets	18,342	16,965	+8.1
b) Liabilities			
1. Due to banks	8,491	10,551	-19.5
2. Due to customers	6,148	7,310	-15.9
3. Securities issued	7,570	9,573	-20.9
4. Other accounts	550	616	-10.7
Total liabilities	22,759	28,050	-18.9

Taking into consideration the effects of currency swap transactions for specific and generic hedging of transactions in foreign currency, the currency short position shown above is substantially offset.

Securitization transactions

Group securitization transactions

As of 30 June 2002 the SANPAOLO IMI Group has carried out the following securitization transactions:

- Sanpaolo Leasint S.p.A.* - In 1997 the subsidiary made a non-recourse assignment of performing loans under leasing contracts as per Law 52/91 for a total book value of 503.5 million Euro. During the first half of 2002 no revolving assignments were made against securitization transactions in order to ensure the equivalence of assets which had initially been securitized compared with securities issued until the contract date set for repayment of the securities. The transaction was entered into in order to free up part of the loan portfolio, generating sources of additional liquidity and benefiting at the same time from the possibility to reduce the lending risk. Junior securities are included in the investment securities portfolio at their original value of 50.4 million Euro. Furthermore, these securities represent the financial tool for recognizing, during the transaction, the spread differential between cash flows generated by the loans assigned portfolio and the securities issued (excess spread). The assigned portfolio is subject to continuous monitoring which consists of preparing a quarterly settlement report for the various entities involved (rating agencies, factoring companies, vehicle companies and trustees) with a detailed explanation of the state of the loans and of collections during the period. The servicer activity commits the company to the separate administration, management and collection of the portfolio originally assigned and of the loans subsequently due, as well as handling any recovery procedures. As of 30 June 2002 loans to be collected amounted to 70 million Euro.
- Finconsumo Banca S.p.A.*¹ - The bank has two separate securitization programmes represented by non-recourse assignment of performing consumer loans to families resident in Italy in accordance with Law 130/99. As part of these programmes, during 2001 the bank made non-recourse assignments of performing loans for 502.9 million Euro to families resident in Italy, of which: a) 192.4 million Euro represent revolving assignments made against the first securitization transaction (Golden Bar I, in December 2000 for an initial amount of 361.5 million Euro) in order to ensure the equivalence of the securitized assets with the securities issued until the contract date set for repayment of the securities; b) 310.6 million Euro (258.3 million Euro by way of initial assignment and 52.3 million Euro by way of revolving assignment) against the second transaction (Golden Bar II, in June 2001). These transactions were carried out in order to free up part of the loan portfolio, generating sources of additional liquidity and optimizing use of capital also from a regulatory point of view. The investment securities portfolio includes Junior securities that arose from the securitization transactions carried out in 2000 and 2001 for 2.0 million Euro and 1.3 million Euro respectively. Furthermore, these securities represent the financial tool for recognizing, during the transaction, the spread differential between cash flows generated by the loans assigned portfolio and the securities issued (excess spread). The assigned portfolio is subject to continuous monitoring which consists of preparing a quarterly settlement report for the various entities involved (rating agencies, vehicle companies and trustees) with a detailed explanation of the state of loans and of collections during the period. The servicer activity commits the company to the separate administration, management and collection of the portfolio originally assigned and of the loans subsequently due, as well as handling any recovery procedures. At 30 June 2002 there were still loans to be collected from the two outstanding transactions for 318 million Euro and 240 million Euro respectively.
- Finemiro Banca S.p.A.* - The subsidiary has a securitization transaction named "Venere 1". At 30 December 1999, loans were transferred for a nominal value of 154 million Euro, represented by instalment loans to buy consumer goods with at least 5 unpaid instalments (problem loans): at 15 March 2000, securities were issued for 81 million Euro, 75 million Euro of which of the Senior type (already expired) and 6 million Euro of the Junior type, named Venere 1 class B underwritten by Finemiro Banca S.p.A. and expiring on 15 September 2002. The Servicer activity is performed by Finemiro Banca S.p.A. for an annual payment of 0.3 million Euro and adjusted to a monthly amount for each individual case. As of 30 June 2002 loans to be collected amounted to 104 million Euro.

¹ The company is subject to joint control (SANPAOLO IMI 50%). The information relating to the securitization transactions carried out by the company is provided for the whole amount, even if the impact on the consolidated financial statements of the SANPAOLO IMI Group is in proportion to its holding (50%).

Portfolio securities representing third party securitization transactions

The Group holds investment and dealing securities that came from third party securitizations, as shown in the following table:

Type of underlying activities	Loan quality	book value			(€/million)
		Senior securities	Mezzanine securities	Junior securities	Total
Investment securities portfolio					
Building mortgage loans	Performing	33	-	-	33
Credit cards	Performing	98	20	-	118
Leasing	Performing	31	-	-	31
Securities	Performing	10	-	-	10
SACE loans to foreign public sector debtors	Performing	11	-	-	11
Health care receivable	Performing	10	-	-	10
Other loans	Performing	97	-	-	97
		290	20	-	310
Dealing securities portfolio					
Building mortgage loans (1)	Performing	12	4	1	17
	Non-performing loans	2	-	-	2
Commercial / industrial / agricultural mortgage loans	Performing	7	3	-	10
	Non-performing loans	5	3	-	8
Leasing	Performing	6	-	-	6
Health care receivable (2)	Performing	21	-	5	26
Public real estate	Performing	144	-	-	144
Social security contributions	Problem loans	1	-	-	1
Other loans	Performing	56	20	-	76
	Non-performing loans	5	-	-	5
		259	30	6	295
		549	50	6	605

(1) The amount of 1 million Euro refers to Junior securities issued against approximately 21 million Euro of securitized assets.

(2) The amount of 5 million Euro refers to Junior securities issued against approximately 142 million Euro of securitized assets.

SECTION 12 - ADMINISTRATION AND DEALING ON BEHALF OF THIRD PARTIES

Portfolio management

The total market value of portfolios managed on behalf of customers is detailed below:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
Portfolio management (1)	38,740	34,942	+10.9

(*) In accordance with specific Bank of Italy instructions, this information refers solely to personalized portfolio management on behalf of customers, excluding that offered by third parties and distributed by the Group. The figure does not include either the Group's mutual funds, 70,456 million Euro (70,618 million Euro as of 31 December 2001), or the technical reserves of the insurance subsidiaries consolidated using the equity method, at 23,601 million Euro (16,267 million Euro as of 31 December 2001).

Custody and administration of securities

The nominal value of securities held in custody and for administration, including those received as guarantees, is detailed below:

	30/6/02 (€/million)	31/12/01 (€/million)	Change %
a) Third-party securities held on deposits	259,935	240,440	+8.1
b) Third-party securities deposited with third parties	175,250	156,178	+12.2
c) Portfolio securities deposited with third parties (a)	25,514	21,304	+19.8

(a) Excluding securities deposited with third parties to secure repurchase agreements.

Other transactions

Research and Development Incentives

- Applied Research Reserve

SANPAOLO IMI manages transactions arising from applications received by 31 December 1999 out of the "Applied Research Reserve". As of 30 June 2002, there are resolutions to be stipulated for 240 million Euro, disbursements to be made for 1,022 million Euro and loans made for 673 million Euro.

- Reserve for Research Grants

SANPAOLO IMI continues to operate, in its capacity as authorized bank, for the evaluation and control of industrial research projects and researcher training schemes using the "Reserve for Research Grants" managed by the Ministry of Education, Universities and Research. During the first half of 2002, 278 applications were received for research investments for 857 million Euro.

- Reserve for Technological Innovation

As of November 2001, SANPAOLO IMI has activated a co-operation with the Ministry for Productive Activities for the management of development projects out of the "Reserve for Technological Innovation". During the first half of 2002, 316 applications were received for development investments for 985 million Euro.

During the half year a total of 7 million Euro commission matured from the Public Administration.

- Guarantee Fund for small and medium-sized enterprises in Southern Italy (Law 341/1995)

With the Convention stipulated between the Italian Treasury and the Bank on 21 December 1995, as approved and activated by Decree of the Director-General of the Treasury dated 5 January 1996, SANPAOLO IMI, in its capacity as Managing Body, has been granted the concession to this Fund established under Law 341/1995.

The purpose of Law 341/1995 is to promote rationalization of the financial situation of small and medium-sized enterprises in Southern Italy, as defined by EU parameters. This involves measures of various types, from interest-relief grants on loans designed to convert short-term bank borrowing into medium and long-term loans, to the granting of supplementary guarantees on participating loans, for the purchase of equity investments and for the debt consolidation described above.

As of 30 June 2002, there are 3,783 applications for 1,496 million Euro, broken down as follows:

- 1,395 million Euro relating to the consolidation of short-term debt (of which 1,391 million Euro already being paid and 4 million Euro waiting for the final documentation);
- 101 million Euro for participating loans;

Third-party portion of syndicated loans

The portion of syndicated loans arranged by the Parent Bank for third parties without a representation mandate totalled 653 million Euro at period-end (795 million Euro as of 31 December 2001).

Portfolio management services rendered by third parties

The amount of portfolio management services rendered by third parties and offered to customers through Group companies as of 30 June 2002 amounted to 16,988 million Euro broken down as follows: 5,742 million Euro of mutual funds, 4,137 million Euro of portfolio management funds, 3,109 million Euro of stock portfolio management schemes and 4,000 million Euro in insurance policies.

Part C - Information on the consolidated statement of income

SECTION 1 - INTEREST

Interest income and expense and similar revenues and charges, detailed below, are reported in captions 10 and 20 of the consolidated statement of income:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)	First half 2001 pro forma (€/million)
Interest income and similar revenues (caption 10)	4,357	8,016	4,246	5,440
Interest expenses and similar charges (caption 20)	2,509	5,326	2,905	3,520

Interest income and similar revenues (caption 10)

Analysis of caption 10 "Interest income and similar revenues"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) On amounts due from banks	386	900	502
<i>of which:</i>			
– deposits with central banks	32	63	33
b) On loans to customers	3,444	5,999	3,134
<i>of which:</i>			
– loans using public funds	-	-	-
c) On debt securities	492	1,026	550
d) Other interest income	35	91	60
e) Net differential on hedging transactions (*)	-	-	-
Total	4,357	8,016	4,246

(*) This balance represents the net effect of hedging derivative differential.

Detail of caption 10 "Interest income and similar revenues"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) On assets denominated in foreign currency	159	506	319

"Interest income and similar revenues" on assets denominated in foreign currency relate to transactions denominated in currencies not included in the Euro-zone.

Interest expense and similar charges (caption 20)*Analysis of caption 20 "Interest expense and similar charges"*

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) On amounts due to banks	569	1,428	791
b) On amounts due to customers	714	1,600	862
c) On securities issued	1,010	1,961	1,159
<i>of which:</i>			
– certificates of deposits	122	336	188
d) On public funds administered	-	-	-
e) On subordinated liabilities	153	241	48
f) Negative balance of differentials on hedging transactions (*)	63	96	45
Total	2,509	5,326	2,905

(*) This balance represents the net effect of hedging derivative differential.

Detail of caption 20 "Interest expense and similar charges"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) On liabilities denominated in foreign currency	233	921	454

"Interest expense and similar charges" on liabilities denominated in foreign currency relate to transactions denominated in currencies not included in the Euro-zone.

SECTION 2 - COMMISSION

Commission income and expense, as detailed below, is reported in captions 40 and 50 of the consolidated statement of income:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)	First half 2001 pro forma (€/million)
Commission income (caption 40)	1,734	3,312	1,689	1,958
Commission expense (caption 50)	359	714	371	415

The following tables in this Section are prepared on the basis of new information systems required by the Bank of Italy, with letter 14815 dated 21 November 2001. To guarantee consistent confrontation, the figures referring to the first half of 2001 have been reclassified on the basis of the new systems.

Commission income (caption 40)

Analysis of caption 40 "Commission income"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) Guarantees given	39	68	29
b) Derivatives on loans	5	3	1
c) Management, dealing and advisory services			
1. Dealing in securities	66	131	77
2. Dealing in currency	18	35	19
3. Portfolio management:			
3.1 Individual	113	196	92
3.2 Collective	590	1,476	813
4. Custody and administration of securities	33	60	23
5. Depository bank	71	138	73
6. Placement of securities	3	59	23
7. Acceptance of instructions	43	84	45
8. Advisory services	7	38	17
9. Third party service distribution:			
9.1 Portfolio management:			
a) Individual	22	12	-
b) Collective	83	12	2
9.2 Insurance products	60	137	60
9.3 Other products	2	4	1
d) Collection and payment services	157	239	113
e) Servicing for securitization operations	1	1	1
f) Tax collection services	54	83	42
g) Other services	367	536	258
Total	1,734	3,312	1,689

Subcaption “g) Other services” comprises, in particular:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Loans granted	104	175	79
Deposits and current accounts overdraft	138	215	98
Current accounts	60	82	40
Loan-arrangement activities	3	7	4
Other services	62	57	37
Total	367	536	258

The organization of commission income by distribution channels is:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) With own branches:			
1. Portfolio management	420	1,028	561
2. Placement of securities	-	43	22
3. Other products and services	115	77	37
b) Outside supply:			
1. Portfolio management	283	644	344
2. Placement of securities	3	16	1
3. Other products and services	52	88	26

Commission expense (caption 50)

Analysis of caption 50 “Commission expense”

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) Guarantees obtained	7	7	3
b) Derivatives on loans	-	-	-
c) Management and dealing services:			
1. Dealing in securities	20	34	19
2. Dealing in currency	1	2	1
3. Portfolio management:			
3.1 Own portfolio	-	-	-
3.2 Third-party portfolio	46	102	52
4. Custody and administration of securities	11	28	14
5. Placement of securities	1	12	6
6. Outside supply of securities, financial products and services	179	430	231
d) Collection and payment services	46	65	30
e) Other services	48	34	15
Total	359	714	371

Subcaption “e) Other services” comprises, in particular:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Loan-arrangement activities	31	12	5
Loans obtained	2	2	1
Intermediation on financing transactions	4	3	1
Other services	11	17	8
Total	48	34	15

SECTION 3 - PROFITS AND LOSSES FROM FINANCIAL TRANSACTIONS

Profits and losses on financial transactions, detailed below, are reported in caption 60 of the statement of income:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)	First half 2001 pro forma (€/million)
Profits (losses) on financial transactions (caption 60)	-159	105	-52	-39

Profits and losses from financial transactions (caption 60)

Analysis of caption 60 "Profits(losses) on financial transactions"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Security transactions:			
a) revaluations/writedowns, net	-151	100	-48
b) realized gains/losses	-181	-387	-173
Currency transactions	38	40	26
Other transactions	135	352	143
Total	-159	105	-52

This mainly reflects one component of the brokerage activity normally carried out by the Group, the results of which are also reflected in the captions relating to interest and dividends. The main component of the global performance is outlined in the comment on the investment banking business in the report on operations.

The reconciliation with the "Profits and losses from financial transactions and dividends on shares" caption of the reclassified statement of income, reported in the report on operations, is detailed below:

Reconciliation of caption 60 "Profits (losses) from financial transactions" with the reclassified statement of income

	(€/million)
Profits and losses from financial transactions (caption 60)	-159
Reclassification from interest income and interest expense of the negative margin of Investment Banking (1)	-29
Reclassification to "Provisions and net adjustments to loans and financial fixed assets" of the losses on securities arising from loan recovery transactions	9
Reclassification from the dividends on dealing shares caption	388
Caption of the reclassified statement of income "Profits and losses from financial transactions and dividends on shares"	209

(1) The reclassification refers to the net interest income for the Banca IMI group, which in the interest of a better representation of the Group results, is shown under the "profits and losses from financial transactions and dividends on shares" caption, being closely connected, from an operating point of view, with the result of the stock broking activities.

SECTION 4 - ADMINISTRATIVE COSTS

Administrative costs, detailed below, are reported in caption 80 of the consolidated statement of income:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)	First half 2001 pro forma (€/million)
Personnel (caption 80.a)	1,420	2,221	1,116	1,451
Other administrative costs (caption 80.b)	876	1,379	668	857
Total	2,296	3,600	1,784	2,308

Personnel (caption 80.a)

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Wages and salaries	1,027	1,600	788
Social security charges	300	471	242
Termination indemnities	73	109	53
Pensions and similar commitments	20	41	33
Total	1,420	2,221	1,116

The average number of employees, split by category, is shown in “Part D – Other information” of these notes.

Other administrative costs (caption 80.b)

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
IT costs	198	340	151
Software maintenance and upgrades	52	118	53
Maintenance of real property	31	66	27
Data transmission charges	45	52	24
External data processing	30	54	28
Database acces charges	30	34	10
Equipment leasing charges	10	16	9
Property management expenses	145	237	118
Rented property	94	152	74
- rental of premises	87	142	71
- maintenance of leasehold premises	7	10	3
Property owned	14	23	12
- maintenance of property owned	14	23	12
Security services	20	34	18
Cleaning of premises	17	28	14
General expenses	139	202	99
Postage and general charges	31	51	27
Office supplies	19	28	14
Transport and counting of valuables	16	14	7
Courier and transport services	8	10	5
Personnel on secondment	3	1	-
Other costs	62	98	46
Professional and insurance fees	136	203	100
Consultancy services	87	128	61
Legal and judiciary expenses	19	40	22
Investigation/commercial information costs	10	17	8
Insurance premiums - banks and customers	20	18	9
Utilities	44	69	37
Energy	19	35	19
Telephone	25	34	18
Promotion, advertising and marketing expenses	45	65	25
Advertising and entertainment	40	58	21
Contributions and membership fees to trade unions and business associations	5	7	4
Indirect personnel costs	36	64	33
Indirect personnel expenses	36	64	33
Total	743	1,180	563
Indirect duties and taxes			
- stamp duties	97	145	76
- substitute tax (Pres. Decree 60/173)	2	15	7
- local property taxes	5	10	5
- tax on stock exchange contracts	7	7	4
- non-recoverable VAT on purchases	11	4	3
- other indirect taxes and duties	11	18	10
Total	133	199	105
Total other administrative costs	876	1,379	668

SECTION 5 - ADJUSTMENTS, WRITEBACKS AND PROVISIONS

Adjustments and provisions, reported in captions 90, 100, 120, 140 and 150 of the statement of income, and writebacks, reported in captions 130 and 160, are detailed below:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)	First half 2001 pro forma (€/million)
Adjustments to tangible and intangible fixed assets (caption 90)	308	543	242	293
Provisions for risks and charges (caption 100)	99	136	101	141
Adjustments to loans and provisions for guarantees and commitments (caption 120)	339	636	272	379
Writebacks of adjustments to loans and provisions for guarantees and commitments (caption 130)	206	278	140	178
Provisions to reserves for possible loan losses (caption 140)	15	11	4	5
Adjustments to fixed financial assets (caption 150)	71	235	15	26
Writebacks of adjustments to fixed financial assets (caption 160)	15	2	1	1

Adjustments to intangible and tangible fixed assets (caption 90)

Analysis of caption 90 "Adjustments to intangible and tangible fixed assets"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Adjustments to intangible fixed assets			
– amortization of start-up and capital increase expenses	1	2	1
– amortization of goodwill	-	1	-
– amortization of merger differences	14	27	14
– amortization of software costs	80	125	63
– long-term writedowns of software costs	-	8	-
– amortization of other deferred charges	14	45	9
– amortization of goodwill arising on consolidation	56	96	51
– amortization of goodwill arising on application of the equity method	15	25	4
Adjustments to tangible fixed assets			
– depreciation of property	46	66	33
– depreciation of furniture and installation	82	148	67
Total	308	543	242

Individual assets have been written down with reference to their remaining useful lives using, in most cases, the maximum fiscally-allowed rates, including the provision of accelerated depreciation.

Provisions for risks and charges (caption 100)

Provisions for risks and charges, for 99 million Euro, made during the half year, reflect the consolidation of the corresponding provision of the Parent Bank (44 million Euro), provisions made by Banco di Napoli (20 million Euro) and provisions made during the half year by “Network Banks” held by Cardine Finanziaria (11 million Euro). The remainder refers essentially to provisions made by the subsidiaries operating in the placement and management of financial products against the risks involved in such activities.

The provision made by the Parent Bank is allocated as follows:

- 19 million Euro for potential charges deriving from any renegotiation of mortgage loans, premium transactions and other potential liabilities;
- 19 million Euro to strengthen the fund against losses on legal disputes;
- 6 million Euro to increase the coverage of the reserve for other personnel costs, made up of 3 million Euro to cover long-service bonuses to employees and 3 million Euro to integrate the provisions established to balance the technical deficit of the Bank’s employee pension fund.

The provision made by Banco di Napoli is allocated as follows:

- 8 million Euro to increase the reserve for other risks and charges against losses on legal disputes, especially claims from bankruptcy liquidators;
- 6 million Euro against potential costs deriving from the renegotiation of mortgage loans;
- 4 million Euro to increase the reserve for other personnel costs;
- 2 million Euro for other risks and charges.

The provision made by the “Network Banks” is allocated as follows:

- 4 million Euro against potential costs deriving from the renegotiation of mortgage loans;
- 3 million Euro to increase the reserve for other risks and charges against losses on legal disputes, especially claims from bankruptcy liquidators;
- 4 million Euro for other risks and charges.

The provision made by the other subsidiaries operating in financial services for families is made up of prudential provisions against risks connected with the distribution and management of financial products.

Adjustments to loans and provisions for guarantees and commitments (caption 120)

Analysis of caption 120 “Adjustments to loans and provisions for guarantees and commitments”

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
a) Adjustments to loans	330	622	269
<i>of which:</i>			
– general adjustments for country risk	5	13	13
– other general adjustments	79	184	61
b) Provisions for guarantees and commitments	9	14	3
<i>of which:</i>			
– general provisions for country risk	-	-	-
– other general provisions	2	3	2
Total	339	636	272

Writebacks of adjustments to loans and provisions for guarantees and commitments (caption 130)*Analysis of caption 130 "Writebacks of adjustments to loans and provisions for guarantees and commitments"*

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Revaluation of loans previously written down	83	132	58
Revaluation of loans previously written off	1	2	1
Revaluation of provisions for guarantees and commitments	12	2	3
Collection of loan principal previously written down	68	72	43
Collection of loan principal and interest previously written off	14	35	14
Collection of default interest previously written down	28	35	21
Total	206	278	140

Provisions to reserves for possible loan losses (caption 140)

Provisions to reserves for possible loan losses represent the provisions made by certain subsidiary companies without adjustment effect and do not adjust risks which are only potential.

