

SANPAOLO IMI SPA
Form 6-K
September 13, 2006

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the period September 12, 2006

SANPAOLO IMI S.p.A.

(Exact name of registrant as specified in its charter)

Piazza San Carlo 156
10121 Turin, Italy

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F **Form 40-F**

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes **No**

SANPAOLO IMI GROUP

NEWS RELEASE

Results to June 30, 2006 approved

- **NET INCOME: 1,140 million euro (+27.5% against first half 2005)**
- **CURRENT OPERATING INCOME: 1,769 million euro (+23.5% against first half 2005)**
- **GROSS OPERATING INCOME: 4,354 million euro (+10.3% against first half 2005)**
- **ANNUALIZED RoE: 17.8% (15.7% in first half 2005, 17.2% in 2005)**
- **COST INCOME RATIO: 53.1% (56.4% in first half 2005). In the second quarter the ratio was 52.4%.**
- **ASSET QUALITY: ratio of non-performing loans to loans to customers 0.7% (0.8% at the end of June 2005); ratio of doubtful loans to total net loans 2.09% (2.5% at the end of June 2005)**
- **35,000 NEW RETAIL CUSTOMERS IN THE SIX MONTHS**
- **MEDIUM- & LONG-TERM LOANS: 3,700 million euro in personal loans and domestic mortgages by the commercial banks (+27% on the first half of 2005).**

More than 4,000 million euro in medium- & long-term loans to companies by the commercial banks (+34% on the first half of 2005)

Principal profit margins and business volumes grew compared with the first half of 2005:

- ***Gross operating income* was 4,354 million euro (+10.3%), thanks to positive development in all areas: the *net interest income* rose to 2,019 million euro (+8.3%), *net commissions* were 1,709 million euro (+9.3%), *dividends and results from other financial assets and liabilities* rose to 325 million euro (+49.8%) and the *result of the insurance business* rose to 203 million euro (+11.5%).**
- ***Loans to customers* rose 11.2% from June 2005 and 5.6% from the beginning of the year, with further improvements in credit quality. Doubtful loans fell 6.8% from June 2005 and 7.4% from the beginning of the year.**
- ***Financial assets of customers* also grew: +5.7% from June 2005 and +2.7% on the end of 2005. The positive trend in direct deposits (+5.4% on the 12**

months and +4% from December 2005) and indirect deposits (+5.5% on the 12 months and +1.4% from the end of December) continued.

In the second quarter of 2006 the level of earnings was the highest of the previous six quarters: gross operating income was 2,239 million euro (+5.9% against the first quarter of 2006, with the creation of 124 million euro in new revenues) and net interest and other banking income reached 2,102 million euro. Net income in the second quarter was 621 million euro, up 19.7% on the first quarter of 2006. Average net income calculated for the first two quarters of 2006 was up 15% compared to the 2005 quarterly average.

Turin, September 12, 2006 The Board of Directors of SANPAOLO IMI today approved the results of the Group at June 30, 2006, prepared according to IAS/IFRS accounting principles.

The results show a positive development in the principal profit margins compared to the same period of 2005. The Group achieved a decisive improvement in **gross operating income** (+10.3%), to 4,354 million euro, thanks to strong revenues: **net interest income** rose to 2,019 million euro (+8.3%), **net commissions** to 1,709 million euro (+9.3%), **insurance business** to 203 million euro (+11.5%). **Net interest and other banking income** rose to 4,121 million euro (+10.9%) and **current operating income** was 1,769 million euro (+23.5%).

Credit quality remained high, thanks to the selective criteria used in loan disbursement and strict provisioning policies, as demonstrated by the total of doubtful loans, down 7.4% on the end of 2005.

Net income was thus 1,140 million euro against 894 million in the same period of 2005 (+27.5%).

The Group acquired 35,000 new retail customers and 450 corporate clients in the period; in the second quarter alone more than 21,000 new retail customers joined the bank.

The performance in the half is in line with the objectives of the Three-Year Plan, which envisages RoE of 18% and a cost/income ratio of 52% in 2008.

Consolidated results at June 30, 2006(1).

Group **gross operating income** was 4,354 million euro (+10.3% on the first half of 2005), thanks to a positive performance in ordinary business areas.

