

SANPAOLO IMI

GROUP RESULTS FOR FIRST QUARTER 2001 APPROVED

Net income of 327 million Euro, up against 2000 quarterly average
Positive net asset management flow in the quarter of 492 million Euro
2001 ordinary income envisaged to grow also thanks to cost containment

Turin, 15 May 2001 - The Board of Directors today approved the SANPAOLO IMI Group results for the first quarter of 2001, which confirm the indications provided on 30 April in the Shareholders' Meeting.

In a difficult market scenario, SANPAOLO IMI Group achieved quarterly net income of 327 million Euro. Income was up by 19 million Euro compared to the quarterly average of the previous year, restated in consistent terms taking the acquisition of Banco di Napoli from 1 January 2000. Comparison with the first quarter of 2000 is less significant, showing a fall in income of 10.2%; the first quarter of the previous year had in fact registered an exceptional income flow, in a particularly positive market context in asset management and trading.

In particular, the results of the first quarter 2001 show:

- net interest income of 726 million Euro, up by 7 million Euro compared to the quarterly average of 2000 and 5.7% against the first quarter of 2000. This was the result of the increase both in volume terms and in interest rates and spreads;
- net commissions of 653 million Euro, down by 48 million Euro compared to the quarterly average of 2000 and 10.5% compared to the first three months of 2000. Performance in commissions reflected volatility in the securities markets in the first months of 2001; it was also hampered in comparison with a particularly positive first quarter of 2000, marked by substantial subscriptions and order flows;
- administrative expenses were 873 million Euro, down by 10 million Euro compared to the 2000 quarterly average. The increase of 3.2% on the first quarter 2000 was a result of that quarter's having registered the lowest cost flow in the previous year, before the initiatives to strengthen distribution channels were posted;
- provisions and net adjustments to loans and financial fixed assets for a total of 101 million Euro, against the 2000 quarterly average of 160 million Euro and 112 million Euro in the first three months of 2000. The fall was made possible thanks to a further improvement in Group asset quality: net doubtful loans at the end of March 2001 fell by 41% on an annual basis; the ratio of net non-performing loans to customer loans fell to 1%, against 2.1% in March 2000.

In volume terms:

- in asset management, notwithstanding the difficult market scenario, the Group achieved in the first three months of 2001 a net positive inflow of 492 million Euro; against this positive flow, however, the fall in the markets led to a reduction of 4.4 billion Euro in the total assets managed by the Group, which fell at the end of March to 125 billion Euro, down by 2.2% on an annual basis. Progress in life policies was particularly positive, rising to 12.8 billion Euro, up 19.3% from March 2000. The Group further increased its market share in mutual funds, rising to 19.1%, against 18.9% at the end of December 2000 and 18.7% at March 2000;
- Group net loans, excluding non-performing loans and those with SGA, to which Banco di Napoli's doubtful loans were transferred, amounted to 92.9 billion Euro, up by 5.2% on an

annual basis, while direct customer deposits rose to 104.8 billion Euro, up by 0.9% against the end of March 2000.

On the basis of preliminary data for April, in Italy the Group registered an increase in the amounts of mutual funds, including portfolio investment in funds and life policies. This was due both to a revaluation of the amounts and to net inflow of 332 million Euro.

The Board of Directors also examined the initiatives taken to confront the lower income, compared to expectations, deriving from asset management and securities dealing following the deterioration in the markets. In particular, actions to contain costs have been identified, thanks to which the Group will reduce the rate of growth in expenses in 2001 to close to zero, within equal consolidation criteria. These initiatives will contribute to the achievement in 2001 of Group ordinary income in advance of that in 2000.

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Reclassified consolidated statement of income

	First quarter 2001	First quarter 2000 pro-forma (1)	Change first quarter 2001 / First quarter 2000 pro-forma	Quarterly average 2000 pro-forma
	(€mil)	(€mil)	(%)	(€mil)
NET INTEREST INCOME	726	687	+5.7	719
Net commissions and other dealing revenues	653	730	-10.5	701
Profits and losses from financial transactions and dividends on shares	65	114	-43.0	73
Profits from companies carried at equity and dividends from shareholdings	59	35	+68.6	37
NET INTEREST AND OTHER BANKING INCOME	1,503	1,566	-4.0	1,530
Administrative costs	-873	-846	+3.2	-883
- <i>personnel</i>	-555	-539	+3.0	-559
- <i>other administrative costs</i>	-268	-255	+5.1	-272
- <i>indirect duties and taxes</i>	-50	-52	-3.8	-52
Other operating income net	54	57	-5.3	62
Adjustments to tangible and intangible fixed assets	-80	-61	+31.1	-82
OPERATING INCOME	604	716	-15.6	627
Value adjustments on goodwill, merger differences and consolidation	-33	-40	-17.5	-42
Provisions and net adjustments to loans and financial fixed assets	-101	-112	-9.8	-160
ORDINARY INCOME	470	564	-16.7	425
Net extraordinary income	73	109	-33.0	100
INCOME BEFORE TAXES	543	673	-19.3	525
Income taxes for the period	-195	-285	-31.6	-193
Change in reserves for general banking risks	2	-	n.s.	1
Income attributable to minority interests	-23	-24	-4.2	-25
NET INCOME	327	364	-10.2	308

(1) The pro forma income statement for the first quarter of 2000 and the quarterly average for 2000 have been prepared taking the acquisition of control of Banco di Napoli from 1/1/2000. This allows the most consistent comparison with 2001.

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

Reclassified consolidated balance sheet

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

(1) The pro forma balance sheet data at 31/3/2000 have been prepared taking the acquisition of control of Banco di Napoli from 1/1/2000.

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

The quarterly balance sheet data are not audited.