Adjustments to financial fixed assets (caption 150)*Analysis of caption 150 "Adjustments to fixed financial assets"*

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Adjustments to investment securities	1	11	1
Adjustments to equity investments	70	224	14
Total	71	235	15

Adjustments to equity investments for 70 million Euro relate to the writedown of holdings in the following companies:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Fiat S.p.A.	44	72	-
Santander Central Hispano	8	80	-
Hutchinson 3G Italia S.p.A.	8	19	-
Olivetti S.p.A.	3	19	-
Enel S.p.A.	1	4	2
Euromedia Venture Belgique S.A.	1	3	-
Engineering Ingegneria Informatica S.p.A.	1	1	-
Kiwi II Ventura - Serviços de Consultoria S.A.	1	1	-
Convergenza S.C.A.	1	1	-
Metzler International A.G.	1	-	-
Banca Popolare di Lodi S.c.r.l.	-	6	1
Blixer S.p.A.	-	4	4
AEM Torino S.p.A.	-	3	-
Cartiere Fedrigoni S.p.A.	-	2	-
AC.E.GA.S S.p.A.	-	2	-
Davide Campari S.p.A.	-	2	-
ACEA S.p.A.	-	1	-
Banca Mediocredito S.p.A.	-	1	-
Giraglia Immobiliare S.p.A.	-	1	-
Filos S.p.A.	-	-	1
La Stampa Interattiva S.p.A.	-	-	1
Banca Mediocredito S.p.A.	-	-	1
Other adjustments	1	2	4
Total	70	224	14

Writebacks of fixed financial assets for 15 million Euro refer to writebacks of equity investments for 14 million Euro and writebacks of investment securities for 1 million Euro.

SECTION 6 - OTHER STATEMENT OF INCOME CAPTIONS

Captions 30, 70, 110, 190, 200 and 240 of the statement of income not commented upon previously in these notes, comprise the following:

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)	First half 2001 pro forma (€/million)
Dividends and other revenues (caption 30)	514	397	370	388
Other operating income (caption 70)	204	280	156	232
Other operating expenses (caption 110)	22	36	21	34
Extraordinary income (caption 190)	277	660	275	320
Extraordinary expenses (caption 200)	141	269	100	113
Income taxes for the period (caption 240)	415	318	315	430

Dividends and other revenues (caption 30)

Analysis of caption 30 "Dividends and other revenues"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Shares, quotas and other equities			
– dividends	252	172	171
– tax credits	136	91	96
Non-consolidated investments not carried at equity			
– dividends	92	102	73
– tax credits	34	32	30
Total	514	397	370

Other operating income (caption 70)

Analysis of caption 70 "Other operating income"

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Expenses recovered			
– stamp duties	78	112	57
– other taxes	27	44	31
– legal costs	8	7	3
– other recoveries	37	43	24
Income from merchant banking activities	8	14	12
Income from IT companies	2	14	13
Reimbursement of services rendered to third parties	8	7	4
Other income from leasing activities	2	3	2
Rent and other income from property	7	4	2
Other income	27	32	8
Total	204	280	156

Other operating expenses (caption 110)*Analysis of caption 110 "Other operating expenses"*

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Leasing charges	3	3	1
Other charges on leasing transactions	8	16	8
IT companies expenses	1	8	8
Losses on merchant banking activities	1	3	-
Other charges	9	6	4
Total	22	36	21

Extraordinary income (caption 190)*Analysis of caption 190 "Extraordinary income"*

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Out-of-period income			
– use of reserves in excess	3	16	5
– disposal of derivative contracts connected with shareholdings (a)	96	-	-
– other out-of-period income	39	57	27
Reimbursement of prior years direct taxes	21	-	-
Amounts not payable	1	28	15
Out-of-court settlements by Banco di Napoli	2	66	64
Price revision on property and investment transactions	10	7	7
Insurance reimbursements for bank robberies	1	2	2
Reimbursement of damages for natural disasters	5	-	-
Gains on:			
– equity investments	80	280	112
– investments in companies consolidated line-by-line	15	152	1
– investment securities	1	12	12
– own shares	-	30	30
– tangible and intangible fixed assets	3	10	-
Total	277	660	275

(a) This caption refers to the disposal of derivative contracts connected with the shareholding in Banca Agricola Mantovana, disposed of simultaneously with the booking of losses for the same amount.

Gains on investments mainly refer to the sale of investments in Cardine Banca (62 million Euro), ENI (4 million Euro), Euronext (3 million Euro), Datitalia (3 million Euro), Beni Stabili (2 million Euro) and Davide Campari (2 million Euro).

Extraordinary expense (caption 200)*Analysis of caption 200 "Extraordinary expense"*

	First half 2002 (€/million)	2001 (€/million)	First half 2001 (€/million)
Provisions for supplementary pensions made by Banco di Napoli	-	114	26
Amounts not collectible	4	18	15
Settlement of civil disputes of Banco di Napoli	-	6	6
Restructuring	6	10	4
Stamp duty on IMI - SIR sentence	-	17	-
Expenses for bank robberies	3	5	3
Severance bonus incentive for voluntary redundancy	-	31	-
Losses on:			
– investment securities	2	-	-
– equity investments (a)	96	6	4
– other financial fixed assets	-	9	9
– tangible fixed assets	-	-	-
Other out-of-period expenses	30	53	33
Total	141	269	100

(a) This caption refers to the disposal of the shareholding in Banca Agricola Mantovana, disposed of simultaneously with the derivative contracts connected with this shareholding with the booking of contingent assets for the same amount.

Part D - Other information

SECTION 1 - NUMBER OF EMPLOYEES AND BRANCH NETWORK

Average number of employees by category

	First half 2002	2001	First half 2001
a) Executives	857	673	687
b) Managers	6,207	11,638	11,326
c) Other employees	39,420	23,172	23,704
Total	46,484	35,483	35,717
<i>of which: of proportionally consolidated companies</i>	<i>690</i>	<i>182</i>	<i>183</i>

The division between Executives and Managers reflects, for all compared periods, the changes provided for by the collective national employment contract introduced in 1/1/2001.

The pro forma figures for 2001 and the first half of 2001 for the average number of employees are 46,627 and 46,826 units respectively.

Part E - Scope of consolidation

SECTION 1 - INVESTMENTS IN SUBSIDIARIES AND COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

Important Group shareholdings in subsidiaries and companies subject to significant influence in accordance with articles 4 and 19 of D. Lgs. 87/92 are indicated in the table below:

Investments in subsidiaries and companies subject to significant influence

Name	Registered offices	Type of relationship (*)	Ownership Held by	%	Voting rights at shareholders' meeting %	Consolidated Book values (€/million)
A. Companies consolidated on a line-by-line and proportional basis						
SANPAOLO IMI S.p.A. (Parent Bank)	Turin			-	-	-
<i>A1 Companies consolidated on a line-by-line basis</i>						
1 Alcedo S.r.l.	Padua	1	Cardine Finanziaria	60.00	60.00	XXX (A)
2 Banca Agricola di Cerea S.p.A.	Verona	1	Cardine Finanziaria	100.00	100.00	XXX (A)
3 Banca Fideuram S.p.A.	Milan	1	Sanpaolo IMI Invesp	61.29 10.00	61.29 10.00	XXX XXX
				71.29	71.29	
4 Banca d'Intermediazione Mobiliare IMI S.p.A. (Banca IMI)	Milan	1	Sanpaolo IMI	100.00	100.00	XXX
5 Banca IMI Securities Corp.	United States	1	IMI Capital Market USA	100.00	100.00	XXX
6 Banca OPI S.p.A.	Rome	1	Sanpaolo IMI	100.00	100.00	XXX
7 Banca Popolare dell'Adriatico S.p.A.	Teramo	1	Cardine Finanziaria	70.86	70.86	XXX (A)
8 Banca Sanpaolo Invest S.p.A.	Rome	1	Sanpaolo IMI	100.00	100.00	XXX
9 Banco di Napoli S.p.A.	Naples	1	Sanpaolo IMI	99.18	100.00	XXX
10 Banco di Napoli Asset Management S.g.r. p.A.	Naples	1	Sanpaolo IMI WM	100.00	100.00	XXX (B)
11 Banque Privée Fideuram Wargny S.A.	France	1	Financiere Fideuram	99.84	99.84	XXX
12 Banque Sanpaolo S.A.	France	1	Sanpaolo IMI	100.00	100.00	XXX
13 BNH S.p.A. (in liq. since 10/9/02)	Turin	1	Sanpaolo IMI	100.00	100.00	XXX
14 Cardine Fiduciaria S.p.A.	Bologna	1	Sanpaolo IMI	100.00	100.00	XXX (A)
15 Cardine Finance Plc	Ireland	1	Sanpaolo IMI Cassa di Risparmio Padova e Rovigo Cassa di Risparmio Venezia Cassa di Risparmio Bologna	99.97 0.01 0.01 0.01	99.97 0.01 0.01 0.01	XXX XXX XXX XXX
				100.00	100.00	(A)
16 Cardine Finanziaria S.p.A.	Padua	1	Sanpaolo IMI	100.00	100.00	XXX (A)
17 Cardine Investimenti S.g.r. S.p.A.	Padua	1	Sanpaolo IMI Alcedo	90.00 10.00	90.00 10.00	XXX XXX
				100.00	100.00	(A)
18 Cardine Leasing S.p.A.	Bologna	1	Sanpaolo IMI	100.00	100.00	XXX (A)
19 Cariparo Ireland Plc	Ireland	1	Sanpaolo IMI Banca Agricola di Cerea Banca Popolare dell'Adriatico Cassa di Risparmio Gorizia Cassa di Risparmio Udine e Pordenone Cassa di Risparmio Venezia Cassa di Risparmio Bologna	99.94 0.01 0.01 0.01 0.01 0.01 0.01	99.94 0.01 0.01 0.01 0.01 0.01 0.01	XXX XXX XXX XXX XXX XXX XXX
				100.00	100.00	(A)

(cont.: Companies consolidated on a line-by-line basis)

Name	Registered offices	Type of relationship (*)	Ownership		Voting rights at shareholders' meeting %		Consolidated Book values (€/million)
			Held by	%	%	%	
20 Cassa di Risparmio di Gorizia S.p.A.	Gorizia	1	Cardine Finanziaria	100.00	100.00	100.00	XXX (A)
21 Cassa di Risparmio di Padova e Rovigo S.p.A.	Padua	1	Cardine Finanziaria	100.00	100.00	100.00	XXX (A)
22 Cassa di Risparmio di Udine e Pordenone S.p.A.	Udine	1	Cardine Finanziaria	100.00	100.00	100.00	XXX (A)
23 Cassa di Risparmio di Venezia S.p.A.	Venice	1	Cardine Finanziaria	100.00	100.00	100.00	XXX (A)
24 Cassa di Risparmio in Bologna S.p.A.	Bologna	1	Cardine Finanziaria	100.00	100.00	100.00	XXX (A)
25 Compagnia di San Paolo Investimenti Patrimoniali S.p.A.	Turin	1	Banca OPI	100.00	100.00	100.00	XXX (C)
26 Farbanca S.p.A.	Bologna	4	Sanpaolo IMI	15.00	15.00	15.00	XXX (A)
27 Fideuram Asset Management (Ireland) Ltd	Ireland	1	Banca Fideuram	100.00	100.00	100.00	XXX (D)
28 Fideuram Bank S.A.	Luxembourg	1	Banca Fideuram	99.99	99.99	99.99	XXX
			Fideuram Vita	0.01	0.01	0.01	XXX
				100.00	100.00	100.00	
29 Fideuram Bank (Suisse) A.G.	Switzerland	1	Fideuram Bank	100.00	100.00	100.00	XXX
30 Fideuram Capital SIM S.p.A.	Milan	1	Banca Fideuram	100.00	100.00	100.00	XXX
31 Fideuram Fiduciaria S.p.A.	Rome	1	Banca Fideuram	100.00	100.00	100.00	XXX
32 Fideuram Fondi S.p.A.	Rome	1	Banca Fideuram	99.25	99.25	99.25	XXX
33 Fideuram Gestioni Patrimoniali SIM S.p.A.	Milan	1	Banca Fideuram	100.00	100.00	100.00	XXX
34 Fideuram Gestions S.A.	Luxembourg	1	Banca Fideuram	99.94	99.94	99.94	XXX
			Fideuram Vita	0.06	0.06	0.06	XXX
				100.00	100.00	100.00	(E)
35 Fideuram Wargny Active Broker S.A.	France	1	Banque Privée Fideuram Wargny	99.99	99.99	99.99	XXX
36 Fideuram Wargny Gestion S.A.	France	1	Banque Privée Fideuram Wargny	99.85	99.85	99.85	XXX
37 Fideuram Wargny Gestion S.A.M. (formerly Wargny Gestion S.A.M.)	Principality of Monaco	1	Banque Privée Fideuram Wargny	99.50	99.50	99.50	XXX
38 Financière Fideuram S.A.	France	1	Banca Fideuram	94.96	94.96	94.96	XXX
39 Fincardine S.p.A.	Bologna	1	Sanpaolo IMI	100.00	100.00	100.00	XXX (A)
40 Finemiro Banca S.p.A.	Bologna	1	Sanpaolo IMI	96.68	96.68	96.68	XXX (A)
41 Finemiro Leasing S.p.A.	Bologna	1	Finemiro Banca	100.00	100.00	100.00	XXX (A)
42 Finemiro Stile S.p.A.	Bologna	1	Finemiro Banca	100.00	100.00	100.00	XXX (A/F)
43 GE.RI.CO.-Gestione Riscossione Tributi in Concessione S.p.A.	Venice	1	Sanpaolo IMI	100.00	100.00	100.00	XXX (A)
44 IDEA S.A.	Luxembourg	1	IMI Bank (Lux)	99.17	99.17	99.17	XXX
			Sanpaolo IMI International	0.83	0.83	0.83	XXX
				100.00	100.00	100.00	
45 IMI Bank (Lux) S.A.	Luxembourg	1	Banca IMI	99.99	99.99	99.99	XXX
			IMI Investments	0.01	0.01	0.01	XXX
				100.00	100.00	100.00	
46 IMI Capital Markets USA Corp.	United States	1	IMI Investments	100.00	100.00	100.00	XXX
47 IMI Investimenti S.p.A. (formerly NHS-Nuova Holding Sanpaolo IMI S.p.A.)	Turin	1	Sanpaolo IMI	100.00	100.00	100.00	XXX (G/H)
48 IMI Investments S.A.	Luxembourg	1	Banca IMI	99.99	99.99	99.99	XXX
			Banca IMI Securities	0.01	0.01	0.01	XXX
				100.00	100.00	100.00	

(cont.: Companies consolidated on a line-by-line basis)

Name	Registered offices	Type of relationship (*)	Ownership		Voting rights at shareholders' meeting %		Consolidated Book values (€/million)
			Held by	%			
49 IMI Real Estate S.A.	Luxembourg	1	IMI Bank (Lux)	99.99	99.99	XXX	
			Sanpaolo IMI International	0.01	0.01	XXX	
				100.00	100.00		
50 IMIWeb Bank S.p.A.	Milan	1	Banca IMI	100.00	100.00	XXX	
51 IMIWeb (UK) Ltd	United Kingdom	1	IMIWeb Bank	100.00	100.00	XXX	
52 Independent Management for Institutional Advisory Co. S.A.	Luxembourg	1	IMI Investments	100.00	100.00	XXX	
53 Invesp S.p.A.	Turin	1	Sanpaolo IMI	100.00	100.00	XXX	
54 Lackenstar Ltd	Ireland	1	Sanpaolo IMI Bank Ireland	100.00	100.00	XXX	
55 LDV Holding B.V.	The Netherlands	1	NHS	100.00	100.00	XXX (I)	
56 NHS S.p.A.	Bologna	1	Sanpaolo IMI	78.02	78.02	XXX (J)	
57 NHS Investments S.A.	Luxembourg	1	IMI Investimenti	99.99	99.99	XXX	
			LDV Holding	0.01	0.01	XXX	
				100.00	100.00		
58 NHS Luxembourg S.A.	Luxembourg	1	NHS	99.99	99.99	XXX	
			LDV Holding	0.01	0.01	XXX	
				100.00	100.00	(I)	
59 Sanpaolo Asset Management S.A.	France	1	Banque Sanpaolo	99.98	99.98	XXX	
			Société Foncière d'Investissement	0.01	0.01	XXX	
			Société Immobilière d'Investissement	0.01	0.01	XXX	
				100.00	100.00		
60 Sanpaolo Bail S.A.	France	1	Banque Sanpaolo	99.97	99.97	XXX	
			Sanpaolo Mur	0.01	0.01	XXX	
			Société Foncière d'Investissement	0.01	0.01	XXX	
			Société Immobilière d'Investissement	0.01	0.01	XXX	
	100.00	100.00					
61 Sanpaolo Bank (Austria) A.G.	Austria	1	Sanpaolo Bank	100.00	100.00	XXX	
62 Sanpaolo Bank S.A.	Luxembourg	1	Sanpaolo IMI WM	99.99	99.99	XXX	
			Sanpaolo Gestion Internationale	0.01	0.01	XXX	
				100.00	100.00		
63 Sanpaolo Fiduciaria S.p.A.	Milan	1	Sanpaolo IMI WM	100.00	100.00	XXX (K)	
64 Sanpaolo Fonds Gestion S.n.c.	France	1	Banque Sanpaolo	80.00	80.00	XXX	
			Sanpaolo Asset Management S.A.	20.00	20.00	XXX	
				100.00	100.00		
65 Sanpaolo Gestion Internationale S.A. (subsequently Sanpaolo IMI WM Luxembourg S.A.)	Luxembourg	1	Sanpaolo IMI WM	88.22	88.22	XXX	
			Sanpaolo Bank	11.78	11.78	XXX	
				100.00	100.00		
66 Sanpaolo IMI Alternative Investments S.g.r. S.p.A.	Milan	1	Sanpaolo IMI WM	100.00	100.00	XXX (M)	
67 Sanpaolo IMI Asset Management S.g.r. S.p.A.	Turin	1	Sanpaolo IMI WM	100.00	100.00	XXX	
68 Sanpaolo IMI Bank (International) S.A.	Madeira	1	Sanpaolo IMI	69.01	69.01	XXX	
			Sanpaolo IMI International	30.99	30.99	XXX	
				100.00	100.00		

(cont.: Companies consolidated on a line-by-line basis)

Name	Registered offices	Type of relationship (*)	Ownership		Voting rights at shareholders' meeting %	Consolidated Book values (€/million)
			Held by	%		
69 Sanpaolo IMI Bank Ireland Plc	Ireland	1	Sanpaolo IMI	100.00	100.00	XXX
70 Sanpaolo IMI Capital Company I L.L.C.	United States	1	Sanpaolo IMI	100.00	100.00	XXX
71 Sanpaolo IMI Institutional Asset Management S.g.r. S.p.A.	Monza	1	Sanpaolo IMI WM	85.00	85.00	XXX (N)
			Banca IMI	11.72	11.72	XXX
			IMI Bank (Lux)	3.28	3.28	XXX
				100.00	100.00	
72 Sanpaolo IMI International S.A.	Luxembourg	1	Sanpaolo IMI	100.00	100.00	XXX
73 Sanpaolo IMI US Financial Co.	United States	1	Sanpaolo IMI	100.00	100.00	XXX
74 Sanpaolo IMI Wealth Management S.p.A. (formerly Wealth Management Sanpaolo IMI S.p.A.)	Milan	1	Sanpaolo IMI	96.90	96.90	XXX
			Banco di Napoli	3.10	3.10	XXX
				100.00	100.00	
75 Sanpaolo Invest Ireland Ltd	Ireland	1	Banca Sanpaolo Invest	100.00	100.00	XXX
76 Sanpaolo Leasint S.p.A.	Milan	1	Sanpaolo IMI	100.00	100.00	XXX
77 Sanpaolo Mur S.A.	France	1	Banque Sanpaolo	99.99	99.99	XXX
			Sanpaolo Bail	0.01	0.01	XXX
				100.00	100.00	
78 Sanpaolo Riscossioni Genova S.p.A.	Genoa	1	Sanpaolo IMI	100.00	100.00	XXX
79 Sanpaolo Riscossioni Prato S.p.A.	Prato	1	Sanpaolo Riscossioni Genova	63.76	63.76	XXX
			Sanpaolo IMI	36.24	36.24	XXX
				100.00	100.00	
80 SEP S.p.A.	Turin	1	Sanpaolo IMI	100.00	100.00	XXX
81 Sogesmar S.A.	France	1	Banque Privée Fideuram Wargny	51.09	51.09	XXX
			Fideuram Wargny Gestion	48.19	48.19	XXX
				99.28	99.28	
82 SP Immobiliere S.A.	Luxembourg	1	Sanpaolo Bank	99.99	99.99	XXX
			Sanpaolo Gestion Internationale	0.01	0.01	XXX
				100.00	100.00	
83 SP Private Banking S.A. (subsequently Sanpaolo Bank (Suisse) S.A.)	Switzerland	1	Sanpaolo Bank	99.98	99.98	XXX
84 Tobuk Ltd	Ireland	1	Sanpaolo IMI Bank Ireland	100.00	100.00	XXX
85 Tushingam Ltd	Ireland	1	Sanpaolo IMI Bank Ireland	100.00	100.00	XXX
86 West Bank S.A.	Romania	1	Sanpaolo IMI	72.39	72.39	XXX

A2 Companies consolidated with the proportional method

1	Banka Koper d.d.	Slovenia	7	Sanpaolo IMI	62.10	32.99	XXX (O)
2	Centradia Group Ltd	United Kingdom	7	Sanpaolo IMI	29.03	29.03	XXX
3	Centradia Ltd	United Kingdom	7	Centradia Group	100.00	100.00	XXX
4	Centradia Services Ltd	United Kingdom	7	Centradia Group	100.00	100.00	XXX
5	Finconsumo Banca S.p.A.	Turin	7	Sanpaolo IMI	50.00	50.00	XXX
6	FC Factor S.r.l.	Turin	7	Finconsumo	100.00	100.00	XXX