Net interest income in 2006 was 2,019 million euro, with an increase of 8.3% on the first half of 2005 and accelerating compared to the growth of 7.8% recorded in the first quarter of 2006. The principal growth factor came from customer business. Average

(1) Consolidation note

Note that, for consistent comparison, the first half 2005 figures have been restated to take account of changes made by the European Commission on certain international accounting principles subsequent to the publication of the 2005 Report. In terms of consolidation, therefore, the figures for the first six months and full year 2005 include the consolidation of the grouping of Fideuram Wargny and Gest Line among income from discontinuing operations net of taxes in line with IFRS 5.

interest-earning assets rose by 13.3% on the first half of 2005, total average spread fell by 13 basis points, as did customer spreads (16 basis points), as a result of excess supply in the system causing mark-up pressures.

Loans to customers at the end of June were 147.3 billion euro, significantly up on December 2005 (+5.6%), and on the 12 months (+11.2%). Performance benefited from both long- and medium term and short-term financing: the latter grew 10.6% in the 12 months. The total shows good progress in retail (5.5 billion euro drawn down by the commercial banks with 2.8 billion euro in domestic mortgages and 0.9 million in personal loans, up 25.6% on the same period of 2005) and corporates (financings of more than 4 billion euro, +34.3% on the first half of 2005); however, loans to public works and infrastructure fell 7.3% from the beginning of the year (Banca OPI's loan book at the end of the period was 19.2 billion euro).

Direct deposits were 171.9 billion euro, up 4% from the beginning of the year and 5.4% in the 12 months.

At the end of June the Group's domestic market share was 10.1% in loans and 10.7% in direct deposits.

Group **net commissions** in the first half of 2006 were 1,709 million euro, up 9.3% on the end of June 2005. The growth was driven by management, trading and consultancy (+15.2%), thanks above all to the performance in asset management (+13.4%) which represents more than half of total commissions. Again in asset management, trading and consultancy, the good results in trading and custody (+29.9%), which benefited from commissions relating to Wind and structured finance securities, should be noted. The sector was affected by uncertainties in financial markets; furthermore the tendency of rising interest rates took interest from fixed income securities. Customer preferences turned towards more flexible products such as flexible funds and management.

Financial assets of customers at the end of June were 412.7 billion euro, up 2.7% from the end of December 2005 and 5.7% in the 12 months.

The stock of **indirect deposits** reached 265.8 billion euro, up 1.4% from the beginning of the year and 5.5% on the 12 months, largely because of asset management. From December 2005, there was a change in composition of customer assets from actively managed to funds under administration and direct deposits. Asset management was affected by the second quarter's negative performance in financial markets and expectations of further rises in interest rates, reflected in the outflow of funds and fall in value)of managed funds. **Asset management** volumes were thus 155.8 billion euro, up 2.6% in the 12 months, but down 1.4% from the beginning of the year. Mutual funds and fund-based management were 104.4 billion euro (+3.3% in the 12 months and 1.7% from the beginning of the year): in this context the greater weight in flexible funds, up since June by 3 percentage points should be noted. The new Absolute Return funds attracted savers and achieved net inflows in the half of approximately 3.3 billion euro.

The SANPAOLO IMI Group continues to occupy the number one position in mutual funds, with a domestic market share of 18.1% calculated on the new and broader Assogestioni definitions, which included funds promoted in Italy by foreign law Sicavs.

Total **assets under administration** at the end of June 2006 were 110 billion euro (+9.9% in the 12 months and +5.5% from the beginning of the year).

Life technical reserves and financial liabilities showed an increase in the 12 months (+0.7%) and a fall on the levels at the end of 2005 (-1.3%), standing at 45.3 million euro: the progressive maturity of the portfolio was not counterbalanced by new written policies in the first half. Against this negative trend at system level, a review of life products is under way to support the development of the business and its effect will be clear from the second half of the year.

The **insurance result** was 203 million euro (+11.5% against the same period in 2005). This result was achieved during a slowdown related to the transitional phase and relaunch of the Eurizon group, thanks to positive results in financial management.

Dividends and results from other financial assets and liabilities were 325 million euro (+49.8% against June 2005). The increase is due to Banca IMI's traditional activities. A substantial contribution came from financial markets business and securities, foreign exchange and commercial bank derivatives: in particular, interest and exchange rate derivatives generated consolidated revenues of 78 million euro, exceeding the total for the whole of 2005. The results also include more than 12 million euro profit on the sale of FIAT securities resulting from the FIAT Convertible Facility and 30 million euro from the sale of certain minority interests available for sale.

