INTESA SANPAOLO PRIVATE BANKING

PRESS RELEASE

INTESA SANPAOLO PRIVATE BANKING: 2012 ANNUAL RESULTS

- **Net income of 142.2 million euro, up 64.3% compared to 2011**
- **Assets under management of 76.6 billion euro as at 31/12/2012 at the Italian Network-Private Segment level (72.8 billion euro within ISPB S.p.A.), showing significant growth from the beginning of the year (up 10%)**
- **Leading bank in the sector with a market share of 17.4%**
- **Increase in funds and sicavs of 2.7 billion euro and money-market products of 2.4 billion euro**

Milan, 20 March 2013 - The Board of Directors of Intesa Sanpaolo Private Banking (ISPB), chaired by Giampio Bracchi, approved the Draft Financial Statements for 2012, which closed with a **net income** of 142.2 million euro, up 64.3% compared to 2011 (86.6 million euro).

Intesa Sanpaolo Private Banking is the Intesa Sanpaolo Group's bank dedicated to the *Private banking* sector in Italy. It has a **17.4% share** in the market of Italian families with at least 500,000 euro worth of investible assets and served by the Private model[1]. Market share exceeds 20% when including customers with an entrance threshold of one million euro of available financial assets, who are ISPB's primary target.

Customer assets under management increased by over 6 billion euro from the beginning of the year (up 10%), reaching 72.8 billion euro in ISPB S.p.A. and 76.6 billion euro at the Italian Network-Private Segment level[2]. In particular, net new assets in **funds and sicavs** recorded an increase of 2.7 billion euro, despite the still challenging market conditions. There was also significant growth **in money-market products** (up 2.4 billion euro), i.e. certificates of deposit and time deposits, which met with considerable appreciation from customers.

The income statement also showed a very positive trend, where **operating income** stood at 396 million euro, up 21% compared to the previous year. Net interest income was up 19%, from 47.7 to 56.8 million euro, due to the increase in direct customer deposits and treasury management optimisation.

[1] Source: Italian Private Banking Association – Market served by Private Banking in Italy, figures as at 30/09/2012.
[2] The figure includes the assets held by Private customers at other Banks of the Intesa Sanpaolo Group.

Net fee and commission income showed an even more significant increase from 279.2 to 338.2 million euro (up 21%), due to growth in recurring margins from assets under management and especially to the significant inflows of new placements of funds and SICAVs. Another major contribution was provided by the increase of value coming from customers' administered assets, following the development of the securities lending and advisory services.

Operating costs were broadly unchanged (down 0.4%) despite the growth recorded in the year as a result of the ongoing efforts towards process optimisation and expenditure control. Hence, the cost/income ratio stood at 43.2%, thanks to a business model where 90% of the Bank's personnel is committed towards business development.

Operating margin was up 44.8% to 224.8 million euro. With increasing net provisions for risks and charges (up 2.5 million euro) and minimum and declining net adjustments to loans, **income before tax from continuing operations** amounted to 220 million euro, with an increase of 44.3%.

The **capital ratios** of ISPB are well above regulatory requirements and are further improving. The tier 1 ratio and total capital ratio went up to 23% from the 18% recorded at the end of 2011.

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2012 was also marked by high **market volatility**. Therefore, customers have continued their gradual transition, started in the last few years, towards asset management products (portfolio management, funds and sicavs) or towards value-added consultancy services (Private Advisory and Advisory).

The **Private Advisory** service in particular provides a high-value added personalised and paid advisory offer dedicated to those customers who do not wish to delegate their investment choices entirely - as is the case with a traditional asset management service - but prefer to be actively involved in their portfolio management, liaising with the bank's top professionals. The Bank has selected a team of specialists dedicated to the analysis and optimisation of the portfolios of these particular customers, thereby qualifying Private Advisory as a service supporting and constantly involving customers on specific investment targets and choices. The competencies acquired have made it possible to launch, during 2012, also the paid **Advisory** service for customers with less sophisticated requirements: thanks to the support of specialised software, the central team's expertise is made available to the network, by providing the service through the private bankers.

The Bank's commitment towards key factors such as **offer diversification** and **service quality** was received positively by the market, thereby recording significant increases in terms of asset growth and at the same time ensuring highly satisfactory **performances** for customers, especially with regards to the Bank's portfolio management and the assets managed under the Advisory service.

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In order to provide more comprehensive information on the results achieved in 2012, the reclassified income statement table used for the purposes of commenting the financial figures is shown below:

RECLASSIFIED INCOME STATEMENT (thousands of euro)

Items	31/12/2012	31/12/2011	Changes	
			Absolute	%
Net interest income	56.798	47.734	9.064	19,0
Dividends	0	0	0	0,0
Net fee and commission income	338.207	279.211	58.996	21,1
Profits on trading	2.651	900	1.751	194,7
Other operating income (expense)	(1.669)	(681)	988	145,2
Operating income	**395.986**	**327.163**	**68.823**	**21,0**
Personnel expenses	(115.839)	(114.284)	1.556	1,4
Administrative expenses	(54.859)	(57.232)	-2.374	-4,1
Adjustments to property, equipment and intangible assets	(513)	(437)	76	17,4
Operating costs	**(171.211)**	**(171.953)**	**-742**	**-0,4**
Operating margin	**224.775**	**155.210**	**69.565**	**44,8**
Provisions for risks and charges	(4.680)	(2.185)	2.495	114,2
Net adjustments to loans	(417)	(755)	-338	-44,8
Net adjustments to other assets	0	0	0	0,0
Income before tax from continuing operations	**219.678**	**152.270**	**67.408**	**44,3**
Taxes on income from continuing operations	(73.909)	(54.497)	19.412	35,6
Charges for integration and exit incentives (net of tax)	(1.182)	(8.701)	-7.519	-86,4
Effects of purchase price allocation (net of tax)	(2.381)	(2.520)	-140	-5,5
Net income	**142.206**	**86.551**	**55.656**	**64,3**

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