Name	Registered offices	Type of relationship (*)	Ownership Held by	Voting rights at shareholders' meeting %	Consolidated Book values (€/million)
B. Investments carried at equity					
<i>B1 Investments carried at equity - subsidiaries (**)</i>					
1	3G Mobile Investments 2 S.A. (formerly Bernabé Mobile Investments 2 S.A.)	Belgium	1	IMI Investimenti	100.00 100.00 56
2	Banca IMI (Nominees) Ltd	United Kingdom	1	Banca IMI	100.00 100.00 -
3	Bonec Ltd	Ireland	1	Sanpaolo IMI Bank Ireland	100.00 100.00 -
4	Brokerban S.p.A.	Naples	1	Banco di Napoli	100.00 100.00 1
5	Cardine Financial Innovation S.p.A.	Padua	1	Cardine Finanziaria	60.00 60.00 - (A)
6	Cardine Suisse S.A.	Switzerland	1	Sanpaolo IMI	99.00 99.00 1 (A)
7	Cedar Street Securities Corp.	United States	1	Banca IMI Securities	100.00 100.00 -
8	Consorzio Studi e Ricerche Fiscali	Rome	1	Sanpaolo IMI	50.00 50.00 -
				Banca IMI	10.00 10.00 -
				Banca Fideuram	10.00 10.00 -
				Banca OPI	5.00 5.00 -
				Banco di Napoli	5.00 5.00 -
				Fideuram Vita	5.00 5.00 - (P)
				IMI Investimenti	5.00 5.00 -
				Sanpaolo Leasint	5.00 5.00 -
				Sanpaolo IMI Asset Management	5.00 5.00 -
					100.00 100.00
9	CSP Investimenti S.r.l.	Turin	1	Compagnia di San Paolo Investimenti Patrimoniali	100.00 100.00 - (Q)
10	Emil Europe '92 S.r.l.	Bologna	1	Cassa di Risparmio Bologna	90.55 90.55 4 (A)
11	Esaban S.p.A.	Naples	1	Banco di Napoli	100.00 100.00 3
12	Fideuram Assicurazioni S.p.A.	Rome	1	Banca Fideuram	100.00 100.00 13
13	Fideuram Vita S.p.A.	Rome	1	Banca Fideuram	99.75 100.00 300
14	Finance Gestion S.A.	France	1	Banque Privée Fideuram Wargny Financiere Fideuram	50.02 50.02 - 49.84 49.84 - 99.86 99.86
15	Finomatic S.a r.l.	France	1	Financière Fideuram	99.80 99.80 -
16	Immobiliare 21 S.r.l.	Milan	1	Invesp RSP	90.00 90.00 - 10.00 10.00 - (P) 100.00 100.00
17	Immobiliare Nettuno S.p.A.	Bologna	1	Cassa di Risparmio Bologna	100.00 100.00 3 (A)
18	Independent Management for Institutionals Sicav	Luxembourg	1	IMI Bank (Lux) Independent Management for Institutional Adv.	50.00 50.00 - 50.00 50.00 - 100.00 100.00
19	ISC Euroservice G.M.B.H.	Germany	1	Sanpaolo IMI	80.00 80.00 - (A)
20	New BPA S.r.l. (subsequently Sanpaolo IMI Internazionale S.p.A.)	Bologna	1	Sanpaolo IMI	100.00 100.00 - (A)
21	NHS Mezzogiorno S.g.r. S.p.A.	Naples	1	NHS NHS Luxembourg	99.50 99.50 2 0.50 0.50 - 100.00 100.00 (I)(R)

(cont.: investments carried at equity - subsidiaries)

Name	Registered offices	Type of relationship (*)	Ownership		Voting rights at shareholders' meeting %		Consolidated Book values (€/million)
			Held by	%	%	%	
22 Obiettivo Società di Gestione del Risparmio (S.g.r.) S.p.A.	Milan	1	Banca IMI	100.00	100.00	100.00	3
23 Poseidon - Insurance Brokers - S.p.A.	Bologna	1	Fincardine	100.00	100.00	100.00	1 (A)
24 Prospettive 2001 S.p.A.	Milan	1	Sanpaolo IMI	100.00	100.00	100.00	13
25 RSP S.r.l.	Turin	1	Sanpaolo IMI	100.00	100.00	100.00	-
26 S.V.I.T. S.p.A.	Padua	1	Cassa di Risparmio Padova e Rovigo	57.45	57.45	57.45	- (A)
27 Sanpaolo IMI Capital Partners Ltd	Guernsey	1	NHS	99.00	99.00	99.00	-
			Sanpaolo IMI Management	1.00	1.00	1.00	- (P)
				100.00	100.00	100.00	(I)
28 Sanpaolo IMI Management Ltd	United Kingdom	1	NHS	100.00	100.00	100.00	- (I)
29 Sanpaolo IMI Private Equity S.p.A.	Turin	1	NHS	100.00	100.00	100.00	1 (I)
30 Sanpaolo Leasint G.M.B.H.	Austria	1	Sanpaolo Leasint	100.00	100.00	100.00	-
31 Sanpaolo Life Ltd	Ireland	1	Sanpaolo Vita	75.00	100.00	100.00	- (P)
			Banca Sanpaolo Invest	25.00	0.00	0.00	1
				100.00	100.00	100.00	
32 Sanpaolo Vita S.p.A.	Milan	1	Sanpaolo IMI WM	100.00	100.00	100.00	232 (S)
33 Servizi S.r.l.	Bologna	1	Finemiro Banca	100.00	100.00	100.00	1 (A)
34 Soci�t� Civile Les Jardins d'Arcadie	France	1	Banque Sanpaolo	55.00	55.00	55.00	-
35 Socavie S.N.C.	France	1	Banque Sanpaolo	99.80	99.80	99.80	2
			Soci�t� Fonciere d'Investissement	0.20	0.20	0.20	- (P)
				100.00	100.00	100.00	
36 Soci�t� Fonciere d'Investissement S.A.	France	1	Banque Sanpaolo	99.96	99.96	99.96	-
			Soci�t� Immobiliere d'Investissement	0.04	0.04	0.04	- (P)
				100.00	100.00	100.00	
37 Soci�t� Immobiliere d'Investissement	France	1	Banque Sanpaolo	99.98	99.98	99.98	-
			Soci�t� Fonciere d'Investissement	0.02	0.02	0.02	- (P)
				100.00	100.00	100.00	
38 UNI Invest S.A.	France	1	Banque Sanpaolo	99.99	99.99	99.99	-
			Sanpaolo Bail	0.01	0.01	0.01	-
				100.00	100.00	100.00	
39 W.D.W. S.A.	France	1	Banque Priv�e Fideuram Wargny	99.72	99.72	99.72	-
40 West Leasing S.A.	Romania	1	West Bank	88.30	88.30	88.30	- (A)
41 West Trade Center S.A.	Romania	1	Sanpaolo IMI	75.00	75.00	75.00	- (A)
42 BN Finrete S.p.A. (in liq.)	Naples	1	Banco di Napoli	99.00	99.00	99.00	1 (T)
43 FISPAO S.p.A. (in liq.)	Turin	1	Compagnia di San Paolo Investimenti Patrimoniali	100.00	100.00	100.00	- (Q)
44 Imifin S.p.A. (in liq.)	Rome	1	Sanpaolo IMI	100.00	100.00	100.00	-
45 IMI Bank A.G. (in liq.)	Germany	1	IMI Bank (Lux)	95.24	95.24	95.24	1 (T)
			Sanpaolo IMI International	4.76	4.76	4.76	-
				100.00	100.00	100.00	
46 Innovare S.r.l. (in liq.)	Naples	1	Banco di Napoli	90.00	90.00	90.00	1 (T)

(cont.: investments carried at equity - subsidiaries)

Name	Registered offices	Type of relationship (*)	Ownership		Voting rights at shareholders' meeting %	Consolidated Book values (€/million)
			Held by	%		
47 Picus S.p.A. (in liq.)	Bergamo	1	LDV Holding	51.61	51.61	-
			Sanpaolo IMI Private Equity	1.29	1.29	-
				52.90	52.90	
48 S. e P. Servizi e Progetti S.p.A. (in liq.)	Turin	1	Compagnia di San Paolo Investimenti Patrimoniali	100.00	100.00	- (Q)
49 S.A.G.E.T. S.p.A. (in liq.)	Teramo	1	Banca Popolare dell'Adriatico	99.98	99.98	-
50 Sanpaolo U.S. Holding Co. (in liq.)	United States	1	Sanpaolo IMI	100.00	100.00	3 (T)
51 Se.Ri.T. S.p.A. (in liq.)	Teramo	1	Banca Popolare dell'Adriatico	100.00	100.00	- (A)
52 Sicilsud Leasing S.p.A. (in liq.)	Palermo	1	Compagnia di San Paolo Investimenti Patrimoniali	100.00	100.00	1 (Q)(T)
Other equity investments						4 (U)
Total investments carried at equity - subsidiaries						648

B2 Investments carried at equity - other

53 Adriavita S.p.A.	Trieste	8	Cardine Finanziaria	24.50	24.50	3 (A)
54 Aeffe S.p.A.	Rimini	8	LDV Holding	20.00	20.00	9
55 Banque Esprit Santo et de la Venetie S.A.	France	8	Fincardine	37.00	37.00	20 (A)
56 Banque Michel Inchauspe S.A. (BAMI)	France	8	Banque Sanpaolo	20.00	20.00	5
57 Beaujon Immobilière	France	7	Banque Sanpaolo	50.00	50.00	-
58 Cassa dei Risparmi di Forlì S.p.A.	Forlì	8	Sanpaolo IMI	21.02	21.02	42
59 Cassa di Risparmio di Firenze S.p.A.	Florence	8	Sanpaolo IMI	19.53	19.53	180 (S)
60 CBE Service S.p.r.l.	Belgium	8	Sanpaolo IMI	26.70	26.70	-
			Banco di Napoli	5.00	5.00	-
				31.70	31.70	
61 Conservateur Finance S.A.	France	8	Banque Sanpaolo	20.00	20.00	6
62 CR Firenze Gestion Internationale S.A.	Luxembourg	8	Sanpaolo IMI	20.00	20.00	-
63 Egida Compagnia di Assicurazioni S.p.A.	Turin	7	Sanpaolo Vita	50.00	50.00	- (P)
64 Eptaconsors S.p.A.	Milan	8	Sanpaolo IMI	20.24	20.24	18
			Fincardine	20.24	20.24	18
				40.48	40.48	36 (A)
65 Esatri S.p.A.	Milan	8	Sanpaolo IMI	31.50	31.50	17
66 Eurosic S.A.	France	8	Banque Sanpaolo	32.77	32.77	10
67 Finnat Investments S.p.A.	Rome	8	Invesp	20.00	20.00	-
68 Finor d.o.o.	Slovenia	8	Banka Koper	100.00	100.00	1 (V)
69 HDI Assicurazioni S.p.A.	Rome	8	Sanpaolo IMI	28.32	28.32	38
70 I.TRE Iniziative Immobiliari Industriali S.p.A.	Rovigo	8	Cassa di Risparmio Padova e Rovigo	20.00	20.00	- (A)
71 Immobiliare Colonna '92 S.r.l.	Rome	8	Compagnia di San Paolo Investimenti Patrimoniali	33.33	33.33	2 (Q)
72 Inter-Europa Bank RT	Hungary	8	Sanpaolo IMI	32.51	32.51	8
73 Lama Dekani d.d.	Slovenia	8	Banka Koper	78.41	78.41	1 (V)

(cont.: investments carried at equity - other)

Name	Registered offices	Type of relationship (*)	Ownership		Voting rights at shareholders' meeting %	Consolidated Book values (€/million)
			Held by	%		
74 Liseuro S.p.A.	Udine	8	Sanpaolo IMI	35.11	35.11	1 (A)
75 Logiasit S.A.	France	8	Banque Sanpaolo	33.34	33.34	-
76 Noricum Vita S.p.A.	Bologna	8	Cardine Finanziaria	44.00	44.00	10 (A)
77 Padova 2000 Iniziative Immobiliari S.p.A.	Padua	8	Cassa di Risparmio Padova e Rovigo	45.01	45.01	- (A)
78 Pivka Perutninarstvo d.d.	Slovenia	8	Banka Koper	26.36	26.36	1
79 PROGEMA S.r.l.	Turin	8	Finemiro Banca SEP - Servizi e Progetti	10.00	10.00	- (A)
				10.00	10.00	-
				20.00	20.00	(W)
80 Sanpaolo IMI Private Equity Scheme B.V.	The Netherlands	8	LDV Holding	29.38	29.38	21
81 Società Gestione per il Realizzo S.p.A.	Rome	8	Banco di Napoli	18.84	18.84	1
			Sanpaolo IMI	9.48	9.48	-
			Banca Fideuram	0.63	0.63	-
				28.95	28.95	
82 Societé Civile du 41 Avenue Bouisson Bertrand	France	8	Banque Sanpaolo	25.00	25.00	-
83 Societé Civile le Jardin de Nazareth	France	8	Banque Sanpaolo	20.00	20.00	-
84 Societé Civile Le Maestro	France	8	Banque Sanpaolo	20.00	20.00	-
85 Societé Civile Res Club les Arcades	France	8	Banque Sanpaolo	25.00	25.00	-
86 Societé Civile St. Gratien Village	France	8	Banque Sanpaolo	30.00	30.00	-
87 Sifin S.r.l.	Bologna	8	Fincardine	30.00	30.00	- (A)
88 Sinloc - Sistemi Iniziative Locali S.p.A.	Turin	8	Compagnia di San Paolo Investimenti Patrimoniali	31.85	31.85	13 (P)
			Banca OPI	8.15	8.15	4
				40.00	40.00	17 (W)
89 Società Friulana Esazione Tributi S.p.A.	Udine	8	Cassa di Risparmio Udine e Pordenone	33.33	33.33	2 (A)
90 Splosna Plovba Portoroz d.d.	Slovenia	8	Banka Koper	21.00	21.00	-
91 Stoà S.c.p.a.	Naples	8	Banco di Napoli	20.76	20.76	-
92 Summa Finance S.p.A.	Bologna	8	Fincardine	39.90	39.90	- (A)
93 Trivimm S.p.A.	Verona	8	Sanpaolo IMI	23.00	23.00	- (A)
94 Wire Industries S.p.A.	Milan	8	LDV Holding	30.53	30.53	6
95 Aeroporto di Napoli (in liq.)	Naples	8	Banco di Napoli	20.00	20.00	-
96 Chasefin - Chase Finanziaria S.p.A. (in liq.)	Milan	8	Finemiro Leasing	30.00	30.00	- (A)
97 Consorzio Agrario Prov.le di Rovigo (in liq.)	Rovigo	8	Cassa di Risparmio Padova e Rovigo	35.45	35.45	- (A)
98 Consorzio Bancario SIR S.p.A. (in liq.)	Rome	8	Sanpaolo IMI	32.49	32.49	-
			Banco di Napoli	0.35	0.35	-
				32.84	32.84	
99 Finexpance S.p.A. (in liq.)	Chiavari	8	Sanpaolo IMI	30.00	30.00	-
100 G.E.CAP. S.p.A. (in liq.)	Foggia	8	Banco di Napoli	37.25	37.25	-
101 Galère 28 (in liq.)	France	8	Banque Sanpaolo	23.44	23.44	-
102 Galileo Holding S.p.A. (in liq.)	Venice	8	Sanpaolo IMI	31.52	31.52	-

(cont.: investments carried at equity - other)

Name	Registered offices	Type of relationship (*)	Ownership		Voting rights at shareholders' meeting %	Consolidated Book values (€/million)
			Held by	%		
103 Italinfra Grandi Progetti S.p.A. (in liq.)	Naples	8	Banco di Napoli	30.00	30.00	-
104 Mega International S.p.A. (in arrangement with creditors)	Ravenna	8	Finemiro Banca	48.00	48.00	- (A)
105 Pubblileasing S.p.A. (in liq.)	Bari	8	Banco di Napoli	24.00	24.00	-
106 Sofimer S.p.A. (in liq.)	Naples	8	Banco di Napoli	20.00	20.00	-
107 Sviluppo di Nuove Iniziative S.p.A. (in liq.)	Genoa	7	Banco di Napoli	50.00	50.00	1 (T)
Other equity investments						0
Total investments carried at equity - other						438
Total investments carried at equity						1,086

(*) Type of relationship:

1 = control pursuant art. 2359 Italian civil code, subsection 1, n. 1: majority of voting rights at an ordinary meeting.

2 = control pursuant art. 2359 Italian civil code, subsection 1, n. 2: dominating influence at an ordinary meeting.

3 = control pursuant art. 2359 Italian civil code, subsection 2, n. 1: agreements with other partners.

4 = other forms of control.

7 = joint control pursuant art. 35, subsection 1 of D. Lgs. 87/92.

8 = associated company pursuant art. 36, subsection 1 of D. Lgs. 87/92: company over which "significant influence" is exercised, which is assumed to exist when at least 20% of the voting rights at an ordinary meeting are held.

(**) The list does not include the Banco di Napoli S.p.A. subsidiaries Isveimer S.p.A. (in liquidation) and Società per la gestione di attività S.p.A. (Sga), given the special nature of the relationship (see Part B - Section 5 "Other assets" of these notes).

(A) Entry due to the merger of Cardine Banca.

(B) In April, the company was sold by Banco di Napoli S.p.A. to Sanpaolo IMI WM S.p.A. in exchange for shares in the latter.

(C) The company became part of the SANPAOLO IMI Group following an exchange of investments between SANPAOLO IMI S.p.A. and Compagnia di San Paolo S.p.A.

(D) In the consolidated financial statements for 2001, the company was included among "Investments carried at equity - subsidiaries".

(E) As of 1 January 2002, the company merged Fideuram Multimanager Fund Management Co., Fonditalia Management Co., Interfund Advisory Co., Int. Securities Advisory Co. and Societé de Gestion du Fonds commun de Placement Fideuram Fund.

(F) In July, the company was merged by Finemiro Leasing S.p.A..

(G) In March, the company assumed the new name of IMI Investimenti S.p.A. following the split of the private equity assets in NHS S.p.A..

(H) The percentage of interest which was 51% at period-end, has risen to 100% due to the investment exchange between SANPAOLO IMI S.p.A. and Compagnia di San Paolo S.p.A.

(I) The investment was transferred to NHS S.p.A. by IMI Investimenti S.p.A. following the split of the private equity assets.

(J) New company receiving the private equity assets.

(K) In August, the company was sold to the Parent Bank.

(L) In April, the company merged SP Asset Managenet Luxembourg S.A. and Sanpaolo Services Luxembourg S.A.

(M) In May, the control of the company passed from Sanpaolo IMI Asset Management SGR S.p.A. to Sanpaolo IMI WM S.p.A.

(N) In June, Sanpaolo IMI WM S.p.A. purchased the 30% interest held by Fideuram Capital SIM S.p.A.

(O) The Parent Bank increased its own share at the conclusion of the OPA launched in the first quarter of 2002. In the consolidated financial statements for 2001, the company was included among "Other significant equity investments".

(P) The value is included in the equity valuation of the company holding the investment.

(Q) The investment became part of the Group following the acquisition of control of Compagnia di San Paolo Investimenti Patrimoniali S.p.A.

(R) New company.

(S) The valuation has been made on the basis of the consolidated financial statements prepared by the company in which the investment is held.

(T) The company's book value reflects the estimated realizable value according to the stage of completion of the liquidation process.

(U) This represents the total value of equity investments shown in the balance sheet at less than Euro 500,000.

(V) The investment controlled by Banka Koper d.d. is not included among "Investments carried at equity - subsidiaries" as the Parent Bank does not control Banka Koper d.d..

(W) The company, which was included among "Other significant equity investments" and carried at cost in the 2001 consolidated financial statements, is now carried at net equity, having reached the threshold of "significant influence".