Profits from shareholdings, 59 million euro, were down by 24.4% on the same period of 2005, which had benefited from significant capital gains resulting from private equity investments.

Net interest and other banking income was 4,121 million euro, up 10.9% on an annual basis.

Net value adjustments for loan deterioration amounted to 233 million euro, in line with the 229 million euro in the first half of 2005, confirming the satisfactory risk profile of the Group's loan portfolio. Coverage of doubtful loans remains high and such as to cover a substantial guarantee of recoverability. The valuation of the inherent risk in the performing loan portfolio led to a general provision 92 million euro, down 36.1% on the first half of 2005. The Group general reserve was 1,171 million euro, 0.8% of the performing loan portfolio, in line with the results at 31 December 2005.

Non-performing loans fell by 3.3% (1,044 million euro against 1,080 as of end-December and 1,109 at June 2005), while **problem and restructured loans** (1,188 million euro) rose by 1.7%; the coverage ratios were respectively 76.1% and 31.4%.

Asset quality, thanks to selective criteria in loan disbursement and a strict provisioning policy, remains high and the credit risk indices of the Group were, there, always at good levels: ratios of non-performing loans/loans to customers and problem and restructured

loans/loans to customers were respectively 0.7% and 0.8%. The ratio of doubtful loans to total net loans at the end of June was 2.09% (2.5% at the end of June 2005).

Current operating income was 1,769 million euro (+23.5% against June 2005), benefiting from the strong revenue performance.

Operating expenses were 2,313 million euro, up 3.8% on the first half of 2005 compared to 1.8% in the first quarter of 2005: personnel expenses (1,398 million euro) grew by 4.9% against an average rise of 1.3% in numbers as a result of investments in the commercial network and insurance business. Personnel expenses were further influenced by contractual salary increases due to the renewal of the national labor contract (CCNL) renewed in February 2005, provisions for the possible renewal of the CCNL at the end of 2005 and increase in variable remuneration. The last factor grew because of medium-term incentives to support the Three-year Plan, the wider shareholding scheme and increased provision for the incentive scheme related to the positive results of the Group in the opening months of 2006.

Other administrative expenses were 733 million euro (+5.6% on the first half of 2005): the increase was largely due to promotional costs for the Winter Olympic Games Torino 2006, of which SANPAOLO IMI was Principal Sponsor and property maintenance charges.

The cost/income ratio fell to 53.1%, an improvement of 3.3 percentage points on the same period of 2005.

Net income, after deduction of income taxes and minority interests, was 1,140 million euro (+27.5%).

The **tax rate** was 36.1%, slightly higher than in the corresponding period of 2005.

Net shareholders funds of the Group at June 30, 2006 were 13,949 million euro (13,483 million euro at December 31, 2005). The changes in the first half of 2006 were due principally to income at the end of the period, net of dividends paid for 2005, accounting for stock options and change in valuation reserves, thanks to the fair value revaluation of certain shareholding interests (289 million euro), including SCH, Fiat, Ixis Asset Management and Ixis Corp & Investment Bank.

At the end of June 2006 the **solvency ratios** of the Group were 7.7% (**tier 1 ratio**) and 10.4% (**total risk ratio**).

At June 30, 2006 the SANPAOLO IMI Group had a total network of 3,186 branches in Italy, with a market share 10%, 131 branches abroad, 19 representative offices, 42,647 employees and 4,199 financial salespeople.

Second quarter 2006 consolidated results.

The second quarter showed improved profit margins compared to the first, benefiting from good progress in revenues with best results for six quarters.

The gross operating income in the second quarter was 2.239 million euro, up 5,9% on the first: the increased revenues (124 million euro) were in all areas and come largely from structural changes in current operating performance.

The increase in operating expenses in the second quarter (1,174 million euro against 1,139 million euro in the first quarter of 2006) is due to various factors: personnel expenses (to support the Three-Year Plan), professional expenses related to commercial initiatives and rationalization and net value adjustments for tangible and intangible assets, which discounted seasonal adjustments to the investment timetable.

Net income in the second quarter was 621 million euro, up 19.7% on the previous quarter. Average net income for the two quarters of 2006 was 15% more than the 2005 quarterly average.

2006 first half consolidated results by business sectors.

Banking.

