

**PRESS RELEASE**

**INTESA SANPAOLO: AGREEMENT FOR THE ACQUISITION OF 19.99% OF QINGDAO CITY COMMERCIAL BANK IN CHINA SIGNED**

*Torino, Milano, 12<sup>th</sup> July 2007* – Intesa Sanpaolo has signed an agreement for the subscription of a capital increase to reach a 19.99% stake in Qingdao City Commercial Bank (QCCB) for a total consideration of approximately USD 135 million, i.e. approximately USD 0.34 per newly-issued share equal to 2.2 times the bank's book value (shareholders' equity as at year-end 2006 plus a capital increase of approximately USD 15 million by local shareholders).

Founded in 1996, QCCB is located in Shandong, a Province which is playing an important role in the growth of the Chinese economy, second in rank in the country by GDP. The city of Qingdao is the Province's main economic centre and QCCB is the second largest Bank in town in terms of branches with a market share of approximately 6% in deposits and loans. The Bank is 90% owned by Haier (the biggest Chinese appliance maker) and the municipality.

Foreign investment in Chinese domestic banks is capped at 25%, with a single foreign investor allowed no more than a 20% stake.

As at year-end 2006, QCCB had total assets of USD 3 billion, loans to customers of USD 1.8 billion, deposits of USD 2.3 billion and shareholders' equity of USD 157 million. For the twelve months ended 31<sup>st</sup> December 2006, its net income amounted to USD 3.8 million. The Bank has a network of 39 branches.

Intesa Sanpaolo has been advised by investment bank Rothschild, auditing firm Price Waterhouse Coopers and Boston Consulting Group in this transaction.

This transaction makes Intesa Sanpaolo the first Italian banking institution to make a direct investment in a Chinese bank. Intesa Sanpaolo's presence in China dates back to the early eighties when the Bank, with the opening in 1981 of a Representative office in Beijing, became the first among Italian credit institutions to pave the way to promoting and developing operations of both Italian companies investing in China and Chinese companies moving into the Italian market. Throughout the eighties, the Bank pursued its strategy of aiming at providing full operational and consulting support to companies doing business in that area: in 1984 the Hong Kong branch was opened followed in 1987 with the Shanghai Representative Office, which ten years later started operations as a branch.

In more recent years, the Bank has strengthened business relationships with China through the setting up of a joint venture, named Shanghai Sino-Italy Business Advisory Company (SIBAC), formed with Simest, the company for the promotion of Italian business abroad, and Bank of China. Operational from 2005, SIBAC offers consultancy and assistance services to Italian enterprises, mainly small and medium-sized, which intend to develop industrial and commercial activities in China, including partnerships with Chinese operators.

In February 2007, the Eurizon Financial Group, a company of the Intesa Sanpaolo Group operating in the insurance and asset management businesses, entered the Chinese life insurance market through the acquisition of a 19.9% stake in the capital of Union Life, a company ranked among the top ten of the market (20% is the maximum available to foreign investors in the sector under Chinese law). Just a few weeks after this transaction, the Eurizon Financial Group signed a new agreement in China providing for the acquisition of a 49% stake in Penghua Fund Management, one of the main asset management companies in the Chinese market (the maximum stake available to foreign investors in the sector under Chinese law).

Moreover, since 2006 Intesa Sanpaolo has been a partner with China Investment Bank and Export-Import Bank of China in the “Mandarin Fund”, a private equity fund set up to support businesses expanding in the Chinese and Italian markets.

Intesa Sanpaolo’s roles in China are manifold, ranging from business to cultural initiatives in which the bank has traditionally been in the forefront. Intesa Sanpaolo takes part in numerous organisations which promote cultural, commercial, technological and scientific exchanges between the two countries. The Bank is active in the Italian-Chinese Chamber of Commerce and is a founding member of both the Centre of Advanced Studies on Contemporary China and the Italy China Foundation.

*Investor Relations*  
+39.02.87943180  
[investor.relations@intesasanpaolo.com](mailto:investor.relations@intesasanpaolo.com)

*Media Relations*  
+39.02.87963531  
[stampa@intesasanpaolo.com](mailto:stampa@intesasanpaolo.com)

[www.intesasanpaolo.com](http://www.intesasanpaolo.com)