SECTION 2 - OTHER EQUITY INVESTMENTS CARRIED AT COST

Among the remaining investments held by the Group the most significant ones are listed below by investment amount (book value equal to or higher than 2.5 million Euro):

Other significant equity investments

Name	Registered offices	Ownership		Consolidated Book values (€/million)
		Held by	% (*)	
AC.E.GA.S S.p.A.	Trieste	NHS	1.08	3 (A)
		Cassa di Risparmio Udine e Pordenone	1.00	2 (B)
			2.08	5
AEM Torino S.p.A.	Turin	IMI Investimenti	1.47	11
AMPS S.p.A.	Parma	LDV Holding	17.31	38
APS - Azienda Padova Servizi S.p.A.	Padua	Cassa di Risparmio Padova e Rovigo	1.49	5 (B)
Autostrada BS-VR-VI-PD S.p.A.	Verona	Cardine Finanziaria	5.80	6 (B)
Azimut S.p.A.	Viareggio	LDV Holding	9.09	34
		Sanpaolo IMI Private Equity	0.08	- (C)
			9.17	34
B. Group S.p.A.	Bologna	Cassa di Risparmio Bologna	5.56	2 (B)
Banca d'Italia	Rome	Banco di Napoli	6.33	130
		Cassa di Risparmio Bologna	6.20	- (B)
		Sanpaolo IMI	2.00	55
		Cassa di Risparmio Padova e Rovigo	1.20	- (B)
		Cassa di Risparmio Venezia	0.88	- (B)
		Cassa di Risparmio Udine e Pordenone	0.47	- (B)
		Cassa di Risparmio di Gorizia	0.15	- (B)
	17.23	185		
Banca Mediocredito S.p.A.	Turin	Invesp	1.11	3
Banca Popolare di Lodi S.c.r.l.	Lodi	IMI Investimenti	1.45	21
Banco del Desarrollo S.A.	Chile	Sanpaolo IMI	15.73	18
Banksiel S.p.A.	Milan	Sanpaolo IMI	7.00	3
Beni Stabili S.p.A.	Rome	Invesp	2.87	26
		Sanpaolo IMI	0.12	1 (B)
			2.99	27
BIAT S.A.	Tunisia	Sanpaolo IMI	5.61	8
Borsa Italiana S.p.A.	Milan	Banca IMI	7.00	3
		IMI Bank (Lux)	0.50	-
			7.50	3
Cassa di Risparmio di Ferrara S.p.A.	Ferrara	Fincardine	1.29	6 (B)
CDC Finance IXIS S.A.	France	Sanpaolo IMI	3.45	323
Cedel International S.A.	Luxembourg	Banca IMI	1.32	3
		Banco di Napoli	0.33	-
			1.65	3
Centro Factoring S.p.A.	Florence	Fincardine	10.81	3 (B)
Centro Leasing S.p.A.	Florence	Fincardine	12.33	15 (B)
Cimos International d.d.	Slovenia	Banka Koper	13.55	7 (D)
Compagnia Assicuratrice Unipol S.p.A.	Bologna	Fincardine	2.03	41 (B)

(Other significant equity investments - continues)

Name	Registered offices	Ownership		Consolidated Book values (€/million)
		Held by	% (*)	
Convergenza S.c.a.	Luxembourg	NHS Luxembourg	10.00	11
Davide Campari S.p.A.	Milan	NHS	0.65	6 (A)
Enel S.p.A.	Rome	IMI Investimenti	0.04	17
Engineering Ingegneria Informatica S.p.A.	Rome	NHS	1.60	5 (A)
Eni S.p.A.	Rome	IMI Investimenti	0.23	123
Euromedia Venture Belgique S.A.	Belgium	NHS Luxembourg	9.68	5
Euronext S.A.	France	Banque Privée Fideuram Wargny	0.46	3
FIAT S.p.A.	Turin	IMI Investimenti	1.48	118
Fin.ser. S.p.A.	Padua	Cassa di Risparmio Padova e Rovigo	15.00	4 (B)
Fincantieri - Cantieri Navali Italiani S.p.A.	Trieste	IMI Investimenti	1.21	4
		Banco di Napoli	0.76	3
			1.97	7
Hutchinson 3G Italia S.p.A.	Milan	NHS Investments	5.64	139
		3G Mobile Investments 2	2.26	- (C)
			7.90	139
Idra Partecipazioni S.p.A.	Brescia	LDV Holding	7.41	3 (E)
Immocri S.p.A.	Rome	Sanpaolo IMI	8.94	4 (B)
Istituto Enciclopedia Italiana S.p.A.	Rome	Banco di Napoli	8.00	3
Istituto per il Credito Sportivo	Rome	Banco di Napoli	10.81	19
Italenergia S.p.A.	Turin	IMI Investimenti	7.82	248
Kiwi II Ventura Servicos de Consultoria S.A.	Madeira	NHS	1.04	5 (A)
Kredyt Bank S.A.	Poland	Sanpaolo IMI	5.20	28 (B)
Merloni Termosanitari S.p.A.	Fabriano	LDV Holding	6.05	22
		Banca Popolare dell'Adriatico	1.37	5 (B)
			7.42	27
Monte Titoli S.p.A.	Milan	Banca IMI	7.00	15
		Sanpaolo IMI	6.32	1
		Banco di Napoli	2.08	-
			15.40	16
Olivetti S.p.A.	Ivrea	Invesp	0.30	35
		IMI Investimenti	0.04	4
			0.34	39
Praxis Calcolo S.p.A.	Milan	LDV Holding	12.50	8
		Sanpaolo IMI Private Equity	0.25	- (C)
			12.75	8
Sagat S.p.A.	Turin	IMI Investimenti	12.40	18
Salvagnini B.V.	The Netherlands	LDV Holding	9.44	6
Santander Central Hispano S.A.	Spain	Sanpaolo IMI	1.10	458
		Sanpaolo IMI International	1.77	823
			2.87	1,281
Serenissima Infracom S.p.A.	Verona	Cardine Finanziaria	7.35	25 (B)
Simest S.p.A.	Rome	Sanpaolo IMI	3.48	5
		Banco di Napoli	0.53	1
			4.01	6

<i>(Other significant equity investments - continues)</i>				
Name	Registered offices	Ownership		Consolidated Book values (€/million)
		Held by	% (*)	
Spinner Global Technology Fund Ltd	Netherlands Antilles	NHS	2.02	7 (A)
Transdev S.A.	France	Compagnia di San Paolo Investimenti Patrimoniali	7.00	9 (F)
Utet S.p.A.	Turin	LDV Holding	17.90	19
Other equity investments				58
Total other significant equity investments				3,034

(*) The percentage refers to the total capital.

(A) The investment was transferred to NHS S.p.A. by IMI Investimenti S.p.A. following the split of the private equity assets.

(B) Entry due to the merger of Cardine Banca.

(C) The value is included in the equity valuation of the company holding the investment.

(D) Entry following the acquisition of Banka Koper d.d..

(E) Equity investment acquired in the first half of 2002.

(F) The company became part of the SANPAOLO IMI Group holdings following the acquisition of control of Compagnia di San Paolo Investimenti Patrimoniali S.p.A..

Attachments

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

STATEMENT OF CONSOLIDATED CASH FLOWS

RECONCILIATION BETWEEN THE PARENT BANK'S HALF YEAR FINANCIAL STATEMENTS
AND THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

LIST AS OF 30 JUNE 2002 OF EQUITY INVESTMENTS HIGHER THAN 10% IN
UNLISTED COMPANIES AND IN LIMITED LIABILITY COMPANIES REPRESENTED BY SHARES
WITH VOTING RIGHTS (CONSOB RESOLUTION 11715 OF 24 NOVEMBER 1998)

METHODOLOGICAL NOTES TO DETERMINE THE PRO FORMA CONSOLIDATED
STATEMENTS OF INCOME AND BALANCE SHEETS FOR 2001
AND FOR THE FIRST QUARTER OF 2002

STATEMENTS TO DETERMINE THE PRO FORMA CONSOLIDATED STATEMENTS OF INCOME
AND BALANCE SHEETS FOR 2001 AND FOR THE FIRST QUARTER OF 2002

Statement of changes in consolidated shareholders' equity

SHAREHOLDER'S EQUITY AS PER FINANCIAL STATEMENTS

(€/million)

	Capital	Reserves and retained earnings	Reserve for general banking risks	Goodwill arising on consolidation and on application of the equity method	Net income	Shareholders' equity as per financial statements	Own shares in the Parent Bank's portfolio	Shareholders' equity as per reclassified
Shareholders' equity as of 31/12/ 2001	3,932	2,867	356	118	1,203	8,476	-294	8,182
Allocation of 2001 net income								
- to reserves	-	430	-	-	-430	-	-	-
- to shareholders	-	-	-	-	-773	-773	-	-773
Changes in the Parent Bank's own shares								
- increases	-	-	-	-	-	-	-403	-403
- use for merger with Cardine	-	-	-	-	-	-	678	678
- other decreases	-	-	-	-	-	-	19	19
Reclassification between reserves	-	3	-	-3	-	-	-	-
Merger with Cardine Banca								
- increase of capital	1,212	-	-	-	-	1,212	-	1,212
- change in reserves	-	851	-	-	-	851	-	851
Change in the reserve for general banking risks	-	-	2	-	-	2	-	2
Differences arising on the translation of foreign currency financial statements and other adjustments	-	1	-1	-	-	-	-	-
Net income	-	-	-	-	601	601	-	601
Shareholders' equity as of 30/6/2002	5,144	4,152	357	115	601	10,369	-	10,369

STATEMENT OF CONSOLIDATED CASH FLOWS (*)

(€/million)

APPLICATION OF FUNDS

Use of funds generated by operations	1,457
Dividends paid	773
Use of reserve for termination indemnities	24
Use of provisions for risks and charges	257
Use of reserve for possible loan losses	9
Movement of the shareholder's equity following the merger	394

Increase in funds applied	674
Dealing securities	522
Own shares	22
Tangible fixed assets	58
Intangible fixed assets	72

Decrease in funds taken	7,191
Due to banks	6,281
Minority interests	356
Other liability items	554

Total	9,322
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(*) The financial report has been prepared using the pro forma reclassified balance sheet and the pro forma reclassified statement of income as of 31 December 2001.

(€million)

SOURCES OF FUNDS

Funds generated by operations	1,272
Net income	601
Provisions to the reserve for general banking risks	2
Provisions for employee termination indemnities	58
Net adjustments to loans and provisions for guarantees and commitments	133
Provisions for risks and charges	99
Provisions to the reserve for possible loan losses	15
Adjustments to tangible fixed assets	128
Adjustments to intangible fixed assets	109
Adjustments to financial fixed assets	56
Adjustments to goodwill arising on consolidation and on application of the equity method	71
Exchange differences on translating the net equity of consolidated companies and other adjustments	-
Increase in funds taken	1,979
Due to customers and securities issued	1,653
Subordinated liabilities	326
Exercise of stock options	-
Decrease in funds applied	6,071
Cash and deposits with central banks	143
Due from banks	3,701
Loans to customers	905
Equity investments	722
Investment securities	344
Differences arising on consolidation and on application of the equity method	31
Other assets	225
Total	9,322

RECONCILIATION BETWEEN THE PARENT BANK'S HALF YEAR FINANCIAL STATEMENTS AND THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

	(€/million)				
	Net income	Capital and reserves	Shareholders' equity	Reserve for possible loan losses	Total
FINANCIAL STATEMENTS OF THE PARENT BANK	200	9,578	9,778	-	9,778
Balance of subsidiary companies consolidated line-by-line	539	13,562	14,101	173	14,274
Consolidation adjustments:					
- book value of consolidated investments line-by-line	-	-10,122	-10,122	-	-10,122
- dividends of consolidated companies	-235	134	-101	-	-101
- amortization of goodwill arising on consolidation	-72	-298	-370	-	-370
- elimination of goodwill arising on consolidation	-	-1,562	-1,562	-	-1,562
- elimination of gains on sale of investments	-18	-1,449	-1,467	-	-1,467
- valuation of investments at net equity	58	115	173	-	173
- writedowns of investments	48	-	48	-	48
- elimination of reserves for possible loan losses	30	64	94	-94	-
- adjustment for Group accounting policies	53	-53	-	-	-
- minority interests	-29	-409	-438	-	-438
- other	27	208	235	-	235
CONSOLIDATED FINANCIAL STATEMENTS	601	9,768	10,369	79	10,448

LIST AS OF 30 JUNE 2002 OF EQUITY INVESTMENTS HIGHER THAN 10% IN UNLISTED COMPANIES AND IN LIMITED LIABILITY COMPANIES REPRESENTED BY SHARES WITH VOTING RIGHTS (CONSOB RESOLUTION 11715 OF 24 NOVEMBER 1998) (1)

Name	Held by	%
Abruzzo Capital S.p.A.	Banca Popolare dell'Adriatico	16.90
Adria Docks S.r.l.	Cassa di Risparmio Padova e Rovigo	13.23
	Cassa di Risparmio Venezia	13.23
		26.46
Agricola del Varano S.r.l.	Banca Agricola di Cerea	26.58
Agricola Favorita S.r.l.	Banca Agricola di Cerea	100.00
Alilaguna S.r.l.	Cassa di Risparmio Venezia	80.00
Banque Galliere S.A. (in liq.)	Cassa di Risparmio Bologna	17.50
Biessefin S.p.A. (in liq.)	Sanpaolo IMI	36.10
Brugnolo Distribuzione S.r.l.	Cassa di Risparmio Venezia	50.00
Calitri Denim Industries S.p.A.	Isveimer (in liq.)	14.29
Celeasing S.r.l.	Sanpaolo IMI	100.00
Cen. Ser. Centro Servizi S.p.A.	Cassa di Risparmio Padova e Rovigo	10.76
Centrale dei Bilanci S.r.l.	Sanpaolo IMI	9.72
	Banco di Napoli	3.33
		13.05
Centro S.r.l.	Cassa di Risparmio Padova e Rovigo	100.00
Centro Agroalimentare di Napoli S.c.p.a.	Banco di Napoli	15.82
Chateau Bolides S. a r.l.	Immobiliare 21	49.00
Cifrali 8 (in liq.)	Banque Sanpaolo	18.30
Cifrali 9	Banque Sanpaolo	14.09
Cive S.p.A.	Sanpaolo IMI	68.97
Conegliano Sviluppo S.p.A.	Cassa di Risparmio Padova e Rovigo	50.00
Crif S.p.A.	Fincardine	5.05
	Sanpaolo IMI	5.05
		10.10
Dulevo S.p.A. (bankrupt)	Sanpaolo IMI	16.30
Efrem S.r.l.	Servizi	20.00
Elvetia Edile S.r.l.	Sanpaolo IMI	100.00
Emporium S.r.l.	Cassa di Risparmio Padova e Rovigo	50.63
Esped Spedizioni S.r.l.	Banca Agricola di Cerea	30.00
Evoluzione 94 S.p.A.	Sanpaolo IMI	5.99
	Cassa di Risparmio Bologna	2.55
	Cassa di Risparmio Gorizia	1.67
	Cassa di Risparmio Udine e Pordenone	0.30
		10.51
Fata Group S.r.l.	IMI Investimenti	13.17
Fides S.p.A. (bankrupt)	Isveimer (in liq.)	20.00
Fin. Tess. S.p.A.	Cassa di Risparmio Padova e Rovigo	98.00

Name	Held by	%
Finlombarda Leasing S.p.A. (in liq.)	Sanpaolo IMI	14.00
Fly United Spedizioni Internazionali S.r.l.	Banca Agricola di Cerea	20.36
Fonti di Gaverina	Sanpaolo IMI	66.62
Four C S.r.l.	Cassa di Risparmio Venezia	100.00
Fratelli Comunello S.p.A.	Cassa di Risparmio Padova e Rovigo	50.00
Galter S.r.l.	Cassa di Risparmio Padova e Rovigo	51.00
Gerard H Polderman S.r.l.	Banca Agricola di Cerea	100.00
Giraglia Immobiliare S.p.A.	Sanpaolo IMI	17.15
Guinness Peat Aviation ATR Ltd	Sanpaolo IMI Bank Ireland	12.50
IAM Piaggio S.p.A.	Sanpaolo IMI	10.00
	Banca Fideuram	3.86
		13.86
Immobiliare dell'Isola Cattaneo S.p.A.	Sanpaolo IMI	48.57
Immobiliare Femar S.p.A.	Banca Agricola di Cerea	38.57
Immobiliare Meduna S.r.l.	Cassa di Risparmio Venezia	40.00
Immobiliare Peonia Rosa S.r.l.	Sanpaolo IMI	57.00
Immobiliare San Giuliano S.r.l.	Cassa di Risparmio Venezia	50.00
Immobiliare Santa Caterina S.r.l.	Banco di Napoli	100.00
Impianti S.r.l. (in liq.)	Sanpaolo IMI	14.16
Integrated Shipping Company S.p.A.	Sanpaolo IMI	100.00
Istituto per l'Enciclopedia della Banca e della Borsa S.p.A.	Sanpaolo IMI	8.72
	Banco di Napoli	3.40
	Banca Fideuram	0.34
		12.46
Isveimer S.p.A. (in liq.)	Banco di Napoli	65.22
	Banca Popolare dell'Adriatico	0.17
		65.39
Italpower S.p.A.	IMI Investimenti	15.00
Ittica Ugento S.p.A.	Sanpaolo IMI	26.96
Kall Kwik Italia S.p.A. (in liq.)	Cardine Leasing	15.00
Kish Receivables	Tobuk	20.83
La Compagnia Finanziaria S.p.A.	Sanpaolo IMI	12.09
La Promessa S.r.l.	Cassa di Risparmio Padova e Rovigo	100.00
Lillo S.p.A.	Sanpaolo IMI	50.00
Lima - Lto S.p.A.	Cassa di Risparmio Gorizia	56.00
Lingotto S.p.A.	CSP Investimenti	15.65
Loseri S.p.A.	Sanpaolo IMI	18.40
Loop S.p.A.	Cardine Leasing	19.79
Marche Capital S.p.A.	Banca Popolare dell'Adriatico	11.99
Metalgalante S.r.l.	Cassa di Risparmio Venezia	40.00
Pantecna S.p.A. (bankrupt)	Sanpaolo IMI	15.50
Pila 2000 S.p.A.	Cassa di Risparmio Padova e Rovigo	37.19
Pragma S.r.l.	Sanpaolo IMI	100.00

Name	Held by	%
Print S.r.l.	Banca Popolare dell'Adriatico	100.00
S.A. Imm. De Construction de Monteclin (in liq.)	Banque Sanpaolo	11.30
S.T.C. Servizio Trasporti Combinati S.p.A.	Sanpaolo IMI	100.00
Sago S.p.A. (2)	Sanpaolo IMI	26.67
Sazic S. a r.l.	Société Fonciere d'Investissement Société Immobiliere d'Investissement	99.00 1.00
		100.00
SCI Balcons Sainte Marie	Banque Sanpaolo	17.95
SCI Boissy Griselle 7	Société Fonciere d'Investissement Société Immobiliere d'Investissement	99.00 1.00
		100.00
SCI Boissy RER 5	Société Fonciere d'Investissement	90.00
SCI Boissy RER 8	Société Fonciere d'Investissement Société Immobiliere d'Investissement	99.00 1.00
		100.00
SCI Boissy Saint Leger 94	Société Fonciere d'Investissement Société Immobiliere d'Investissement	99.00 1.00
		100.00
SCI La Source de Saint Hilarie (in liq.)	Société Immobiliere d'Investissement	98.00
SCI Le Chevalier	Société Immobiliere d'Investissement Société Fonciere d'Investissement	99.00 1.00
		100.00
SCI Le Clos de Noyer (in liq.)	Banque Sanpaolo	15.00
Sci Plein Ciel	Banque Sanpaolo	12.00
Servizi Interbancari S.p.A.	Sanpaolo IMI Banco di Napoli	6.91 4.25
		11.16
Soa Nordest S.p.A.	Cassa di Risparmio Padova e Rovigo	15.00
Società Calabrese Imbottigliamento Bevande Gassate S.p.A.	Sanpaolo IMI	100.00
Società Barese Imbottigliamento Bevande Gassate S.r.l.	Sanpaolo IMI	100.00
Società Napoletana Imbottigliamento Bevande Gassate S.r.l.	Sanpaolo IMI	50.00
Società Manifattura del Piave S.r.l.	Cassa di Risparmio Padova e Rovigo	100.00
Società per la Gestione di Attività S.p.A. - S.g.a.	Banco di Napoli	100.00
Sofimer S.p.A.	Isveimer (in liq.)	20.00
Sosib Industriale e Commerciale S.r.l.	Sanpaolo IMI	60.00
SSB - Società per i Servizi Bancari S.p.A.	Sanpaolo IMI Banco di Napoli Banca Fideuram	8.54 7.00 0.02
		15.56
Società Trasporto Telematico S.p.A.	Cardine Finanziaria	15.73
Société Fonciere Joseph Vallot S.A.	Société Fonciere d'Investissement	100.00
Sogepi et Cie Le Fournas S.n.c.	Banque Sanpaolo	12.50
Sviluppo Finanza Mobiliare S.p.A.	Banco di Napoli	10.87
Tecnoalimenti S.c.p.A. (2)	Sanpaolo IMI	20.00

Name	Held by	%
Tecnobiomedica S.p.A. (2)	Sanpaolo IMI	26.32
Tecnocittà S.r.l.	Sanpaolo IMI	12.00
Tecnofarmaci S.p.A. (2)	Sanpaolo IMI	20.50
Tecnotessile S.r.l. (2)	Sanpaolo IMI	40.00
Torsyl S.A. (in liq.)	Sanpaolo IMI International	15.79
Trieste - Terminal Cereali S.r.l.	Cassa di Risparmio Padova e Rovigo	31.25
Zwalen & Mayr S.A.	Sanpaolo IMI International	12.96

(1) This excludes equity investments already listed in Part E - Section 1 of the consolidated explanatory notes.

(2) Equity investments originating from transactions as per Law 1089 of 25 October 1968 (Applied Research Fund).

METHODOLOGICAL NOTES TO DETERMINE THE PRO FORMA CONSOLIDATED STATEMENTS OF INCOME AND BALANCE SHEETS FOR 2001 AND FOR THE FIRST QUARTER OF 2002.

Given the impact on the balance sheet and statement of income of consolidating the ex Cardine Group, carried out for the first time in the accounts as of 30 June 2002, in order to ensure comparability of the accounting results on a consistent basis, the accounts of the previous period are also presented in a pro forma version that conventionally assumes the merger with Cardine Banca as of 1 January 2001. The same pro forma accounts also assume the proportional consolidation as of 1 January 2001 of the Slovenian company Banka Koper. Furthermore, as the Consolidated Quarterly Statement of the SANPAOLO IMI Group as of 31 March 2002 was published with reference to the SANPAOLO IMI Group stand alone accounts, here the pro forma reconstruction of the results of the first quarter of 2002 has been made to include the ex Cardine Group.

From a methodological viewpoint, the basis for the 2001 pro forma versions is provided by the consolidated stand alone reports of the SANPAOLO IMI Group (column "a" of the attached schedules) and the ex Cardine Group (column "b" of the attached schedules), at the respective dates. In particular, the figures of the ex Cardine Group for the first three quarters of 2001 have been properly adjusted in accordance with criteria which are consistent with those used by the same Group for the year end financial statements with regard to the effects of the tax benefits provided for by D. Lgs. 153 dated 17.05.99 (Legge Ciampi). In particular, the taxes were redetermined without taking into account the benefit in question and funds were set aside to neutralize the previous benefits of the same law. Furthermore, the figures of the ex Cardine Group have been adjusted to take into account the reversal of the extraordinary component net of the related tax effect, due to the change in the evaluation policy for the dealing securities portfolio performed last year and attributable to the financial year 2000.