Banking is the core business of the Group and represents the point of reference for the definition, development and coordination of the commercial strategies of all the Group's networks. The sector employs 80% of Group personnel, generated 83% of dealings, and contributed 81% of consolidated revenues and 81% of consolidated net income. Net of tax, net income for the first half of 2006 was 918 million euro, against 703 million in the same period of 2005 (restated *pro forma*), +30.6%. Together with a growth of 12.3% in capital absorbed, this means an increase in annualized RORAC of more than three percentage points (24.6%) compared to the same period in the previous year. This was accompanied by a reduction of 3.4 percentage points in the cost/income ratio, following the development of revenues and contained growth of operating expenses. The sector was marked by positive performance in all profit margins, helped by the increase in financial assets of customers (+5.6%) and net loans to customers (+11%). Net interest income showed an increase of 8.8% which, together with the recovery in other commercial banking revenues and greater income from Wholesale, led to an increase in gross operating income of 10.6%. Revenue performance thus led to an increase in current operating income of +25.9%, with a slight fall in value adjustments and growth of 3.8% in operating costs compared to the first half of 2005.

The **Retail & Private** business line works with families, small business and private clients and also includes Neos Banca (consumer credit) and Farbanca (remote banking in health services). Volumes, almost half of the Group's Business, showed a growth of 5.1% on the end of June 2005, thanks to increased loans to customers (+15.3%) and, slightly less, in financial assets (+3.2%). The gross banking income of Retail & Private showed a growth of 9.6% against the same period of the preceding year, thanks to increases in interest income and net commissions. Revenue performance led to an increase of 20.7% in net income of 431 million euro. Capital absorbed was 16%, down, in terms of relative weight, against the same period of the preceding year. Annualized

profitability, up to 42.7% from 35.8% in the first six months 2005, reflected the increase in net income.

Corporate includes Sanpaolo Leasing (leasing). Business volumes followed the growth trend of the previous year, with an increase of 13.2% (annual), due to lending (+15.3%) and deposits (+7.6%). The lending performance was particularly pleasing in a period of strong market supply and increased competitiveness, reducing credit spreads. Revenues rose by 11.8% on the first half of 2005, thanks mainly to the increase in commissions and results from other financial assets and liabilities, which benefited from the development of interest rate and exchange rate derivatives for corporates. Net interest income rose by 6.2%, led by positive operating volumes, which effectively matched the downturn in mark-up. Operating expenses were largely stable while current operating income reached 293 million euro against 223 million in the first six months of 2005. Net income was 166 million euro, up 33.9% on the same period of the previous year. Greater capital absorption, due to higher lending, was amply compensated for by the increase in income which led to an improvement of almost two percentage points in annualized profitability in RORAC, up to 11.4%. Equally significant was progress in terms of efficiency: the cost/income ratio (38.9%) fell by more than four percentage points against the same period in the previous year.

Savings and Pensions.

Eurizon Financial Group comprises EurizonVita, the sales networks of Banca Fideuram and, from January, Sanpaolo IMI Asset Management. The gross operating income in the first half of 2006 grew by 9.4% compared to the same period in 2005 (*pro forma*). The progress was generated above all by greater revenues from EurizonVita and higher net commissions from Fideuram and Sanpaolo Imi Asset Management. Net commissions were 416 million euro (+11.2%) and the insurance result was 193 million euro (+13.5%). The contribution to consolidated net income, which represents about 22% of Group income, was 251 million euro (+20.7%). Performance was influenced by the increase in operating expenses (+9.9%) related to both Eurizon start-up costs, and to new projects and marketing by Banca Fideuram. Operating data show a significant growth in asset management in the 12 months (+3.8%), thanks to positive progress in mutual funds and asset management. Capital absorbed was 11% of Group capital (+6.7% against the first half of 2005). Annualized profitability grew from 31.9% at 36.1%.

The results are reported in detail in the statement of income and consolidated balance sheet included in the Report approved by the Board of Directors and attached to this news release. Note that these tables have not been audited by PricewaterhouseCoopers and the auditors have still not completed their limited audit of the half-year results. The half-year report at June 30, 2006 is available to shareholders and the market pursuant to art.82, comma 2, Delibera Consob May 14, 1999 11971 and successive modifications, in place of the information regarding the second quarter of 2006.

