

PRESS RELEASE

INTESA SANPAOLO PRIVATE BANKING: HALF-YEARLY RESULTS AS AT 30 JUNE 2014 APPROVED

- **Gross income of 158.8 million euro (+15.3%), with Profit on Assets at 41 bps**
- **Assets under management of 84.4 billion euro at total Private Segment level, including 81.4 billion euro in ISPB S.p.A., up by over 3 billion euro since the start of the year**
- **Highly efficient structure, with a cost to serve ratio of 22 bps and increasing operating margin (+16.4%)**
- **Net income for the first half of 101.2 million euro (+16.6%), with ROE at 50.6%**
- **Average assets under management per customer of 2.3 million euro**

Milan, 7 August 2014 – The Board of Directors of Intesa Sanpaolo Private Banking (ISPB), chaired by **Giampio Bracchi**, approved the Interim Statement as at 30 June 2014, which closed with extremely positive results, in further growth compared to the first half of 2013.

Commenting on the half-yearly figures, ISPB's Chief Executive Officer, **Paolo Molesini**, stated: *"ISPB's continues its virtuous trend, in terms both of managed assets and of financial results, with net income showing a sound growth (+30% in the last four years). These results confirm the solidity of the business model and of the level of service, particularly appreciated by our customers, thanks also to the more than positive performance offered on the assets under management and advisory services"*.

In the first half of 2014 **customer assets under management** increased by 3.1 billion euro from the beginning of the year, to reach 81.4 billion euro in ISPB S.p.A., corresponding to 84.4 billion euro at Italian Network-Private Segment level¹. The growth in assets under management and insurance products was particularly significant (+3.9 billion euro). Assets managed by the Advisory Service reached 5.2 billion euro as at 30 June 2014, up around 1 billion euro since the start of the year.

This growth has confirmed ISPB's **market share** at over 17% of the Italian Private Segment² and more than 20% with regard to families with investable assets of over 1 million euro (the Bank's target of reference). Assets under administration per customer reach 2.3 million euro, confirming ISPB as the Bank more focused on the High Net Worth Individual target in the Italian Private Banking market.

The income statement showed a positive trend, where operating income stood at 250.9 million euro, up 14.3% compared to the first half of 2013. Notably, net interest income as at 30 June 2014 recorded a significant increase (+28.4%), from 33.7 million euro to 43.3 million euro, as a result of the increase in intermediated volumes of customer deposits and loans.

Net fee and commission income also rose, from 184.9 million euro to 207.6 million euro (+12.3%), following the significant increase in assets under management.

With a Cost to serve ratio of 22 basis points, the **operating margin** increased by 16.4% to 162.4 million euro. This raised the Bank's Profit on Assets from 38 basis points recorded as at 30 June

¹ The figure includes the assets held by ISPB customers at other banks of the Intesa Sanpaolo Group.

² Source: Italian Private Banking Association – Market served by Private Banking in Italy, figures as at 31/03/2014.

2013 to 41 basis points for 30 June 2014, qualifying ISPB as one of the most profitable specialised private banks in Europe³.

With net provisions for risks and charges standing at 2.8 million euro and net adjustments to loans of 0.8 million euro, **income before tax from continuing operations** reached 158.8 million euro (+15.3%).

Net income rose to 101.2 million euro, up 16.6% on the corresponding period of 2013, with **ROE** (Return on Equity) at 50.6%.

The **capital ratios** were confirmed at levels well above the regulatory limits based on the new instructions of Banca d'Italia (see the Circular no. 285, "Supervisory instructions for banks"), which implement the international regulations of the Basel Committee (Basel 3). In particular, as at 30 June 2014 the Common Equity Tier 1 ratio was 16.6%.

In order to provide more comprehensive information on the results achieved in the first half of 2014, the reclassified income statement table used for the purposes of commenting the financial figures is shown below:

RECLASSIFIED INCOME STATEMENT

(thousands of euro)

Items	30/06/2014	30/06/2013	Changes	
			Absolute	%
Net interest income	43,312	33,726	9,586	28.4
Dividends	-	-	-	-
Net fee and commission income	207,646	184,885	22,761	12.3
Profits on trading	570	1,255	-685	-54.6
Other operating income (expense)	(611)	(348)	263	75.7
Operating income	250,917	219,518	31,399	14.3
Personnel expenses	(59,527)	(51,830)	7,696	14.8
Administrative expenses	(28,736)	(27,931)	806	2.9
Adjustments to property, equipment and intangible assets	(234)	(256)	-22	-8.5
Operating costs	(88,497)	(80,016)	8,481	10.6
Operating margin	162,420	139,502	22,918	16.4
Adjustments to goodwill and other intangible assets (net of tax)	-	-	0	-
Provisions for risks and charges	(2,841)	(1,035)	1,806	174.4
Net adjustments to loans	(752)	(688)	65	9.4
Net adjustments to other assets	-	-	-	-
Income before tax from continuing operations	158,827	137,779	21,048	15.3
Taxes on income from continuing operations	(56,335)	(49,479)	6,856	13.9
Charges for integration and exit incentives (net of tax)	(120)	(318)	-198	-62.4
Effects of purchase price allocation (net of tax)	(1,156)	(1,190)	-34	-2.9
Net income	101,216	86,791	14,425	16.6

For further information:

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³ Source: McKinsey Private Banking Survey.