When preparing the pro forma aggregate the following adjustments were made to take into account, conventionally:

- the purchase as of 01.01.2001 (column "c" of the attached reclassified schedules and "c" of the official versions) by SANPAOLO IMI of own shares to reach the amount used for the exchange. It was conventionally simulated that the purchase be funded, with the consequent observation of the related economic effects;
- of the effects of the merger (column "d" of the attached reclassified schedules and "c" of the official versions). In particular, the investment in Cardine Banca held by SANPALO IMI was cancelled on the basis of the percentage of the stake and of the book value effectively cancelled at the time of the merger. The aforementioned cancellation took place on the various dates, offsetting the corresponding fraction of the shareholder's equity of Cardine Banca, excluding the income under formation. As effectively occurred at the time of the merger, the deficit determined in this way was attributed to "equity investments" generating a positive difference on consolidation which was reflected in the related amortization in the statement of income.
- other adjustments (column "e" of the attached reclassified schedules and "c" of the official versions) finalized at the elimination of the receivables and payables between the two Groups, as well as alignment with consistent accounting policies, anticipating: 1) the determination for the ex Cardine Group of the discounting reserve for doubtful loans and potential losses on the investment securities portfolio which, net of the related tax effects, are attributed in adjustment of equity on the first consolidation; 2) offsetting of the goodwill arising on consolidation against the negative goodwill in the 2001 quarterly financial statements of the ex Cardine Group; consequently the related amortization attributed to the statement of income was adjusted;
- the contribution for 2001 of the proportional consolidation of Banka Koper (column "f" of the attached reclassified schedules and "d" of the official versions).

Evidence of the amounts of the adjustments made when preparing the pro forma schedules is given in the notes that accompany the attached statements.

Lastly, as far as the preparation of the pro forma as of 31 March 2002 is concerned, the aggregate of the SANPAOLO IMI and Cardine Groups' stand alone has been adjusted to take into account: 1) the elimination of the intercompany accounts (column "c" of the attached statements), 2) the alignment with consistent accounting policies (column "d" of the attached statements) with regard to the discounting of doubtful loans and to the evaluation of the investment securities portfolio, net of the rated tax effects; 3) the adjustments needed to reflect on the shareholder's equity and on the goodwill arising on consolidation the accounting effects of the merger becoming retroactive (01.01.2002) (column "e" of the attached statements).

Please remember that these pro forma schedules are unaudited.

Statements to determine the pro forma
consolidated statements of income
and balance sheets for 2001
and for the first quarter of 2002.

FIRST QUARTER OF 2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (1) (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjustments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
NET INTEREST INCOME	726	275	-6 (2)	-	-	2	997
Net commissions and other net dealing revenues	653	101	-	-	-	2	756
Profits and losses from financial transactions and dividends on shares	65	7	-	-	-	-	72
Profits of companies carried at equity and dividends on equity investments	59	1	-	-	-	-	60
NET INTERESTS AND OTHER BANKING INCOME	1,503	384	-6	-	-	4	1,885
Administrative costs	-873	-253	-	-	-	-4	-1,130
- personnel	-555	-150	-	-	-	-3	-708
- other administrative costs	-268	-90	-	-	-	-1	-359
- indirect duties and taxes	-50	-13	-	-	-	-	-63
Other operating income, net	54	27	-	-	-	3	84
Adjustments to intangible and tangible fixed assets	-80	-21	-	-	-	-1	-102
OPERATING INCOME	604	137	-6	-	-	2	737
Adjustments to goodwill, merger and consolidation differences	-33	-7	-	-1 (3)	4 (4)	-2	-39
Provisions and net adjustments to loans and financial fixed assets	-101	-42	-	-	-	-1	-144
INCOME BEFORE EXTRAORDINARY ITEMS	470	88	-6	-1	4	-1	554
Net extraordinary income	73	6	-	-	-	-	79
INCOME BEFORE TAXES	543	94	-6	-1	4	-1	633
Income taxes for the period	-195	-49	2 (2)	-	-	-	-242
Change in the reserve for general banking risks	2	-2	-	-	-	-	-
Income attributable to minority interests	-23	-1	-	-	-	-	-24
NET INCOME	327	42	-4	-1	4	-1	367

(1) The figures for the first quarter of 2001 of the Cardine Group have been reconstructed using criteria that are coherent with those used for the 2001 Financial Statements

(2) The adjustment reflects the cost of the funding needed to finance the purchase of SANPAOLO IMI shares to reach the amount of own shares used in the exchange and the related tax effect.

(3) The adjustment reflects the amortization of the goodwill arising on consolidation generated by the allocation of the merger deficit.

(4) The adjustment reflects the change in the amortization of the goodwill arising on consolidation by the Cardine Group due to the new differences in goodwill (following offsetting).

31/3/2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET

	(€/million)						
	SANPAOLO IMI Group (a)	Cardine Group (1) (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjust- ments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
ASSETS							
Cash and deposits with central banks and post offices	507	179	-	-	-	23	709
Loans	117,966	27,096	-	-	-170	377	145,269
- due from banks	21,382	2,032	-	-	-55 (4)	75	23,434
- loans to customers	96,584	25,064	-	-	-115 (4)(5)	302	121,835
Dealing securities	19,283	5,283	-	-	-	146	24,712
Fixed assets	12,197	2,484	-	-105	-36	34	14,574
- investment securities	5,746	1,318	-	-	-36 (6)	-	7,028
- equity investments	4,313	289	-	-105 (3)	-	14	4,511
- intangible fixed assets	356	68	-	-	-	2	426
- tangible fixed assets	1,782	809	-	-	-	18	2,609
Differences arising on consolidation and on application of the equity method	966	227	-	41 (3)	-145 (7)	78	1,167
Other assets	23,452	2,089	-	-	48 (5)(6)	22	25,611
Total assets	174,371	37,358	-	-64	-303	680	212,042
LIABILITIES							
Payables	135,464	30,033	450	-	-76	633	166,504
- due to banks	30,679	6,265	-	-	-76 (4)	20	36,888
- due to customers and securities issued	104,785	23,768	450 (2)	-	-	613	129,616
Provisions	4,857	970	-2	-	-	15	5,840
- for taxation	1,432	298	-2 (2)	-	-	2	1,730
- for employee termination indemnities	753	216	-	-	-	-	969
- for risks and charges	1,553	165	-	-	-	13	1,731
- for pensions and similar obligations	1,119	291	-	-	-	-	1,410
Other liabilities	20,077	2,555	6 (2)	-	-	33	22,671
Subordinated liabilities	5,148	217	-	-	-	-	5,365
Minority interests	736	105	-	-	-	-	841
Shareholders' equity	8,089	3,478	-454 (2)	-64 (3)	-227 (5)(6)(7)	-1	10,821
Total liabilities	174,371	37,358	-	-64	-303	680	212,042

(1) The figures as of 31 March 2001 of the Cardine Group have been reconstructed using criteria that are coherent with those used for the 2001 Financial Statements

(2) The adjustment reflects the purchase (and related debt) of SANPAOLO IMI own shares needed to reach the amount used in the exchange.

(3) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (41 million Euro) net of amortization attributable to the period, is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.

(4) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as of 31 March 2001 (55 million Euro of loans to banks, 21 million Euro loans to customers and 76 million Euro due to banks).

(5) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in "other assets".

(6) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in "other assets".

(7) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 31 March 2001.

FIRST HALF 2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (1) (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjustments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
NET INTEREST INCOME	1,423	586	-11 (5)	-	-	4	2,002
Net commissions and other net dealing revenues	1,329	221	-	-	-	4	1,554
Profits and losses from financial transactions and dividends on shares	138	15	-	-	-	-	153
Profits of companies carried at equity and dividends on equity investments	144	17	-	-	-	-	161
NET INTERESTS AND OTHER BANKING INCOME	3,034	839	-11	-	-	8	3,870
Administrative costs	-1,784	-516	-	-	-	-8	-2,308
- personnel	-1,116	-331	-	-	-	-5	-1,452
- other administrative costs	-563	-151	-	-	-	-3	-717
- indirect duties and taxes	-105	-34	-	-	-	-	-139
Other operating income, net	123	57	-	-	-	6	186
Adjustments to intangible and tangible fixed assets	-173	-38	-	-	-	-2	-213
OPERATING INCOME	1,200	342	-11	-	-	4	1,535
Adjustments to goodwill, merger and consolidation differences	-69	-14	-	-2 (6)	9 (7)	-4	-80
Provisions and net adjustments to loans and financial fixed assets	-251	-118 (2)	-	-	-	-3	-372
INCOME BEFORE EXTRAORDINARY ITEMS	880	210	-11	-2	9	-3	1,083
Net extraordinary income	177	32 (3)	-	-	-	-	209
INCOME BEFORE TAXES	1,057	242	-11	-2	9	-3	1,292
Income taxes for the period	-315	-120 (4)	4 (5)	-	-	1	-430
Change in the reserve for general banking risks	4	-3	-	-	-	-	1
Income attributable to minority interests	-58	-2	-	-	-	-	-60
NET INCOME	688	117	-7	-2	9	-2	803

(1) The figures for the first half of 2001 approved by the Board of Cardine Banca have been adjusted as specified in the subsequent notes.

(2) The caption has been increased by 18 million Euro to reflect the pro quota (1/2) of the end of year reserves due to the previous effects of Legge Ciampi.

(3) The caption has been reduced to reflect the reversal of the extraordinary component due to the change in the evaluation policy of dealing securities attributable to the previous financial year (12 million Euro).

(4) The caption has been increased to take into account the tax effect (5 million Euro) related to note (3) and the elimination of the benefit provided for by Legge Ciampi (15 million Euro).

(5) The adjustment reflects the cost of the funding needed to finance the purchase of SANPAOLO IMI shares to reach the amount of own shares used in the exchange and the related tax effect.

(6) The adjustment reflects the amortization of the goodwill arising on consolidation generated by the allocation of the merger deficit.

(7) The adjustment reflects the change in the amortization of the goodwill arising on consolidation by the Cardine Group due to the new differences in goodwill (following offsetting).

30/6/2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET

	(€/million)						
	SANPAOLO IMI Group (a)	Cardine Group (1) (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjust- ments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
ASSETS							
Cash and deposits with central banks and post offices	478	192	-	-	-	18	688
Loans	117,097	28,702	-	-	-238	396	145,957
- due from banks	18,717	2,650	-	-	-118 (7)	91	21,340
- loans to customers	98,380	26,052	-	-	-120 (7)(8)	305	124,617
Dealing securities	21,777	6,091	-	-	-	161	28,029
Fixed assets	11,000	1,857	-	-105	-36	34	12,750
- investment securities	4,615	707	-	-	-36 (9)	-	5,286
- equity investments	4,240	284	-	-105 (6)	-	14	4,433
- intangible fixed assets	377	70	-	-	-	2	449
- tangible fixed assets	1,768	796	-	-	-	18	2,582
Differences arising on consolidation and on application of the equity method	1,064	221	-	40 (6)	-141 (10)	76	1,260
Other assets	22,626	2,174	-	-	48 (8)(9)	23	24,871
Total assets	174,042	39,237	-	-65	-367	708	213,555
LIABILITIES							
Payables	136,156	32,335	450	-	-144	659	169,456
- due to banks	31,032	7,714	-	-	-144 (7)	27	38,629
- due to customers and securities issued	105,124	24,621	450 (5)	-	-	632	130,827
Provisions	4,241	856	-4	-	-	15	5,108
- for taxation	864	168 (2)	-4 (5)	-	-	1	1,029
- for employee termination indemnities	758	221	-	-	-	-	979
- for risks and charges	1,509	177 (3)	-	-	-	14	1,700
- for pensions and similar obligations	1,110	290	-	-	-	-	1,400
Other liabilities	20,062	2,305	11 (5)	-	-	36	22,414
Subordinated liabilities	5,178	223	-	-	-	-	5,401
Minority interests	737	94	-	-	-	-	831
Shareholders' equity	7,668	3,424 (4)	-457 (5)	-65 (6)	-223 (8)(9)(10)	-2	10,345
Total liabilities	174,042	39,237	-	-65	-367	708	213,555

(1) The figures as of 30 June 2001 approved by the Board of Cardine Banca have been adjusted as specified in the subsequent notes.

(2) The caption has been increased to take into account the elimination of the benefit provided for by Legge Ciampi (15 million Euro).

(3) The caption has been increased by 18 million Euro to reflect the pro quota (1/2) of the end of year reserves due to the previous effects of Legge Ciampi.

(4) The shareholders' equity have been reduced due to the effect of the adjustments to the statement of income.

(5) The adjustment reflects the purchase (and related debt) of SANPAOLO IMI own shares needed to reach the amount used in the exchange.

(6) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (40 million Euro) net of amortization attributable to the period, is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.

(7) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as at 30 June 2001 (118 million Euro of loans to banks, 26 million Euro loans to customers and 144 million Euro due to banks).

(8) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in "other assets".

(9) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in "other assets".

(10) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 30 June 2001.

FIRST NINE MONTHS OF 2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (1) (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjustments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
NET INTEREST INCOME	2,091	878	-17 (2)	-	-	6	2,958
Net commissions and other net dealing revenues	1,952	321	-	-	-	7	2,280
Profits and losses from financial transactions and dividends on shares	173	-15	-	-	-	1	159
Profits of companies carried at equity and dividends on equity investments	153	15	-	-	-	-	168
NET INTERESTS AND OTHER BANKING INCOME	4,369	1,199	-17	-	-	14	5,565
Administrative costs	-2,655	-725	-	-	-	-13	-3,393
- personnel	-1,654	-473	-	-	-	-8	-2,135
- other administrative costs	-847	-203	-	-	-	-5	-1,055
- indirect duties and taxes	-154	-49	-	-	-	-	-203
Other operating income, net	179	66	-	-	-	10	255
Adjustments to intangible and tangible fixed assets	-273	-58	-	-	-	-2	-333
OPERATING INCOME	1,620	482	-17	-	-	9	2,094
Adjustments to goodwill, merger and consolidation differences	-105	-21	-	-3 (3)	13 (4)	-6	-122
Provisions and net adjustments to loans and financial fixed assets	-390	-168	-	-	-	-6	-564
INCOME BEFORE EXTRAORDINARY ITEMS	1,125	293	-17	-3	13	-3	1,408
Net extraordinary income	348	28	-	-	-	-	376
INCOME BEFORE TAXES	1,473	321	-17	-3	13	-3	1,784
Income taxes for the period	-369	-161	7 (2)	-	-	-	-523
Change in the reserve for general banking risks	3	-3	-	-	-	-	-
Income attributable to minority interests	-114	-4	-	-	-	-	-118
NET INCOME	993	153	-10	-3	13	-3	1,143

(1) The figures for the first 9 months of 2001 of the Cardine Group have been reconstructed using criteria that are coherent with those used for the 2001 Financial Statements

(2) The adjustment reflects the cost of the funding needed to finance the purchase of SANPAOLO IMI shares to reach the amount of own shares used in the exchange and the related tax effect.

(3) The adjustment reflects the amortization of the goodwill arising on consolidation generated by the allocation of the merger deficit.

(4) The adjustment reflects the change in the amortization of the goodwill arising on consolidation by the Cardine Group due to the new differences in goodwill (following offsetting).

30/9/2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET

	(€/million)						
	SANPAOLO IMI Group (a)	Cardine Group (1) (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjust- ments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
ASSETS							
Cash and deposits with central banks and post offices	505	187	-	-	-	18	710
Loans	114,999	29,597	-	-	-317	395	144,674
- due from banks	19,261	3,539	-	-	-202 (4)	83	22,681
- loans to customers	95,738	26,058	-	-	-115 (4)(5)	312	121,993
Dealing securities	17,869	5,682	-	-	-	173	23,724
Fixed assets	10,813	1,913	-	-105	-36	35	12,620
- investment securities	4,321	710	-	-	-36 (6)	-	4,995
- equity investments	4,383	328	-	-105 (3)	-	15	4,621
- intangible fixed assets	368	72	-	-	-	2	442
- tangible fixed assets	1,741	803	-	-	-	18	2,562
Differences arising on consolidation and on application of the equity method	1,068	216	-	39 (3)	-137 (7)	74	1,260
Other assets	21,665	2,029	-	-	48 (5)(6)	21	23,763
Total assets	166,919	39,624	-	-66	-442	716	206,751
LIABILITIES							
Payables	130,537	32,726	450	-	-223	672	164,162
- due to banks	27,359	7,625	-	-	-223 (4)	28	34,789
- due to customers and securities issued	103,178	25,101	450 (2)	-	-	644	129,373
Provisions	3,012	924	-7	-	-	16	3,945
- for taxation	793	240	-7 (2)	-	-	1	1,027
- for employee termination indemnities	745	221	-	-	-	-	966
- for risks and charges	1,433	168	-	-	-	15	1,616
- for pensions and similar obligations	41	295	-	-	-	-	336
Other liabilities	19,213	2,208	17 (2)	-	-	31	21,469
Subordinated liabilities	5,400	221	-	-	-	-	5,621
Minority interests	787	95	-	-	-	-	882
Shareholders' equity	7,970	3,450	-460 (2)	-66 (3)	-219 (5)(6)(7)	-3	10,672
Total liabilities	166,919	39,624	-	-66	-442	716	206,751

(1) The figures as of 30 September 2001 of the Cardine Group have been reconstructed using criteria that are coherent with those used for the 2001 Financial Statements

(2) The adjustment reflects the purchase (and related debt) of SANPAOLO IMI own shares needed to reach the amount used in the exchange.

(3) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (39 million Euro) net of amortization attributable to the period, is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.

(4) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as at 30.09.01 (202 million Euro of loans to banks, 21 million Euro loans to customers and 223 million Euro due to banks).

(5) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in "other assets".

(6) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in "other assets".

(7) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 30 September 2001.

2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (1) (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjustments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
NET INTEREST INCOME	2,788	1,186	-22 (4)	-	-	7	3,959
Net commissions and other net dealing revenues	2,608	439	-	-	-	9	3,056
Profits and losses from financial transactions and dividends on shares	274	25	-	-	-	1	300
Profits of companies carried at equity and dividends on equity investments	207	21	-	-	-	-	228
NET INTERESTS AND OTHER BANKING INCOME	5,877	1,671	-22	-	-	17	7,543
Administrative costs	-3,600	-1,029	-	-	-	-18	-4,647
- personnel	-2,221	-630	-	-	-	-11	-2,862
- other administrative costs	-1,180	-332	-	-	-	-7	-1,519
- indirect duties and taxes	-199	-67	-	-	-	-	-266
Other operating income, net	234	107	-	-	-	12	353
Adjustments to intangible and tangible fixed assets	-393	-83	-	-	-	-3	-479
OPERATING INCOME	2,118	666	-22	-	-	8	2,770
Adjustments to goodwill, merger and consolidation differences	-150	-28	-	-4 (5)	18 (6)	-8	-172
Provisions and net adjustments to loans and financial fixed assets	-737	-263	-	-	-	-7	-1,007
INCOME BEFORE EXTRAORDINARY ITEMS	1,231	375	-22	-4	18	-7	1,591
Net extraordinary income	392	22 (2)	-	-	-	-	414
INCOME BEFORE TAXES	1,623	397	-22	-4	18	-7	2,005
Income taxes for the period	-318	-209 (3)	9 (4)	-	-	1	-517
Change in the reserve for general banking risks	-1	-5	-	-	-	-	-6
Income attributable to minority interests	-101	-5	-	-	-	-	-106
NET INCOME	1,203	178	-13	-4	18	-6	1,376

(1) The figures for 2001 approved by the Board of Cardine Banca have been adjusted as specified in the subsequent notes.

(2) The caption has been reduced to reflect the reversal of the extraordinary component due to the change in the evaluation policy of dealing securities attributable to the previous financial year (12 million Euro).

(3) The caption has been reduced to reflect the tax effect (5 million Euro) related to note (2).

(4) The adjustment reflects the cost of the funding needed to finance the purchase of SANPAOLO IMI shares to reach the amount of own shares used in the exchange and the related tax effect.

(5) The adjustment reflects the amortization of the goodwill arising on consolidation generated by the allocation of the merger deficit.

(6) The adjustment reflects the change in the amortization of the goodwill arising on consolidation by the Cardine Group due to the new differences in goodwill (following offsetting).

31/12/2001: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET

	(€/million)						
	SANPAOLO IMI Group (a)	Cardine Group (b)	SANPAOLO IMI purchase of own shares (c)	Effects of the merger (d)	Other adjust- ments (e)	Banka Koper pro forma contribution (f)	SANPAOLO IMI Group pro forma (g)=(a+b+c+d+e+f)
ASSETS							
Cash and deposits with central banks and post offices	818	331	-	-	-	23	1,172
Loans	118,627	32,686	-	-	-397	430	151,346
- due from banks	21,571	5,053	-	-	-282 (3)	94	26,436
- loans to customers	97,056	27,633	-	-	-115 (3)(4)	336	124,910
Dealing securities	18,819	5,561	-	-	-	177	24,557
Fixed assets	10,098	1,932	-	-105	-36	-	11,889
- investment securities	3,308	714	-	-	-36 (5)	-	3,986
- equity investments	4,697	327	-	-105 (2)	-	-21	4,898
- intangible fixed assets	367	75	-	-	-	2	444
- tangible fixed assets	1,726	816	-	-	-	19	2,561
Differences arising on consolidation and on application of the equity method	1,053	212	-	38 (2)	-132 (6)	72	1,243
Other assets	20,776	2,334	-	-	48 (4)(5)	62	23,220
Total assets	170,191	43,056	-	-67	-517	764	213,427
LIABILITIES							
Payables	134,706	35,717	445	-	-303	720	171,285
- due to banks	27,922	8,834	-	-	-303 (3)	29	36,482
- due to customers and securities issued	106,784	26,883	445 (1)	-	-	691	134,803
Provisions	3,246	1,024	-9	-	-	17	4,278
- for taxation	901	326	-9 (1)	-	-	1	1,219
- for employee termination indemnities	734	221	-	-	-	-	955
- for risks and charges	1,568	177	-	-	-	16	1,761
- for pensions and similar obligations	43	300	-	-	-	-	343
Other liabilities	17,752	2,502	22 (1)	-	-	33	20,309
Subordinated liabilities	5,607	222	-	-	-	-	5,829
Minority interests	698	95	-	-	-	-	793
Shareholders' equity	8,182	3,496	-458 (1)	-67 (2)	-214 (4)(5)(6)	-6	10,933
Total liabilities	170,191	43,056	-	-67	-517	764	213,427

- (1) The adjustment reflects the purchase (and related debt) of SANPAOLO IMI own shares needed to reach the amount used in the exchange.
- (2) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (38 million Euro) net of amortization attributable to the period, is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.
- (3) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as of 31 December 2001 (282 million Euro of loans to banks, 21 million Euro loans to customers and 303 million Euro due to banks).
- (4) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in "other assets".
- (5) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in "other assets".
- (6) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 31 December 2001.