IMPORTANT INFORMATION

In connection with the proposed business combination, the required information document will be sent to Commissione Nazionale per le Società e la Borsa (CONSOB) and, to the extent that the shares issued in connection with the proposed business combination will be required to be registered in the United States, a registration statement on Form F-4, which will include a prospectus, may be filed with the United States Securities and Exchange Commission (SEC). If an exemption from the registration requirements of the U.S. Securities Act of 1933 (the Securities Act) is available, the shares issued in connection with the proposed business combination will be made available within the United States pursuant to such exemption and not pursuant to an effective registration statement on Form F-4. Investors are strongly advised to read the documents that will be sent to CONSOB, the registration statement and prospectus, if and when available, and any other relevant documents sent to CONSOB and/or the SEC, as well as any amendments or supplements to those documents, because they will contain important information. If and when filed, investors may obtain free copies of the registration statement, the prospectus as well as other relevant documents filed with the SEC, at the SEC's web site at www.sec.gov and will receive information at an appropriate time on how to obtain these transaction-related documents for free from the parties involved or a duly appointed agent.

This communication does not constitute an offer to purchase, sell or exchange or the solicitation of an offer to purchase, sell or exchange any securities, nor shall there be any purchase, sale or exchange of securities in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction. The distribution of this communication may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, the companies involved in the proposed business combination disclaim any responsibility or liability for the violation of such restrictions by any person.

The shares to be issued in connection with the proposed business combination may not be offered or sold in the United States except pursuant to an effective registration statement under the Securities Act or pursuant to a valid exemption from registration.

Reclassified consolidated statement of income

	H106	H105	Change	2005
	(/mil)	(/mil)	H106/H105	(/mil)
			(%)	
A. Net interest income	2.019	1.864	+8,3	3.798
B. Net commissions	1.709	1.563	+9,3	3.284
C. Income from credit disposals, assets held to maturity and repurchase of financial liabilities	39	43	-9,3	58
D. Dividends and income from other financial assets and liabilities	325	217	+49,8	526
E. Profits (losses) on equity shareholdings	59	78	-24,4	104
F. Result of insurance operations	203	182	+11,5	431
TOTAL OPERATING INCOME	4.354	3.947	+10,3	8.201
G. Net adjustments to loans	-233	-229	+1,7	-492
H. Net adjustments to other financial assets		-3	n.s.	-1
NET OPERATING INCOME	4.121	3.715	+10,9	7.708
I. Personnel costs	-1.398	-1.333	+4,9	-2.769
L. Other administrative costs	-733	-694	+5,6	-1.452
M. Net adjustments to tangible and intangible assets	-182	-201	-9,5	-435
- Operating costs	-2.313	-2.228	+3,8	-4.656
N. Other net income/expenses	26	42	-38,1	74
O. Impairment of goodwill				-47
P. Profit (losses) from disposals of investments		13	n.s.	16
Q. Net provisions for other risks and charges	-65	-110	-40,9	-141
PRE-TAX OPERATING PROFIT	1.769	1.432	+23,5	2.954
R. Taxes for the period	-639	-507	+26,0	-919
S. Profit (losses) on discontinued operations	44	-4	n.s.	5
T. Profit attributable to minority interests	-34	-27	+25,9	-57
NET PROFIT	1.140	894	+27,5	1.983

1) The consolidated reclassified statement of income is designed to reflected operational management. In particular, the contribution of the Group's insurance companies to Total operating income is conventionally cited in the specific line item Result of insurance operations

Quarterly analysis of reclassified consolidated statement of income (1)

	2006		2005			Average	
	30/6 (/mil)	31/3 (/mil)	31/12 (/mil)	30/9 (/mil)	30/6 (/mil)	31/3 (/mil)	quarter (/mil)
A. Net interest income	1026	993	980	954	943	921	949
B. Net commissions	856	853	861	860	816	747	821
C. Income from credit disposals, assets held to maturity and repurchase of financial liabilities	29	10	2	13	38	5	15
D. Dividends and income from other financial assets and liabilities	181	144	102	207	166	51	132
E. Profits (losses) on equity shareholdings	44	15	15	11	66	12	26
F. Result of insurance operations	103	100	129	120	118	64	108
TOTAL OPERATING INCOME	2.239	2.115	2.089	2.165	2.147	1.800	2.051
G. Net adjustments to loans	-137	-96	-135	-128	-142	-87	-123
H. Net adjustments to other financial assets			3	-1	-2	-1	
NET OPERATING INCOME	2.102	2.019	1.957	2.036	2.003	1.712	1.928
I. Personnel costs	-705	-693	-754	-682	-653	-680	-692
L. Other administrative costs	-371	-362	-422	-336	-353	-341	-363
M. Net adjustments to tangible and intangible assets	-98	-84	-129	-105	-103	-98	-109
- Operating costs (I+L+M)	-1.174	-1.139	-1.305	-1.123	-1.109	-1.119	-1.164
N. Other net income/expenses	15	11	25	7	32	10	19
O. Impairment of goodwill			-46	-1			-12
P. Profit (losses) from disposals of investments			3		13		4
Q. Net provisions for other risks and charges	-27	-38	-8	-23	-75	-35	-35
PRE-TAX OPERATING PROFIT	916	853	626	896	864	568	740
R. Taxes for the period	-318	-321	-132	-280	-280	-227	-230
S. Profit (losses) on discontinued operations	38	6	-11	20	-10	6	1
T. Profit attributable to minority interests	-15	-19	-9	-21	-13	-14	-14
NET PROFIT	621	519	474	615	561	333	497

(1) The consolidated reclassified statement of income is designed to reflected operational management. In particular, the contribution of the Group s insurance companies to Total operating income is conventionally cited in the specific line item Result of insurance operations .

Reclassified consolidated balance sheet

	30/6/2006 (/mil)	30/6/2005 (/mil)	Change 30/6/2006 - (%)	31/12/05 (/mil)
ASSETS				
A. Cash and liquidity	962	1.016	-5,3	1.107
B. Financial assets (other than loans and assets held to maturity)	73.033	91.190	-19,9	77.402
C. Financial assets held to maturity	2.433	1.660	+46,6	2.535
D. Credits due from banks	31.094	26.165	+18,8	28.836
E. Loans to customers	147.330	132.443	+11,2	139.507
F. Dealing securities	522	855	-38,9	435
G. Value adjustment of financial assets				
H. Shareholdings	985	796	+23,7	819
I. Reinsurance technical reserves	35	23	+52,2	29
L. Intangible assets	2.697	2.248	+20,0	2.177
M. Goodwill	794	762	+4,2	756
N. Other intangible assets	232	259	-10,4	252
O. Tax assets	2.447	3.299	-25,8	2.728
P. Non-current assets and others due for sale	798		n.s.	220
Q. Other assets	6.881	6.910	-0,4	6.455
Total assets	270.243	267.626	+1,0	263.258
LIABILITIES AND NET CAPITAL				
A. Payables due to banks	36.376	39.963	-9,0	35.682
B. Payables due to customers	98.009	89.907	+9,0	92.306
C. Securities	48.509	48.072	+0,9	46.985
D. Financial assets for trading	9.608	14.214	-32,4	11.342
E. Financial assets at fair value	25.386	25.096	+1,2	25.939
F. Hedging derivatives	354	874	-59,5	730
G. Value adjustment of financial liabilities	-98	34	n.s.	-35
H. Tax liabilities	950	1.261	-24,7	860
I. Liabilities related to activities due for sale	585		n.s.	164
L. Other liabilities	11.835	11.378	+4,0	10.573
M. Reserves for risks and charges	2.575	2.627	-2,0	2.883
N. Technical reserves	22.000	21.709	+1,3	22.113
O. Minority interest	205	196	+4,6	233
P. Group shareholders equity	13.949	12.295	+13,5	13.483
Total liabilities	270.243	267.626	+1,0	263.258