FIRST QUARTER OF 2002: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA STATEMENT OF INCOME

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (b)	Intra-Group eliminations (c)	Alignment with consistent accounting policies (d)	Other adjustments (e)	SANPAOLO IMI Group pro forma (f)=(a+b+c+d+e)
NET INTEREST INCOME	632	295	-	-	-	927
Net commissions and other net dealing revenues	591	106	-	-	-	697
Profits and losses from financial transactions and dividends on shares	89	-5	-	-	-	84
Profits of companies carried at equity and dividends on equity investments	44	5	-	-	-	49
NET INTERESTS AND OTHER BANKING INCOME	1,356	401	-	-	-	1,757
Administrative costs	-870	-250	-	-	-	-1,120
- <i>personnel</i>	-544	-155	-	-	-	-699
- <i>other administrative costs</i>	-279	-80	-	-	-	-359
- <i>indirect duties and taxes</i>	-47	-15	-	-	-	-62
Other operating income, net	57	21	-	-	-	78
Adjustments to intangible and tangible fixed assets	-92	-19	-	-	-	-111
OPERATING INCOME	451	153	-	-	-	604
Adjustments to goodwill, merger and consolidation differences	-41	-7	-	-	7 (3)	-41
Provisions and net adjustments to loans and financial fixed assets	-123	-39	-	6 (1)	-	-156
INCOME BEFORE EXTRAORDINARY ITEMS	287	107	-	6	7	407
Net extraordinary income	55	1	-	-	-	56
INCOME BEFORE TAXES	342	108	-	6	7	463
Income taxes for the period	-119	-51	-	-2 (2)	-	-172
Change in the reserve for general banking risks	-	-	-	-	-	-
Income attributable to minority interests	-12	-2	-	-	-	-14
NET INCOME	211	55	-	4	7	277

(1) The adjustment reflects the writeback of doubtful loans following the application of the discounting criteria.

(2) This is the tax effect of the aforementioned writeback.

(3) The adjustment reflects the reversal of the amortization of goodwill arising on consolidation compared with that recalculated following the merger.

31/3/2002: STATEMENT OF RECLASSIFIED CONSOLIDATED PRO FORMA BALANCE SHEET

	(€/million)					
	SANPAOLO IMI Group	Cardine Group	Intra-Group eliminations	Alignment with consistent accounting policies	Other adjustments	SANPAOLO IMI Group pro forma (f)=(a+b+c+d+e)
	(a)	(b)	(c)	(d)	(e)	
ASSETS						
Cash and deposits with central banks and post offices	998	456	-	-	-	1,454
Loans	115,858	32,155	-648 (1)	-92	-	147,273
- due from banks	17,669	3,952	-432	-	-	21,189
- loans to customers	98,189	28,203	-216	-92 (2)	-	126,084
Dealing securities	20,183	5,474	-	-	-	25,657
Fixed assets	9,937	1,936	-	-36	-105	11,732
- investment securities	3,250	717	-	-36 (3)	-	3,931
- equity investments	4,616	326	-	-	-105 (4)	4,837
- intangible fixed assets	351	75	-	-	-	426
- tangible fixed assets	1,720	818	-	-	-	2,538
Differences arising on consolidation and on application of the equity method	1,105	204	-	-	-189 (5)	1,120
Other assets	19,652	3,418	-	46 (2)(3)	-	23,116
Total assets	167,733	43,643	-648	-82	-294	210,352
LIABILITIES						
Payables	133,842	35,166	-648	-	-	168,360
- due to banks	24,881	8,710	-648 (1)	-	-	32,943
- due to customers and securities issued	108,961	26,456	-	-	-	135,417
Provisions	3,399	1,166	-	-	-	4,565
- for taxation	1,011	381	-	-	-	1,392
- for employee termination indemnities	751	242	-	-	-	993
- for risks and charges	1,595	215	-	-	-	1,810
- for pensions and similar obligations	42	328	-	-	-	370
Other liabilities	16,077	3,463	-	-	71 (6)	19,611
Subordinated liabilities	5,569	224	-	-	-	5,793
Minority interests	708	89	-	-	-	797
Shareholders' equity	8,138	3,535	-	-82 (2)(3)	-365 (7)	11,226
Total liabilities	167,733	43,643	-648	-82	-294	210,352

(1) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as of 31 March 2002 (432 million Euro of loans to banks, 216 million Euro loans to customers and 648 million Euro due to banks).

(2) The adjustment reflects: a) the discounting of doubtful loans of the Cardine Group for 88 million Euro in alignment with SANPAOLO IMI accounting policies, with a positive tax effect of 33 million Euro, included in "other assets"; b) the adjustment of the value of West Bank loans for 4 million Euro in adaptation to Bank of Italy instructions concerning country risk.

(3) This involves adjustment of the portfolios of Cardine Group companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in "other assets".

(4) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (66 million Euro).

(5) This is the amount needed for alignment of goodwill arising on consolidation of the two Groups and that remaining at 31 March 2002 due to the effect of the merger.

(6) This is the technical account for squaring the adjustments made to equity.

(7) The caption reflects: a) the pro quota of shareholder's equity of the incorporated company for 66 million Euro, cancelled in offset against the Cardine Banca shares in the SANPAOLO IMI portfolio; b) full offsetting of the negative goodwill arising on consolidation against positive goodwill for 299 million Euro (204 million Euro of which already existing in the Cardine Group, with the remaining 95 million generated by the first consolidation after the merger).

30/6/2001: STATEMENT OF CONSOLIDATED PRO FORMA BALANCE SHEET - OFFICIAL FORMAT

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (b)	Effects of the merger (c)	Banka Koper pro forma contribution (d)	SANPAOLO IMI Group pro forma (e) = (a+b+c+d)
ASSETS					
10. Cash and deposits with central banks and post offices	478	192	-	18	688
20. Treasury bills and similar bills eligible for refinancing with central banks	10,796	667	-	88	11,551
30. Due from banks	18,717	2,650	-118 (1)	91	21,340
a) repayable on demand	3,063	446	-31	-	3,478
b) other deposits	15,654	2,204	-87	91	17,862
40. Loans to customers	98,380	26,052	-120 (1)(2)	305	124,617
of which:					
- loans using public funds	102	94	-	-	196
50. Bonds and other debt securities	12,420	5,453	-36 (3)	62	17,899
a) public entities	5,122	2,641	-	44	7,807
b) banks	3,647	1,959	-	-	5,606
of which:					
- own bonds	1,101	4	-	-	1,105
c) financial institutions	1,159	480	-	-	1,639
of which:					
- own bonds	-	-	-	-	-
d) other issuers	2,492	373	-36	18	2,847
60. Shares, quotas and other equities	3,159	660	-	11	3,830
70. Equity investments	3,654	269	-105 (4)	14	3,832
a) carried at equity	347	101	-	-	448
b) other	3,307	168	-105	14	3,384
80. Investments in Group companies	586	15	-	-	601
a) carried at equity	586	5	-	-	591
b) other	-	10	-	-	10
90. Goodwill arising on consolidation	901	220	-100 (4)(5)	76	1,097
100. Goodwill arising on application of the equity method	163	1	-1 (5)	-	163
110. Intangible fixed assets	377	70	-	2	449
of which:					
- start-up costs	5	1	-	-	6
- goodwill	10	-	-	-	10
120. Tangible fixed assets	1,768	796	-	18	2,582
140. Own shares or quotas	306	28	-299 (6)	-	35
150. Other assets	20,292	1,772	48 (2)(3)	22	22,134
160. Accrued income and prepaid expenses	2,334	402	-	1	2,737
a) accrued income	2,115	320	-	1	2,436
b) prepaid expenses	219	82	-	-	301
of which:					
- discounts on bond issues	18	6	-	-	24
Total assets	174,331	39,247	-731	708	213,555

(1) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as of 30 June 2001 (26 million Euro of loans to customers, 118 million Euro loans to banks and 144 million Euro due to banks).

(2) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans offset against shareholder's equity reserves, is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in caption 150 - Other Assets

(3) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in caption 150 - Other Assets

(4) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (40 million Euro) net of amortization attributable to the period (2 million Euro), is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.

(5) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 30 June 2001, and the recalculation of amortization for the period (see note 5 to the statement of income).

(6) The adjustment reflects the use of SANPAOLO IMI own shares (289 million Euro) during the exchange, as well as the cancellation of Cardine Banca own shares in the merger (10 million Euro).

(€/million)

	SANPAOLO IMI Group	Cardine Group	Effects of the merger	Banka Koper pro forma contribution	SANPAOLO IMI Group pro forma
	(a)	(b)	(c)	(d)	(e) = (a+b+c+d)
LIABILITIES					
10. Due to banks	31,032	7,714	-144 (1)	27	38,629
a) repayable on demand	6,817	1,871	-31	-	8,657
b) time deposits or with notice period	24,215	5,843	-113	27	29,972
20. Due to customers	65,052	14,183	450 (10)	620	80,305
a) repayable on demand	45,973	11,478	-	173	57,624
b) time deposits or with notice period	19,079	2,705	450	447	22,681
30. Securities issued	39,963	10,341	-	12	50,316
a) bonds	27,286	8,514	-	12	35,812
b) certificates of deposits	7,803	1,742	-	-	9,545
c) other	4,874	85	-	-	4,959
40. Public funds administered	109	97	-	-	206
50. Other liabilities	17,847	1,950	-	12	19,809
60. Accrued expense and deferred income	2,215	355	11 (10)	24	2,605
a) accrued expense	1,877	233	11	14	2,135
b) deferred income	338	122	-	10	470
70. Provisions for employee termination indemnities	758	221	-	-	979
80. Provisions for risks and charges	3,449	598	-4 (10)	15	4,058
a) pensions and similar commitments	1,110	290	-	-	1,400
b) taxation	864	168	(7)	1	1,029
c) other	1,475	140	(8)	14	1,629
90. Reserve for possible loan losses	34	37	-	-	71
110. Subordinated liabilities	5,178	223	-	-	5,401
120. Negative goodwill arising on consolidation	-	142	-142 (5)	-	-
130. Negative goodwill arising on application of the equity method	135	8	-8 (5)	-	135
140. Minority interests	737	94	-	-	831
Capital and reserves (caption 100, 150, 160, 170, 180)	7,134	3,167 (9)	-894 (2)(3)(4)(6)(10)	-	9,407
200. Net income	688	117 (9)	-	-2	803
Total liabilities	174,331	39,247	-731	708	213,555

GUARANTEES AND COMMITMENTS

10. Guarantees given	15,250	1,623	-	45	16,918
of which:					
- acceptances	153	25	-	-	178
- other guarantees	15,097	1,598	-	45	16,740
20. Commitments	31,059	1,295	-	55	32,409

(1) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as of 30 June 2001 (26 million Euro of loans to customers, 118 million Euro loans to banks and 144 million Euro due to banks).

(2) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans offset against shareholder's equity reserves, is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in caption 150 - Other Assets

(3) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in caption 150 - Other Assets

(4) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (40 million Euro) net of amortization attributable to the period (2 million Euro), is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.

(5) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 30 June 2001.

(6) The adjustment reflects the use of SANPAOLO IMI own shares (289 million Euro) during the exchange, as well as the cancellation of Cardine Banca own shares in the merger (10 million Euro).

(7) Compared with the original figure, the caption has been increased to take into account the elimination of the benefit provided for by Legge Ciampi (15 million Euro).

(8) Compared with the original figure, the caption has been increased by 18 million Euro to reflect the pro quota (1/2) of the end of year reserves due to the previous effects of Legge Ciampi.

(9) Compared with the original figure, the shareholders' equity and income have been reduced due to the effect of the adjustments to the statement of income.

(10) The adjustment reflects the purchase (and related debt) of SANPAOLO IMI own shares needed to reach the amount used in the exchange.

FIRST HALF 2001: STATEMENT OF CONSOLIDATED PRO FORMA STATEMENT OF INCOME - OFFICIAL FORMAT

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (b)	Effects of the merger (c)	Banka Koper pro forma contribution (d)	SANPAOLO IMI Group pro forma (e) = (a+b+c+d)
10. Interest income and similar revenues	4,246	1,180	-	14	5,440
<i>of which:</i>					
– loans to customers	3,134	932	-	10	4,076
– securities	550	170	-	3	723
20. Interest expense and similar charges	-2,905	-594	-11 (4)	-10	-3,520
<i>of which:</i>					
– due to customers	-862	-171	-11	-10	-1,054
– securities issued	-1,159	-227	-	-	-1,386
30. Dividends and other revenues	370	18	-	-	388
a) from shares, quotas and other equities	267	2	-	-	269
b) from equity investments	103	16	-	-	119
40. Commission income	1,689	264	-	5	1,958
50. Commission expense	-371	-43	-	-1	-415
60. Profits (losses) on financial transactions	-52	13	-	-	-39
70. Other operating income	156	70	-	6	232
80. Administrative costs	-1,784	-516	-	-8	-2,308
a) personnel	-1,116	-330	-	-5	-1,451
<i>of which:</i>					
– wages and salaries	-788	-237	-	-5	-1,030
– social security charges	-242	-61	-	-	-303
– termination indemnities	-53	-16	-	-	-69
– pensions and similar commitments	-33	-16	-	-	-49
b) other administrative costs	-668	-186	-	-3	-857
90. Adjustments to intangible and tangible fixed assets	-242	-52	7 (5)	-6	-293
100. Provisions for risks and charges	-101	-40 (1)	-	-	-141
110. Other operating expenses	-21	-13	-	-	-34
120. Adjustments to loans and provisions for guarantees and commitments	-272	-95	-	-12	-379
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	140	29	-	9	178
140. Provisions to the reserve for possible loan losses	-4	-1	-	-	-5
150. Adjustments to financial fixed assets	-15	-11	-	-	-26
160. Writebacks of adjustments to financial fixed assets	1	-	-	-	1
170. Income (losses) on investments carried at equity	47	1	-	-	48
180. Income from operating activities	882	210	-4	-3	1,085
190. Extraordinary income	275	45 (2)	-	-	320
200. Extraordinary expenses	-100	-13	-	-	-113
210. Extraordinary net income	175	32	-	-	207
230. Changes in reserve for banking risks	4	-3	-	-	1
240. Income taxes	-315	-120 (3)	4 (4)	1	-430
250. Income (loss) attributable to minority interests	-58	-2	-	-	-60
260. Net income	688	117	-	-2	803

(1) Compared with the original figure, the caption has been increased by 18 million Euro to offset the "other reserves" to reflect the pro quota (1/2) of the end of year reserves due to the previous effects of Legge Ciampi.

(2) Compared with the original figure, the caption has been reduced to offset the equity reserves to reflect the reversal of the extraordinary component due to the change in the evaluation policy of dealing securities attributable to the previous financial year (12 million Euro).

(3) Compared with the original figure, the caption has been adjusted to reflect the elimination of the advantage provided for by Legge Ciampi (15 million Euro), offsetting the taxation reserves, the tax effect (5 million Euro) related to note (2) and offsetting the equity reserves.

(4) The adjustment reflects the cost of the funding needed to finance the purchase of SANPAOLO IMI shares to reach the amount of own shares used in the exchange and the related tax effect.

(5) The adjustment concerns amortization of the goodwill arising on consolidation generated by the allocation of the merger deficit (-2 million Euro), as well as the alteration of the amortization of goodwill arising on consolidation of the Cardine Group due to the new positive difference (following off-setting) (9 million Euro).

31/12/2001: STATEMENT OF CONSOLIDATED PRO FORMA BALANCE SHEET - OFFICIAL FORMAT

(€/million)

	SANPAOLO IMI Group	Cardine Group	Effects of the merger	Banka Koper pro forma contribution (d)	SANPAOLO IMI Group pro forma (e) = (a+b+c+d)
	(a)	(b)	(c)		
ASSETS					
10. Cash and deposits with central banks and post offices	818	331	-	23	1,172
20. Treasury bills and similar bills eligible for refinancing with central banks	9,373	711	-	97	10,181
30. Due from banks	21,571	5,053	-282 (1)	94	26,436
a) repayable on demand	3,191	1,541	-74	-	4,658
b) other credits	18,380	3,512	-208	94	21,778
40. Loans to customers	97,056	27,633	-115 (1) (2)	336	124,910
of which:					
- loans using public funds	99	101	-	-	200
50. Bonds and other debt securities	11,216	5,032	-36 (3)	68	16,280
a) public entities	4,352	2,239	-	48	6,639
b) banks	3,433	1,821	-	-	5,254
of which:					
- own bonds	1,074	6	-	-	1,080
c) financial institutions	1,120	568	-	-	1,688
of which:					
- own bonds	-	-	-	-	-
d) other issuers	2,311	404	-36	20	2,699
60. Shares, quotas and other equities	1,528	514	-	12	2,054
70. Equity investments	4,054	310	-105 (4)	-21	4,238
a) carried at equity	339	112	-	-37	414
b) other	3,715	198	-105	16	3,824
80. Investments in Group companies	643	17	-	-	660
a) carried at equity	643	8	-	-	651
b) other	-	9	-	-	9
90. Goodwill arising on consolidation	838	211	-93 (4) (5)	72	1,028
100. Goodwill arising on application of the equity method	215	1	-1 (5)	-	215
110. Intangible fixed assets	367	75	-	2	444
of which:					
- start-up costs	3	-	-	-	3
- goodwill	8	-	-	-	8
120. Tangible fixed assets	1,726	816	-	19	2,561
140. Own shares or quotas	304	24	-300 (6)	-	28
150. Other assets	18,585	1,869	48 (2) (3)	42	20,544
160. Accrued income and prepaid expenses	2,191	465	-	20	2,676
a) accrued income	1,871	380	-	20	2,271
b) prepaid expenses	320	85	-	-	405
of which:					
- discounts on bond issues	31	10	-	-	41
Total assets	170,485	43,062	-884	764	213,427

(1) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as of 31 December 2001 (21 million Euro of loans to customers, 282 million Euro loans to banks and 303 million Euro due to banks).

(2) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans offset against shareholder's equity reserves, is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in caption 150 - Other Assets

(3) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in caption 150 - Other Assets

(4) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (38 million Euro) net of amortization attributable to the period (4 million Euro), is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.

(5) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 31 December 2001, and the recalculation of amortization for the period (see note 4 to the statement of income).

(6) The adjustment reflects the use of SANPAOLO IMI own shares (294 million Euro) during the exchange, as well as the cancellation of Cardine Banca own shares in the merger (6 million Euro).

(€/million)

	SANPAOLO IMI Group (a)	Cardine Group (b)	Effects of the merger (c)	Banka Koper pro forma contribution (d)	SANPAOLO IMI Group pro forma (e) = (a+b+c+d)
LIABILITIES					
10. Due to banks	27,922	8,834	-303 (1)	29	36,482
a) repayable on demand	3,378	1,673	-65	-	4,986
b) time deposits or with notice period	24,544	7,161	-238	29	31,496
20. Due to customers	65,845	15,311	445 (7)	675	82,276
a) repayable on demand	48,463	12,606	-	194	61,263
b) time deposits or with notice period	17,382	2,705	445	481	21,013
30. Securities issued	40,839	11,471	-	16	52,326
a) bonds	27,695	8,825	-	9	36,529
b) certificates of deposits	8,346	2,424	-	7	10,777
c) other	4,798	222	-	-	5,020
40. Public funds administered	100	101	-	-	201
50. Other liabilities	15,590	2,066	-	2	17,658
60. Accrued expense and deferred income	2,162	436	22 (7)	31	2,651
a) accrued expense	1,811	305	22	19	2,157
b) deferred income	351	131	-	12	494
70. Provisions for employee termination indemnities	734	221	-	-	955
80. Provisions for risks and charges	2,471	771	-9 (7)	17	3,250
a) pensions and similar commitments	43	300	-	-	343
b) taxation	901	326	-9	1	1,219
c) other	1,527	145	-	16	1,688
90. Reserve for possible loan losses	41	32	-	-	73
110. Subordinated liabilities	5,607	222	-	-	5,829
120. Negative goodwill arising on consolidation	-	141	-141 (5)	-	-
130. Negative goodwill arising on application of the equity method	118	9	-9 (5)	-	118
140. Minority interests	698	95	-	-	793
Capital and reserves (caption 100, 150, 160, 170, 180)	7,155	3,174	-890 (2)(3)(4)(6)(7)	-	9,439
200. Net income	1,203	178	1	-6	1,376
Total liabilities	170,485	43,062	-884	764	213,427

GUARANTEES AND COMMITMENTS

10. Guarantees given	16,016	1,711	-	106	17,833
of which:					
- acceptances	128	30	-	-	158
- other guarantees	15,888	1,681	-	106	17,675
20. Commitments	24,839	1,453	-	132	26,424

(1) The adjustment reflects the elimination of the most significant reciprocal accounts between the two Groups as of 31 December 2001 (21 million Euro of loans to customers, 282 million Euro loans to banks and 303 million Euro due to banks).

(2) The adjustment reflects the discounting of doubtful loans of the Cardine Group to take into account the adoption of the SANPAOLO IMI accounting policy. The adjustment of loans offset against shareholder's equity reserves, is estimated at 94 million Euro, with a positive tax effect of 35 million Euro which is included in caption 150 - Other Assets

(3) This involves adjustment of the portfolios of newly consolidated companies to reflect losses on investment securities for 36 million Euro, with a positive tax effect of 13 million Euro which is included in caption 150 - Other Assets

(4) The adjustment reflects the cancellation of the book value (105 million Euro) of Cardine Banca shares in the SANPAOLO IMI portfolio at the time of the merger, against the corresponding fraction of the incorporated company's equity (63 million Euro). The merger difference (38 million Euro) net of amortization attributable to the period (4 million Euro), is registered in the "equity investments" caption, establishing goodwill arising on consolidation of the same amount.

(5) This reflects offsetting, in accordance with current banking standards, of goodwill arising on consolidation with the negative goodwill of the Cardine Group as of 31 December 2001.

(6) The adjustment reflects the use of SANPAOLO IMI own shares (294 million Euro) during the exchange, as well as the cancellation of Cardine Banca own shares in the merger (6 million Euro).

(7) The adjustment reflects the purchase (and related debt) of SANPAOLO IMI own shares needed to reach the amount used in the exchange.