12

Quarterly analysis of reclassified consolidated balance sheet

	2006 30/6 (/mil)	31/3 (/mil)	2005 31/12 (/mil)	30/9 (/mil)	30/6 (/mil)
ASSETS					
A. Cash and liquidity	962	967	1.107	870	1.016
B. Financial assets (other than loans and assets held to maturity)	73.033	75.068	77.402	90.678	91.190
C. Financial assets held to maturity	2.433	2.429	2.535	2.175	1.660
D. Credits due from banks	31.094	34.724	28.836	29.937	26.165
E. Loans to customers	147.330	144.170	139.507	138.289	132.443
F. Dealing securities	522	324	435	653	855
G. Value adjustment of financial assets					
H. Shareholdings	985	847	819	813	796
I. Reinsurance technical reserves	35	29	29	25	23
L. Intangible assets	2.697	2.153	2.177	2.221	2.248
M. Goodwill	794	756	756	761	762
N. Other intangible assets	232	239	252	256	259
O. Tax assets	2.447	2.529	2.728	3.188	3.299
P. Non-current assets and others due for sale	798	220	220		
Q. Other assets	6.881	6.151	6.455	6.478	6.910
Total assets	270.243	270.606	263.258	276.344	267.626
LIABILITIES AND NET CAPITAL					
A. Payables due to banks	36.376	39.385	35.682	44.193	39.963
B. Payables due to customers	98.009	94.516	92.306	95.499	89.907
C. Securities	48.509	48.290	46.985	47.005	48.072
D. Financial assets for trading	9.608	11.535	11.342	13.561	14.214
E. Financial assets at fair value	25.386	25.955	25.939	25.373	25.096
F. Hedging derivatives	354	541	730	1.103	874
G. Value adjustment of financial liabilities	-98	-79	-35	11	34
H. Tax liabilities	950	1.028	860	1.412	1.261
I. Liabilities related to activities due for sale	585	164	164		
L. Other liabilities	11.835	10.121	10.573	10.162	11.378
M. Reserves for risks and charges	2.575	2.801	2.883	2.620	2.627
N. Technical reserves	22.000	21.893	22.113	22.135	21.709
O. Minority interest	205	245	233	218	196
P. Group shareholders equity	13.949	14.211	13.483	13.052	12.295
Total liabilities	270.243	270.606	263.258	276.344	267.626

13

Group Business Sectors Results

	Banking	Savings and Pensions	Central Functions (1)	Group total
GROSS OPERATING INCOME (/mil)				
First half 2006	3.528	639	187	4.354
First half 2005	3.190	584	173	3.947
Change first half 2006 / First half 2005 (%)	+10,6	+9,4	n.s.	+10,3
CURRENT OPERATING INCOME (/mil)				
First half 2006	1.464	359	-54	1.769
First half 2005	1.163	307	-38	1.432
Change first half 2006 / First half 2005 (%)	+25,9	+16,9	+42,1	+23,5
NET PROFIT (/mil)				
First half 2006	918	251	-29	1.140
First half 2005	703	208	-17	894
Change first half 2006 / First half 2005 (%)	+30,6	+20,7	+70,6	+27,5
TOTAL INTEREST-EARNING ASSETS (/mil) (2)				
First half 2006	154.876	7.001	41.054	202.931
First half 2005	138.407	5.701	22.140	166.248
Change first half 2006 / First half 2005 (%)	+11,9	+22,8	+85,4	+22,1
TOTAL INTEREST-BEARING LIABILITIES (/mil) (2)				
First half 2006	133.009	6.324	52.583	191.916
First half 2005	121.474	4.972	32.022	158.468
Change first half 2006 / First half 2005 (%)	+9,5	+27,2	+64,2	+21,1
AVERAGE ALLOCATED CAPITAL (/mil)				
First half 2006	7.474	1.392	3.943	12.809
First half 2005	6.655	1.304	3.442	11.401
Change first half 2006 / First half 2005 (%)	+12,3	+6,7	+14,6	+12,3
ANNUALIZED PROFITABILITY (%)				
First half 2006	24,6	36,1	n.s.	17,8
First half 2005	21,1	31,9	n.s.	15,7
EMPLOYEES				
30/6/2006	34.256	2.720	5.671	42.647
30/6/2005	33.888	2.539	5.590	42.017
Change 30/6/2006 - 30/6/2005 (%)	+1,1	+7,1	+1,4	+1,5

(1) Including reversals and consolidation postings.

(2) Excluding Banca IMI.

Parent Bank Statement of Income

	H106	H105
	()	()
10. Interest income and similar revenue	2,581,329,038	1,942,327,485
20. Interest expenses and similar charges	-1.690.642.293	-1.191.769.988
30. Net interest income	890,686,745	750,557,988
40. Commissions receivable	819,252,241	748,397,150
50. Commissions payable	-77.047.977	-41.480.792
60. Net commissions	742,204,264	706,916,358
70. Dividends and other revenues	1,287,126,011	716,697,265
80. Net dealing income	97,073,645	-2.769.966
90. Net result of hedging transactions	2,568,064	-2.050.907
100. Profit/losses on disposal or repurchase of:	265,014,628	49,222,191
a) loans	15,911,152	11,468,341
b) available for sale investments	250,192,580	45,066,436
c) held to maturity investments	23,983	
d) financial liabilities	-1.113.087	-7.312.586
110. Net results of financial assets designated as at fair value	-3.150.699	17,416,916
120. Net interest and other banking income	3,281,522,658	2,235,989,354
130. Net adjustment for impairment of:	-103.778.971	-119.694.495
a) loans	-86.855.049	-118.599.312
b) available for sale investments	-35.402	-1.087.878
c) held to maturity investments		
d) other financial transactions	-16.888.520	-7.305
140. Net results of financial management activities	3,177,743,687	2,116,294,859
150. Administrative costs	-1.163.395.995	-1.092.447.107
a) personnel	-729.941.278	-681.458.742
b) other	-433.454.717	-410.988.365
160. Net accruals to provisions for risks and charges	-45.792.842	-25.537.396
170. Net adjustment to tangible assets	-88.047.549	-84.551.253
180. Net adjustment to intangible assets	-57.140.257	-70.764.324
190. Other operating income/charges	218,782,533	217,772,758
200. Operating costs	-1.135.594.110	-1.055.527.322
210. Income (losses) on investments	-1.470.379	509,579
220. Net fair value adjustment to tangible and intangible assets		
230. Goodwill adjustments		
240. Profit (losses) on disposals of investments	3,505,514	8,909,308
250. Operating profit (loss) before taxation	2,044,184,712	1,070,186,424
260. Taxes for the period	-245.090.617	-172.188.011
270. Operating profit (loss) after taxation	1,799,094,095	897,998,413
280. Profit (losses) on discontinued operations		
Profit (losses) for the period	1,799,094,095	897,998,413

Parent Bank Balance Sheet

ASSETS	30/6/06 ()	31/12/05 ()
10. Cash and liquid balances	426,051,616	514,611,533
20. Financial assets held for trading	4,424,489,911	5,164,645,177
30. Financial assets designated as at fair value	898,375,218	1,011,804,413
40. Available-for-sale investments	1,799,789,567	2,355,409,299
50. Held-to-maturity investments	2,191,721,001	2,312,335,104
60. Loans to banks	47,948,146,202	44,574,593,513
70. Loans to customers	75,487,529,614	67,231,819,968
80. Hedging derivatives	627,851,915	809,429,193
90. Value adjustment of financial assets hedged against		
100. Investments	9,239,095,827	9,473,155,124
110. Tangible assets	1,414,281,286	1,431,657,896
120. Intangible assets of which:	795,570,332	815,893,087
- goodwill	609,851,411	612,745,215
130. Tax assets	1,426,498,110	1,522,724,055
a) current	838,703,304	919,466,492
b) deferred	587,794,806	603,257,563
140. Non-current assets and groups of assets to be disposed of	38,413,416	28,495,907
150. Other assets	3,058,117,317	2,753,153,681
Total assets	149,775,931,332	139,999,727,950

16

Liabilities	30/6/06	31/12/05
	()	()
10. Due to banks	46,532,506,675	44,720,937,580
20. Due to customers	53,054,622,890	51,915,456,080
30. Securities issued	29,918,456,101	25,026,177,308
40. Financial dealing liabilities	1,226,912,278	1,328,304,751
50. Financial liabilities designated at fair value		
60. Hedging derivatives	353,170,125	751,177,947
70. Adjustment to financial liabilities covered by general edges	-50,127,947	-22,937,873
80. Tax liabilities	336,531,561	139,440,660
a) current	256,205,306	64,005,340
b) deferred	80,326,255	75,435,320
90. Liabilities associated with discontinued assets		
100. Other liabilities	5,235,361,147	3,660,288,671
110. Provisions for employee termination indemnities	496,857,562	539,818,922
120. Provisions for risks and charges	923,127,806	1,046,275,453
a) pension and similar commitments	102,001,537	188,983,690
b) other provisions	821,126,269	857,291,763
130. Valuation reserves	350,624,031	445,357,377
140. Redeemable shares		
150. Capital instruments		
160. Reserves	3,458,789,741	3,318,456,052
170. Share premium reserves	766,330,610	769,131,370
180. Capital	5,399,586,248	5,239,223,741
190. Own shares (-)	-25,911,591	-42,508,503
200. Profit (losses) for the period	1,799,094,095	1,165,128,414
Total liabilities	149,775,931,332	139,999,727,950

17

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18



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SANPAOLO IMI S.p.A.

By: /s/ James Ball
Name: James Ball
Title: Head of International Strategy, London Branch

Date: September 12, 2006