2001: STATEMENT OF CONSOLIDATED PRO-FORMA STATEMENT OF INCOME - OFFICIAL FORMAT

	(€/million)				
	SANPAOLO IMI Group	Cardine Group	Effects of the merger	Banka Koper pro forma contribution	SANPAOLO IMI Group pro forma
	(a)	(b)	(c)	(d)	(e) = (a+b+c+d)
10. Interest income and similar revenues	8,016	2,407	-	28	10,451
<i>of which:</i>					
– loans to customers	5,999	1,854	-	20	7,873
– securities	1,026	311	-	6	1,343
20. Interest expense and similar charges	-5,326	-1,221	-22 (3)	-21	-6,590
<i>of which:</i>					
– due to customers	-1,600	-320	-22	-20	-1,962
– securities issued	-2,112	-458	-	-1	-2,571
30. Dividends and other revenues	397	28	-	-	425
a) from shares, quotas and other equities	263	10	-	-	273
b) from equity investments	134	18	-	-	152
40. Commission income	3,312	526	-	11	3,849
50. Commission expense	-714	-87	-	-2	-803
60. Profits (losses) on financial transactions	105	15	-	1	121
70. Other operating income	280	127	-	12	419
80. Administrative costs	-3,600	-1,029	-	-18	-4,647
a) personnel	-2,221	-630	-	-11	-2,862
<i>of which:</i>					
– wages and salaries	-1,600	-443	-	-11	-2,054
– social security charges	-471	-118	-	-	-589
– termination indemnities	-109	-31	-	-	-140
– pensions and similar commitments	-41	-38	-	-	-79
b) other administrative costs	-1,379	-399	-	-7	-1,785
90. Adjustments to intangible and tangible fixed assets	-543	-111	14 (4)	-11	-651
100. Provisions for risks and charges	-136	-78	-	-	-214
110. Other operating expenses	-36	-20	-	-	-56
120. Adjustments to loans and provisions for guarantees and commitments	-636	-228	-	-28	-892
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	278	75	-	21	374
140. Provisions to the reserve for possible loan losses	-11	-12	-	-	-23
150. Adjustments to financial fixed assets	-235	-20	-	-	-255
160. Writebacks of adjustments to financial fixed assets	2	-	-	-	2
170. Income (loss) on investments carried at equity	79	3	-	-	82
180. Income from operating activities	1,232	375	-8	-7	1,592
190. Extraordinary income	660	41 (1)	-	-	701
200. Extraordinary expenses	-269	-19	-	-	-288
210. Extraordinary net income	391	22	-	-	413
230. Changes in the reserve for banking risks	-1	-5	-	-	-6
240. Income taxes	-318	-209 (2)	9 (3)	1	-517
250. Income (loss) attributable to minority interests	-101	-5	-	-	-106
260. Net income	1,203	178	1	-6	1,376

(1) Compared with the original figure, the caption has been reduced to offset the equity reserves to reflect the reversal of the extraordinary component due to the change in the evaluation policy of dealing securities attributable to the previous financial year (12 million Euro).

(2) Compared with the original figure, the caption has been reduced to reflect, in offset against the equity reserves the tax effect (5 million Euro) related to note (1).

(3) The adjustment reflects the cost of the funding needed to finance the purchase of SANPAOLO IMI shares to reach the amount of own shares used in the exchange and the related tax effect.

(4) The adjustment concerns amortization of the goodwill arising on consolidation generated by the allocation of the merger deficit (-4 million Euro), as well as the alteration of the amortization of goodwill arising on consolidation of the Cardine Group due to the new positive difference (following off-setting) (18 million Euro).

Half year report on the Parent Bank

PARENT BANK FINANCIAL STATEMENTS

EXPLANATORY NOTES TO THE HALF YEAR REPORT ON THE PARENT BANK

ATTACHMENTS

Parent Bank financial statements

RECLASSIFIED STATUTORY BALANCE SHEET

RECLASSIFIED STATUTORY STATEMENT OF INCOME

STATUTORY BALANCE SHEET

STATUTORY STATEMENT OF INCOME

Reclassified statutory balance sheet

	30/6/02 (€/million)	30/6/01 (€/million)	31/12/01 (€/million)	31/12/01 pro forma (1) (€/million)	Change 30/6/02-31/12/01 pro forma (%)
ASSETS					
Cash and deposits with central banks and post offices	459	311	570	570	-19.5
Loans	77,505	73,184	72,220	78,965	-1.8
- due from banks	19,254	13,716	12,648	17,746	8.5
- loans to customers	58,251	59,468	59,572	61,219	-4.8
Dealing securities	10,410	6,140	8,508	13,593	-23.4
Fixed assets	13,218	9,818	10,448	13,864	-4.7
- investment securities	953	552	725	1,283	-25.7
- equity investments	11,215	8,230	8,687	11,467	-2.2
- intangible fixed assets	151	166	177	179	-15.6
- tangible fixed assets	899	870	859	935	-3.9
Other assets	9,664	7,839	8,881	9,630	0.4
Total assets	111,256	97,292	100,627	116,622	-4.6
LIABILITIES					
Payables	86,147	76,072	79,263	91,543	-5.9
- due to banks	31,564	22,833	23,254	34,527	-8.6
- due to customers and securities issued	54,583	53,239	56,009	57,016	-4.3
Provisions	2,634	1,642	1,649	1,753	50.3
- for taxation	1,608	678	696	741	117.0
- for employee termination indemnities	434	421	417	417	4.1
- for risks and charges	551	501	493	552	-0.2
- for pensions and similar obligations	41	42	43	43	-4.7
Other liability	7,346	7,839	6,904	7,214	1.8
Subordinated liabilities	5,351	4,553	5,004	5,004	6.9
Shareholders' equity	9,778	7,186	7,807	11,108	-12.0
- capital	5,144	3,932	3,932	5,144	-
- reserves (*)	4,434	2,696	2,691	4,368	1.5
- net income for the period	200	558	1,184	1,045	-80.9
- adjustment for income alignment				-551	-
Total liabilities	111,256	97,292	100,627	116,622	-4.6
GUARANTEES AND COMMITMENTS					
Guarantees given	27,644	23,713	24,720	25,270	9.4
Commitments	12,201	14,344	12,315	12,800	-4.7

(1) The pro forma data have been prepared according to the criteria detailed in the explanatory notes.

(*) Reserves are net of 17,080,403 own shares in portfolio, at a book value of 294 million Euro as of 31 December 2001.

The pro forma balance sheet as of 31 December 2001 is unaudited.

Reclassified statutory statement of income

	First half 2002 (€/million)	First half 2001 (€/million)	First half 2001 pro forma (1) (€/million)	Change first half 2002 / first half 2001 pro forma (%)
NET INTEREST INCOME	731	801	823	-11.2
Net commissions and other net dealing revenues	587	638	635	-7.6
Profits and losses from financial transactions and dividends on shares	42	47	47	-10.6
Dividends on equity investments	144	494	81	77.8
NET INTERESTS AND OTHER BANKING INCOME	1,504	1,980	1,586	-5.2
Administrative costs	-1,059	-974	-1,032	2.6
<i>of which:</i>				
- <i>personnel</i>	-645	-632	-635	1.6
- <i>other administrative costs</i>	-350	-276	-331	5.7
- <i>indirect duties and taxes</i>	-64	-66	-66	-3.0
Other operating income, net	118	76	128	-7.8
Adjustments to fixed assets	-100	-75	-89	12.4
OPERATING INCOME	463	1,007	593	-21.9
Adjustments to goodwill and merger differences	-14	-14	-14	-
Provisions for risks and charges	-44	-59	-78	-43.6
Net adjustments to loans and provisions for guarantees and commitments	-49	-66	-66	-25.8
Net adjustments to financial fixed assets	-52	-6	-6	n.s.
INCOME BEFORE EXTRAORDINARY ITEMS	304	862	429	-29.1
Net extraordinary income	91	38	72	26.4
INCOME BEFORE TAXES	395	900	501	-21.2
Income taxes for the period	-195	-342	-234	-16.7
NET INCOME	200	558	267	-25.1

Adjustment for alignment with net income 609

Aggregate net income (SPIMI+Cardine) 876

(1) The pro forma data have been prepared according to the criteria detailed in the explanatory notes.

The pro forma statement of income for the first half of 2001 is unaudited.

Statutory balance sheet

(in Euro)

ASSETS	30/6/02	31/12/01 Sanpaolo Imi	31/12/01 pro forma
10. Cash and deposits with central banks and post offices	458,909,123	569,593,198	599,980,651
20. Treasury bills and similar bills eligible for refinancing with central banks	821,709,479	2,493,463,658	3,167,727,617
30. Due from banks	19,253,645,274	12,648,050,686	17,746,110,113
a) repayable on demand	3,317,037,165	1,176,452,625	2,389,735,864
b) other deposits	15,936,608,109	11,471,598,061	15,356,374,249
40. Loans to customers	58,250,735,728	59,571,670,316	61,218,378,967
of which:			
- loans using public funds	59,433,427	63,948,432	63,948,432
50. Bonds and other debt securities	10,151,406,713	6,738,624,834	11,196,783,137
a) public entities	4,004,507,508	1,972,878,856	3,907,571,219
b) banks	4,827,031,032	3,455,335,761	5,232,705,666
of which:			
- own bonds	208,057,352	252,288,291	252,288,291
c) financial institutions	444,906,296	488,132,178	914,890,894
of which:			
- own bonds	-	-	-
d) other issuers	874,961,877	822,278,039	1,141,615,358
60. Shares, quotas and other equities	389,974,163	1,022,554	511,125,501
70. Equity investments	1,547,256,389	2,103,693,615	2,151,178,190
80. Investments in Group companies	9,667,330,594	6,583,616,365	9,316,329,089
90. Intangible fixed assets	151,010,150	176,882,931	179,716,981
of which:			
- start-up costs	-	-	-
- goodwill	4,002,758	4,574,580	4,574,580
100. Tangible fixed assets	898,642,515	859,046,098	934,776,559
120. Own shares or quotas (nominal value € 38,220)	136,960	293,861,409	299,678,415
130. Other assets	7,957,839,539	7,423,537,246	7,982,503,084
140. Accrued income and prepaid expenses	1,707,043,311	1,456,331,786	1,615,467,607
a) accrued income	1,358,496,287	1,246,940,053	1,404,912,218
b) prepaid expenses	348,547,024	209,391,733	210,555,389
of which:			
- discounts on bond issues	5,799,605	6,420,992	6,420,992
Total assets	111,255,639,938	100,919,394,696	116,919,755,911

(in Euro)

LIABILITIES	30/6/02	31/12/01 Sanpaolo Imi	31/12/01 pro forma	
10. Due to banks		31,563,364,135	23,254,045,034	34,526,638,134
a) repayable on demand	6,772,389,685		1,895,644,707	5,565,137,179
b) time deposits or with notice period	24,790,974,450		21,358,400,327	28,961,500,955
20. Due to customers		39,616,308,974	40,147,114,980	40,418,714,687
a) repayable on demand	27,818,876,563		28,433,023,026	28,539,481,434
b) time deposits or with notice period	11,797,432,411		11,714,091,954	11,879,233,253
30. Securities issued		14,904,077,030	15,774,967,965	16,510,578,361
a) bonds	12,778,411,793		11,706,247,136	11,706,247,136
b) certificates of deposits	1,697,794,893		3,644,956,254	4,380,566,650
c) other	427,870,344		423,764,575	423,764,575
40. Public funds administered		55,845,926	60,764,152	60,764,152
50. Other liabilities		6,046,643,143	5,579,327,982	5,778,390,873
60. Accrued expense and deferred income		1,306,717,111	1,350,514,069	1,460,810,071
a) accrued expense	1,085,882,063		1,115,238,787	1,224,205,870
b) deferred income	220,835,048		235,275,282	236,604,201
70. Provisions for employee termination indemnities		433,695,391	416,819,673	416,830,074
80. Provisions for risks and charges		2,200,058,484	1,232,035,666	1,336,396,712
a) pensions and similar commitments	41,294,619		42,834,590	42,834,590
b) taxation	1,607,936,992		695,997,407	740,786,568
c) other	550,826,873		493,203,669	552,775,554
90. Reserve for possible loan losses		-	-	-
100. Reserve for general banking risks		335,696,984	335,696,984	358,369,442
110. Subordinated liabilities		5,350,687,685	5,003,172,161	5,003,172,161
120. Capital		5,144,064,800	3,932,435,119	5,361,971,716
130. Additional paid-in capital		21,650,169	21,650,169	716,728,650
140. Reserves		4,076,873,464	2,627,124,986	3,374,571,630
a) legal reserve	792,561,421		792,561,422	830,805,445
b) reserve for own shares or quotas	136,961		293,861,409	299,678,415
c) statutory reserves	-		-	-
d) other reserves	3,284,175,082		1,540,702,155	2,244,087,770
160. Retained earnings		-	-	-
170. Net income for the year for allocation		-	1,183,725,756	1,595,819,248
180. Net income for the period		199,956,642	-	-
Total liabilities		111,255,639,938	100,919,394,696	116,919,755,911

GUARANTEES AND COMMITMENTS	30/6/02	31/12/01 Sanpaolo Imi	31/12/01 pro forma	
10. Guarantees given		27,644,198,395	24,720,013,291	25,270,010,111
<i>of which:</i>				
- acceptances	116,754,302		113,488,197	113,488,197
- other guarantees	27,527,444,093		24,606,525,094	25,156,521,914
20. Commitments		12,201,196,396	12,315,412,246	12,637,651,443
<i>of which:</i>				
- for sales with obligation to repurchase	-		-	-
30. Commitments for derivatives on loans		-	-	162,695,492

Statutory statement of income

(in Euro)

	First half 2002	First half 2001 Sanpaolo Imi	First half 2001 pro forma
10. Interest income and similar revenues	2,117,440,784	2,451,820,415	2,723,651,636
<i>of which:</i>			
– loans to customers	1,549,893,656	1,931,868,520	1,947,320,958
– securities	258,240,958	166,992,305	319,058,468
20. Interest expense and similar charges	-1,385,797,737	-1,654,843,588	-1,904,480,047
<i>of which:</i>			
– due to customers	-373,180,830	-584,467,954	-590,147,978
– securities issued	-450,706,538	-481,490,826	-485,122,215
30. Dividends and other revenues	150,220,745	501,007,907	87,925,509
a) from shares, quotas and other equities	6,749,909	360,769	1,550,606
b) from equity investments	143,470,836	73,226,016	86,374,903
c) on investments in Group companies	-	427,421,122	-
40. Commission income	632,512,608	673,877,781	675,434,598
50. Commission expense	-46,177,171	-35,744,436	-40,582,311
60. Profits (losses) on financial transactions	27,600,717	47,316,572	46,982,190
70. Other operating income	120,659,015	79,818,994	132,020,430
80. Administrative costs	-1,059,867,796	-974,269,813	-1,032,728,462
a) personnel	-645,391,731	-632,165,566	-635,330,649
<i>of which:</i>			
– wages and salaries	-463,238,547	-451,501,463	-454,046,340
– social security charges	-149,095,600	-148,279,543	-148,810,651
– employee termination indemnities	-33,057,584	-32,384,560	-32,473,658
– pensions and similar commitments	-	-	-
b) other administrative costs	-414,476,065	-342,104,247	-397,397,813
90. Adjustments to intangible and tangible fixed assets	-113,689,728	-89,405,742	-102,220,575
100. Provisions for risks and charges	-43,845,498	-58,598,648	-77,454,675
110. Other operating expenses	-2,689,306	-4,069,578	-4,931,885
120. Adjustments to loans and provisions for guarantees and commitments	-136,386,667	-166,962,294	-166,962,294
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	95,641,419	101,030,379	101,030,379
140. Provisions to the reserve for possible loan losses	-	-	-
150. Adjustments to financial fixed assets	-52,234,510	-6,859,959	-7,318,322
160. Writebacks of adjustments to financial fixed assets	460,819	793,630	801,847
170. Income from ordinary activities	303,847,694	864,911,620	431,168,018
180. Extraordinary income	193,489,761	45,897,287	80,287,535
190. Extraordinary expenses	-102,391,931	-10,693,976	-10,773,301
200. Extraordinary net income	91,097,830	35,203,311	69,514,234
220. Income taxes for the period	-194,988,882	-342,000,000	-233,519,623
230. Net income	199,956,642	558,114,931	267,162,629

Explanatory Notes to the half year report on the Parent Bank

Introduction

With a view to rationalizing the obligatory aspects of preparing the Half Year Report, the Bank has chosen not to publish Explanatory Notes to the Financial Statements of the Parent Bank, as allowed by CONSOB in art. 81 of Resolution 11971 of 14/5/99 (as amended by Consob Resolution 12475 of 6/4/2000). In fact, the Bank believes that the information published on the Group's performance in the first half of 2002, consisting in a Report on Operations and Consolidated Financial Statements, is perfectly adequate to ensure in-depth analysis of the financial, economic and capital-management situation of the SANPAOLO IMI Group, both as a whole and by business sector.

The half year report of the Parent Bank is therefore limited to the following documents:

- Statutory statement of income and balance sheet, reclassified for management purposes and prepared on a consistent basis with respect to the Group's annual reports;
- Financial statements of the Parent Bank (Balance sheet and Statement of income prepared in accordance with the compulsory format required by the Bank of Italy);
- Attachments to the financial statements:
 - Intercompany balances between the Parent Bank, subsidiaries and companies subject to significant influence;
 - Statement of changes in shareholders' equity of the Parent Bank.

The Bank's financial statements for the first half of 2002 have been prepared pursuant to D. Lgs. 87 dated 27 January 1992, which implemented EEC Directive 86/635. They also take into account the requirements contained in the Bank of Italy instructions dated 30 July 1992 and subsequent amendments. For all matters not governed by special regulations, reference has been made to the Italian Civil Code and to national accounting standards.

The Bank's financial statements as of 30 June 2002 have been prepared using the accounting policies adopted in relation to the financial statements as of 31 December 2001.

Merger of Cardine Banca S.p.A.

SANPAOLO IMI merged with Cardine Banca S.p.A. by deed on 24 May 2002. The merger became legally effective as of 1 June 2002, while the booking and tax effects were backdated to 1 January 2002.

Prior to the merger with SANPAOLO IMI, Cardine Banca S.p.A. transferred to Cardine Finanziaria S.p.A. (subsidiary of the same Cardine Banca) the whole company, represented by the controlling interests in the bank networks of the ex Cardine Group, of other business and local investments, other assets and liabilities linked with the corporate activity and, in particular to the performance of operating and supporting services for the aforementioned bank networks. This transaction became legally effective as of 1 June 2002. The company branch was disposed of at a book value of 2,400 million Euro, following an appraisal ex art. 2343 of the Italian Civil Code of 4,037 million Euro.

As of 30 June 2002, the SANPAOLO IMI balance sheet includes the assets and liabilities of the ex Cardine Banca S.p.A., as resulting after the transfer of the company to Cardine Finanziaria, net of reciprocal receivables and payables. Considering the assumption of legal effectiveness of the merger, the reciprocal economic items referring to the period from 01/01/2002 to 31/05/2002, have not been eliminated.

As regards the legal/balance sheet effects of the merger on SANPAOLO IMI, the transaction involved:

- the cancellation of the shareholding held by SANPAOLO IMI in Cardine Banca as of 1 June 2002, amounting to 104.9 million Euro and corresponding to 2.2% of the capital of the merged bank; as the corresponding portion of shareholder's equity of the merged company amounted to 66 million Euro, the cancellation of the shareholding highlighted a deficit of 38.9 million Euro. This deficit was added to the investment in Cardine Finanziaria, on the basis of the appraisals of the company branch transferred, for which there were unexpressed gains of approximately 1,637 million Euro;
- the exchange of shares in Cardine Banca, on the basis of a ratio of 1.795 SANPAOLO IMI shares for every Cardine share. In particular, 267,821,000 Cardine Banca shares were exchanged with 480,738,695 SANPAOLO IMI shares via:
 - the issue of 432,724,886 ordinary shares with a nominal unitary value of 2.8 Euro;
 - the use of 48,013,809 of SANPAOLO IMI's own shares as of 1 June 2002.

As part of the merger, Compagnia di Sanpaolo, Fondazione di Padova e Rovigo and Fondazione di Bologna availed themselves of the right, in accordance with Law 461/98 and D. Lgs. 153/99, to request conversion of the ordinary shares held into privileged shares, for the part in excess of 15% of the ordinary share capital held overall. Consequently, 388,334,018 ordinary shares were at par converted into privileged shares.

Following the aforementioned transactions, as of 30 June 2002, the capital increased by 1,211,629,680.8 Euro and amounts to 5,144,064,800 Euro, made up of 1,448,831,982 ordinary shares and 388,334,018 privileged shares with a nominal value of 2.8 Euro each.

The equity exchange determined a merger surplus of approximately 1,582.8 million Euro, which will be allocated to the specific accounts at the end of the year, taking into account the tax restrictions related to the reconstitution of the incorporated bank's reserves subject to taxation and allocating any deferred tax liabilities.

The assignment of own shares in portfolio as part of the equity exchange involved the cancellation of the restricted reserve for the purchase of own shares for approximately 543.6 million Euro.

Audit of the Half Year Report on the Parent Bank

The Half Year Report on the Parent Bank has been subjected to a limited audit by PricewaterhouseCoopers S.p.A., in accordance with CONSOB Recommendations 97001574 dated 20 February 1997 and 10867 dated 31 July 1997, and the shareholders' resolution dated 28 April 2000, which appointed them as auditors for the 2001/2003 three-year period.

Pro forma balance sheet and statement of income

In order to enable comparability of the balance sheet and income schedules, be they reclassified or official, a pro forma Balance Sheet as of 31 December 2001 and a pro forma Statement of Income referred to 30 June 2001 have been prepared; reclassified versions of a pro forma Balance Sheet as of 30 June 2001 and a pro forma Statement of Income referred to 31 December 2001 have also been prepared. The pro forma documents take into consideration:

- the merger of Cardine Banca (transaction becoming effective for booking and tax purposes as of 1 January 2002);
- the transfer of the company branch of Cardine Banca to Cardine Finanziaria (transaction becoming effective as of 1 June 2002);
- the changes in the accounting policies, as of the 2001 financial statements, regarding the booking of subsidiary dividends, during the period in which the profits mature as opposed to the year in which they are collected.

The SANPAOLO IMI and Cardine Banca data were added together and adjustments were made to both the statement of income and the balance sheet to take into consideration that:

- the 2002 Half Year Statement of Income shows no subsidiary dividends, therefore the subsidiary dividends collected during the first half of 2001, both by SANPAOLO IMI and Cardine Banca (428 million Euro by SANPAOLO IMI and 432 million Euro by Cardine Banca) have been reversed. In the reclassified pro forma statement of income as of 31 December 2001, this adjustment, referring to extraordinary results, amounted to 866 million Euro (433 million Euro related to SANPAOLO IMI and 433 million Euro to Cardine Banca);
- with exclusive regard to performances of Cardine Banca during the first six months of 2001, with other administrative costs, other net operating income and amortization referring to the whole 2001 half year, while during the first half of 2002 the same aggregates influenced the statement of income for just five months (in consideration of the effectiveness of the transfer of the company branch to Cardine Finanziaria as of 1 June 2002), these captions have been proportionally adjusted. In particular, personnel costs have been reduced by 1 million Euro, other administrative costs by 11 million Euro, other net operating income by 10 million Euro and adjustments to fixed assets by 2 million Euro. In relation to the reclassified pro forma statement of income as of 31 December 2001, these adjustments, referring to seven months of the year, amounted to 7 million Euro, 98 million Euro, 73 million Euro and 22 million Euro respectively;
- provisions for risks and charges for Cardine Banca for the first half of 2001 have been increased by 18 million Euro in order to make them consistent with the policies adopted by SANPAOLO IMI;
- income taxes have been recalculated in accordance with the adjustments made;
- the Cardine equity accounts related to 2001, both at 30 June and 31 December, have been adjusted to take into account the accounts transferred to Cardine Finanziaria as of 1 June 2002, as well as the aforementioned adjustments to the statement of income. In particular, the equity caption has been reduced by the book value of the interests transferred to Cardine Finanziaria and increased by the book value of the same Cardine Finanziaria, corresponding to the shareholder's equity of the company following the transfer (the net effect is represented by an increase of 195 million Euro as of 30 June 2001 and 189 million Euro as of 31 December 2001); the intangible fixed assets have been reduced by 45 million Euro as of 30 June 2001 and 46 million Euro as of December 2001; the fixed assets have been reduced by 70 million Euro as of 30 June 2001 and by 67 million Euro as of 31 December 2001; the other assets have been reduced by 369 million Euro as of 30 June 2001 and by 379 million Euro as of 31 December 2001; the tax reserve has been decreased in relation to the pro forma adjustments of the income by 247 million Euro as of 30 June 2001 and 260 million Euro as of 31 December 2001 respectively; other liabilities have diminished by 77 million Euro as of 30 June 2001 and 31 December 2001; customer deposits have increased by 35 million Euro in relation to the deposit opened by SANPAOLO IMI in favour of Cardine Finanziaria at the time of transfer of the company branch from Cardine Banca; the provision for employee termination indemnities has decreased by 1 million Euro as of 31 December 2001;
- the pro forma shareholder's equity as of 30 June 2001 and 31 December 2001 has been adjusted to make it consistent with that resulting after the merger of Cardine Banca S.p.A..

The diagrams determining the pro forma schedules, in reclassified and "official" versions are presented below. These pro forma schedules are unaudited.

Reclassified pro forma balance sheet as of 30/6/2001

	30/06/01 SPIMI (€/million)	30/6/01 Cardine (€/million)	Pro forma adjustments (€/million)	Combined pro forma as of 30/06/01 (€/million)
ASSETS				
Cash and deposits with central banks and post offices	311	-		311
Loans	73,184	5,877		79,061
- due from banks	13,716	4,742		18,458
- loans to customers	59,468	1,135		60,603
Dealing securities	6,140	5,552		11,692
Fixed assets	9,818	3,293	80	13,191
- investment securities	552	570		1,122
- equity investments	8,230	2,531	195	10,956
- intangible fixed assets	166	45	-45	166
- tangible fixed assets	870	147	-70	947
Other assets	7,839	1,048	-369	8,518
Total assets	97,292	15,770	-289	112,773
LIABILITIES				
Payables	76,072	11,857	35	87,964
- due to banks	22,833	11,490		34,323
- due to customer and securities issued	53,239	367	35	53,641
Provisions	1,642	222	-247	1,617
- for taxation	678	167	-247	598
- for employee termination indemnities	421	-		421
- for risks and charges	501	55		556
- for pensions and similar commitments	42	-		42
Other liabilities	7,839	488	-77	8,250
Subordinated liabilities	4,553	-		4,553
Shareholders' equity	7,186	3,203		10,389
of which				
- capital	3,932	1,430	-218	5,144
- reserves (*)	2,696	1,455	218	4,369
- pro forma net income for the period	558	318	-609	267
- adjustment for income alignment			609	609
Total liabilities	97,292	15,770	-289	112,773
GUARANTEES AND COMMITMENTS				
Guarantees given	23,713	489		24,202
Commitments	14,344	472		14,816

(*) Amount shown net of own shares in portfolio as of 30/6/2001 of 16,712,003 shares worth 289 million Euro for SANPAOLO IMI and 10 million Euro for Cardine.

Reclassified pro forma balance sheet as of 31/12/2001

	31/12/01 SPIMI (€/million)	31/12/01 Cardine (€/million)	Pro forma adjustments (€/million)	Combined pro forma as of 31/12/01 (€/million)
ASSETS				
Cash and deposits with central banks and post offices	570	-		570
Loans	72,220	6,745		78,965
- due from banks	12,648	5,098		17,746
- loans to customers	59,572	1,647		61,219
Dealing securities	8,508	5,085		13,593
Fixed assets	10,448	3,340	76	13,864
- investment securities	725	558		1,283
- equity investments	8,687	2,591	189	11,467
- intangible fixed assets	177	48	-46	179
- tangible fixed assets	859	143	-67	935
Other assets	8,881	1,128	-379	9,630
Total assets	100,627	16,298	-303	116,622
LIABILITIES				
Payables	79,263	12,245	35	91,543
- due to banks	23,254	11,273		34,527
- due to customer and securities issued	56,009	972	35	57,016
Provisions	1,649	365	-261	1,753
- for taxation	696	305	-260	741
- for employee termination indemnities	417	1	-1	417
- for risks and charges	493	59		552
- for pensions and similar commitments	43	-		43
Other liabilities	6,904	387	-77	7,214
Subordinated liabilities	5,004	-		5,004
Shareholders' equity	7,807	3,301		11,108
of which				
- capital	3,932	1,430	-218	5,144
- reserves (*)	2,691	1,459	218	4,368
- pro forma net income for the period	1,184	412	-551	1,045
- adjustment for income alignment			551	551
Total liabilities	100,627	16,298	-303	116,622
GUARANTEES AND COMMITMENTS				
Guarantees given	24,720	550		25,270
Commitments	12,315	485		12,800

(*) Amount shown net of own shares in portfolio as of 31 December 2001 of 17.080.403 shares worth 294 million Euro for SANPAOLO IMI and 6 million Euro for Cardine.

Reclassified pro forma statement of income for the first half 2001

	First half 2001 SPIMI (€/million)	First half 2001 Cardine (€/million)	Pro forma adjustments (€/million)	Combined pro forma first half 2001 (€/million)
NET INTEREST INCOME	801	22		823
Net commissions and other net dealing revenues	638	-3		635
Profits and losses from financial transactions and dividends on shares	47	-		47
Dividends from equity investments	494	447	-860	81
NET INTERESTS AND OTHER BANKING INCOME	1,980	466	-860	1,586
Administrative costs	-974	-70	12	-1,032
<i>of which:</i>				
- <i>personnel</i>	-632	-4	1	-635
- <i>other administrative costs</i>	-276	-66	11	-331
- <i>indirect duties and taxes</i>	-66	-		-66
Other operating income, net	76	62	-10	128
Adjustments to fixed assets	-75	-16	2	-89
OPERATING INCOME	1,007	442	-856	593
Adjustments to goodwill and merger differences	-14	-		-14
Provisions for risks and charges	-59	-1	-18	-78
Net adjustments to loans and provisions for guarantees and commitments	-66	-		-66
Net adjustments to financial fixed assets	-6	-		-6
INCOME BEFORE EXTRAORDINARY ITEMS	862	441	-874	429
Net extraordinary income	38	34		72
INCOME BEFORE TAXES	900	475	-874	501
Income taxes for the period	-342	-157	265	-234
NET INCOME	558	318	-609	267

Adjustment for alignment with net income	609
Aggregate net income (SPIMI+Cardine)	876

Reclassified pro forma statement of income for the year 2001

	2001 SPIMI (€/million)	2001 Cardine (€/million)	Pro forma adjustments (€/million)	Combined pro forma 2001 (€/million)
NET INTEREST INCOME	1,583	30		1,613
Net commissions and other net dealing revenues	1,271	-4		1,267
Profits and losses from financial transactions and dividends on shares	72	-9		63
Dividends on equity investments	946	297		1,243
NET INTERESTS AND OTHER BANKING INCOME	3,872	314		4,186
Administrative costs	-2,004	-163	105	-2,062
<i>of which:</i>				
- <i>personnel</i>	-1,295	-10	7	-1,298
- <i>other administrative costs</i>	-582	-153	98	-637
- <i>indirect duties and taxes</i>	-127	-		-127
Other operating income, net	153	125	-73	205
Adjustments to fixed assets	-183	-34	22	-195
OPERATING INCOME	1,838	242	54	2,134
Adjustments to goodwill and merger differences	-28	-		-28
Provisions for risks and charges	-30	-44		-74
Net adjustments to loans and provisions for guarantees and commitments	-256	3		-253
Net adjustments to financial fixed assets	-235	-10		-245
INCOME BEFORE EXTRAORDINARY ITEMS	1,289	191	54	1,534
Net extraordinary income	801	469	-866	404
INCOME BEFORE TAXES	2,090	660	-812	1,938
Income taxes for the period	-906	-248	261	-893
NET INCOME	1,184	412	-551	1,045

Adjustment for alignment with net income	551
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Aggregate net income (SPIMI+Cardine)	1,596
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Statement of SANPAOLO IMI pro forma balance sheet as of 31 December 2001

	31/12/01 SPIMI (€/million)	31/12/01 Cardine (€/million)	Pro forma adjustments (€/million)	Combined pro forma as of 31/12/01 (€/million)
ASSETS				
10. Cash and deposits with central banks and post offices	570	30		600
20. Treasury bills and similar bills eligible for refinancing with central banks	2,493	674		3,167
30. Due from banks	12,648	5,098		17,746
a) repayable on demand	1,176	1,213		2,389
b) other deposits	11,472	3,885		15,357
40. Loans to customers	59,572	1,647		61,219
of which:				
- loans using public funds	64	-		64
50. Bonds and other debt securities	6,738	4,458		11,196
a) public entities	1,973	1,935		3,908
b) banks	3,455	1,777		5,232
of which:				
- own bonds	252	-		252
c) financial institutions	488	427		915
of which:				
- own bonds	-	-		-
d) other issuers	822	319		1,141
60. Shares, quotas and other equities	1	510		511
70. Equity investments	2,104	98	-50	2,152
80. Investments in Group companies	6,584	2,494	239	9,317
90. Intangible fixed assets	177	49	-46	180
of which:				
- start-up costs	-	-		-
- goodwill	5	-		5
100. Tangible fixed assets	859	143	-67	935
120. Own shares or quotas	294	6		300
130. Other assets	7,423	938	-379	7,982
140. Accrued income and prepaid expenses	1,456	159		1,615
a) accrued income	1,247	158		1,405
b) prepaid expenses	209	1		210
of which:				
- discounts on bond issues	6	-		6
Total assets	100,919	16,304	-303	116,920

	31/12/01 SPIMI (€/million)	31/12/01 Cardine (€/million)	Pro forma adjustments (€/million)	Combined pro forma as of 31/12/01 (€/million)
LIABILITIES				
10. Due to banks	23,254	11,272		34,526
a) repayable on demand	1,896	3,669		5,565
b) time deposits or with notice period	21,358	7,603		28,961
20. Due to customers	40,147	237	35	40,419
a) repayable on demand	28,433	72	35	28,540
b) time deposits or with notice period	11,714	165		11,879
30. Securities issued	15,775	736		16,511
a) bonds	11,706	-		11,706
b) certificates of deposits	3,645	736		4,381
c) other	424	-		424
40. Public funds administered	61	-		61
50. Other liabilities	5,579	277	-77	5,779
60. Accrued expense and deferred income	1,350	110		1,460
a) accrued expense	1,115	109		1,224
b) deferred income	235	1		236
70. Provisions for employee termination indemnities	417	1	-1	417
80. Provisions for risks and charges	1,232	364	-260	1,336
a) pensions and similar commitments	43	-		43
b) taxation	696	305	-260	741
c) other	493	59		552
90. Reserve for possible loan losses	-	-		-
100. Reserve for general banking risks	336	23		359
110. Subordinated liabilities	5,003	-		5,003
120. Capital	3,932	1,430		5,362
130. Additional paid-in capital	22	695		717
140. Reserves	2,627	747		3,374
a) legal reserve	792	38		830
b) reserve for own shares or quotas	294	6		300
c) statutory reserves	-	-		-
d) other reserves	1,541	703		2,244
160. Retained earnings	-	-		-
170. Net income for the year for allocation	1,184	412		1,596
Total liabilities	100,919	16,304	-303	116,920
GUARANTEES AND COMMITMENTS				
10. Guarantees given	24,720	550		25,270
<i>of which:</i>				
- acceptances	113	-		113
- other guarantees	24,607	550		25,157
20. Commitments	12,315	322		12,637
<i>of which:</i>				
- for sales with obligation to repurchase	-	-		-
30. Commitments for derivatives on loans	-	163		163

Statement of SANPAOLO IMI pro forma statement of income for the first half 2001

STATEMENT OF INCOME	First half 2001 SPIMI (€/million)	First half 2001 Cardine (€/million)	Pro forma adjustments (€/million)	Combined pro forma first half 2001 (€/million)
10. Interest income and similar revenues	2,452	272		2,724
<i>of which:</i>				
– loans to customers	1,932	15		1,947
– securities	167	152		319
20. Interest expense and similar charges	-1,655	-250		-1,905
<i>of which:</i>				
– due to customers	-584	-6		-590
– securities issued	-481	-4		-485
30. Dividends and other revenues	501	446	-860	87
a) from shares, quotas and other equities	-	1		1
b) from equity investments	73	13		86
c) on investments in Group companies	428	432	-860	-
40. Commission income	674	2		676
50. Commission expense	-36	-5		-41
60. Profits (losses) on financial transactions	47	-		47
70. Other operating income	80	62	-10	132
80. Administrative costs	-974	-70	12	-1,032
a) personnel	-632	-4	1	-635
<i>of which:</i>				
– wages and salaries	-451	-3	1	-453
– social security charges	-148	-1		-149
– employee termination indemnities	-32	-		-32
– pensions and similar commitments	-	-		-
b) other administrative costs	-342	-66	11	-397
90. Adjustments to intangible and tangible fixed assets	-89	-15	2	-102
100. Provisions for risks and charges	-59	-1	-18	-78
110. Other operating expenses	-4	-1		-5
120. Adjustments to loans and provisions for guarantees and commitments	-167	-		-167
130. Writebacks of adjustments to loans and provisions for guarantees and commitments	101	-		101
140. Provisions to the reserve for possible loan losses	-	-		-
150. Adjustments to financial fixed assets	-7	-		-7
160. Writebacks of adjustments to financial fixed assets	1	-		1
170. Income from ordinary activities	865	440	-874	431
180. Extraordinary income	46	34		80
190. Extraordinary expenses	-11	-		-11
200. Extraordinary net income	35	34		69
220. Income taxes for the period	-342	-156	265	-233
Net income	558	318	-609	267

Adjustment for alignment with net income	609
Aggregate net income (SPIMI+Cardine)	876

Attachments

INTERCOMPANY BALANCES BETWEEN THE PARENT BANK, SUBSIDIARIES
AND COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT BANK

Intercompany balances between the Parent Bank, subsidiaries and companies subject to significant influence

Group companies	(€/million)				
	Assets (a)	Liabilities	Guarantees and commitments (b)	Revenues (c)	Expenses
Banca Agricola di Cerea S.p.A.	16	66	2	1	1
Banca d'Intermediazione Mobiliare S.p.A.	3,913	751	473	70	40
Banca Fideuram S.p.A.	-	100	-	-	2
Banca Opi S.p.A.	8,051	625	1,052	99	5
Banca Popolare dell'Adriatico S.p.A.	123	287	38	6	7
Banca Sanpaolo Invest S.p.A.	-	17	-	2	1
Banco di Napoli S.p.A.	320	580	2	11	2
Banque Sanpaolo S.A.	238	16	28	3	1
Cardine Finance P.l.c.	-	-	400	4	-
Cardine Finanziaria S.p.A.	-	52	-	-	-
Cardine Leasing S.p.A.	150	-	623	11	1
Cassa di Risparmio di Bologna S.p.A.	329	480	175	12	14
Cassa di Risparmio di Gorizia S.p.A.	74	139	-	1	2
Cassa di Risparmio di Padova e Rovigo S.p.A.	260	2,523	20	18	39
Cassa di Risparmio di Udine e Pordenone S.p.A.	16	530	10	5	5
Cassa di Risparmio di Venezia S.p.A.	101	1,437	11	7	20
Compagnia di San Paolo Investimenti Patrimoniali S.p.A.	-	49	-	-	1
Farbanca S.p.A.	3	-	-	-	-
Fideuram Bank S.A.	-	24	-	-	-
Fideuram Bank (Suisse) A.G.	-	-	10	-	-
Fincardine S.p.A.	13	-	-	-	-
Finemiro Banca S.p.A.	59	-	296	10	-
Finemiro Leasing S.p.A.	383	-	640	8	1
Finemiro Stile S.p.A.	-	-	200	2	-
GE.RI.CO. Gestione Riscossione Tributi in Concessione S.p.A.	152	-	-	3	-
Imi Bank (Lux) S.A.	36	112	-	1	1
Imi Capital Markets USA Corp	71	-	-	1	-
Imi Investimenti S.p.A.	15	25	8	1	-
Imiweb Bank S.p.A.	-	2	-	-	-
Invesp S.p.A.	-	2	2	-	-
Ldv Holding B.V.	-	9	-	-	-
NHS S.p.A.	-	-	1	-	-
Prospettive 2001 S.p.A.	-	14	-	-	-
Rsp S.r.l.	1	1	-	-	-
Sanpaolo Bank (Austria) A.G.	2	-	-	-	-
Sanpaolo Bank S.A.	1,194	2,377	27	5	36
Sanpaolo Fiduciaria S.p.A.	-	3	-	-	-
Sanpaolo Gestion Internationale S.A.	-	-	-	40	-

	(€/million)				
Group companies	Assets (a)	Liabilities	Guarantees and commitments (b)	Revenues (c)	Expenses
Sanpaolo Imi Alternative Investments Sgr S.p.A.	-	2	-	-	-
Sanpaolo Imi Asset Management Sgr S.p.A.	-	74	1	218	1
Sanpaolo Imi Bank (International) S.A.	1	7,439	7,973	-	121
Sanpaolo Imi Bank Ireland Plc	132	115	-	2	1
Sanpaolo Imi Capital Company I LLC	-	1,000	-	-	40
Sanpaolo Imi Institutional Asset Management S.p.A.	-	14	-	-	-
Sanpaolo Imi International S.A.	-	101	-	-	1
Sanpaolo Imi Us Financial Co.	-	3,584	3,584	-	29
Sanpaolo Imi Wealth Management S.p.A.	-	33	-	1	-
Sanpaolo Leasint GmbH	6	-	-	-	-
Sanpaolo Leasint S.p.A.	2,040	4	156	32	3
Sanpaolo Riscossioni Genova S.p.A.	36	-	-	2	-
Sanpaolo Riscossioni Prato S.p.A.	-	2	4	-	-
Sanpaolo Vita S.p.A.	39	295	1	10	3
Sep S.p.A.	1	1	-	-	4
West Bank S.A.	4	-	-	-	-
Total Group companies	17,779	22,885	15,737	586	382
<i>Jointly held subsidiaries</i>					
Finconsumo S.p.A.	17	6	103	1	-
Fc Factor S.p.A.	1	-	-	-	-
Total	17,797	22,891	15,840	587	382
<i>Other significant investments</i>					
Other significant investments	Assets (a)	Liabilities	Guarantees and commitments (b)	Revenues (c)	Expenses
Banka Koper D.D.	-	10	-	-	-
Esatri S.p.A.	38	-	168	1	-
HDI Assicurazioni S.p.A.	-	17	1	-	-
Inter-Europa Bank Rt	20	38	9	1	1
Total	58	65	178	2	1

(a) Excluding the book value of the investment.

(b) Excluding commitments to subscribe increases in capital.

(c) Excluding dividends received.

Statement of changes in Shareholders' equity of the Parent Bank

SHAREHOLDERS' EQUITY AS PER FINANCIAL STATEMENTS

	(€/million)														
	Capital	Legal reserve	Additional paid-in capital	Extra- ordinary reserve	Unre- stricted reserve for purchase of own shares	Restricted reserve for purchase of own shares	Reserve ex art.13 sub.6 D.Lgs. 124/93	Reserve ex art.7 sub.3 L.218/90	Merger surplus	Reserve ex Law 169/83	Reserve D.Lgs. 213/98	Reserve D.Lgs. 153/99	Reserve for general banking risks	Net income for the period	Total
Shareholders' equity as of 1 January 2002	3,932	792	22	58	706	294	3	80	-	11	42	641	336	1,184	8,101
Allocation of 2001 net income:															
- extraordinary reserve				409										-409	-
- reserve ex art.13 sub.6 D.Lgs 124/93							1							-1	-
- dividends distributed														-774	-774
Purchase of own shares during the first half of the year					-250	250									-
Cardine merger effects:															
- Share capital increase by exchange	1,212														1,212
- Assignment of own shares in exchange						-544									-544
- Merger surplus from exchange								1,583							1,583
Net income for the period														200	200
Shareholders' equity as of 30 June 2002	5,144	792	22	467	456	-	4	80	1,583	11	42	641	336	200	9,778

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