

## **PRESS RELEASE**

### **INTESA SANPAOLO PRIVATE BANKING: RESULTS AS AT 31 MARCH 2012**

- **Assets under management of 75.0 billion euro as at 31 March 2012, including the Private Segment of the Italian Network Banks (70.3 billion euro at ISPB S.p.A. level), up significantly from the beginning of the year**
- **Net new money: 0.5 billion euro in the first quarter of 2012**
- **Leading bank in the sector with a market share of over 17%**
- **Operating income of 100.6 million euro (+20.8%) and operating margin of 57.2 million euro (+48.2%)**
- **Operating costs down (-2.9%) and among the lowest in Europe, with an impact on average assets under management equal to 26 bps**
- **Net income of 35.9 million euro, up 50.6% on the first quarter of 2011**
- **Cost/income ratio at 43%, one of the best ratios in Europe**
- **Tier 1 ratio at 18.0%**

Milan, 21 May 2012 - The Board of Directors of Intesa Sanpaolo Private Banking S.p.A. (ISPB), chaired by Giampio Bracchi, approved the Quarterly Report as at 31 March 2012, with a **net income** of 35.9 million euro, up 50.6% over the corresponding period in 2011 (23.9 million euro).

ISPB is the bank of the Intesa Sanpaolo Group dedicated to the *Private banking* sector in Italy, with a **market share of over 17%**<sup>1</sup>.

Customer **assets under management** increased by 3.9 billion euro, from 71.1 billion euro to 75.0 billion euro at the Italian Network-Private Segment level<sup>2</sup> and from 66.4 billion euro to 70.3 billion euro (+6%) at ISPB S.p.A. level, mainly due to the positive performance of the financial markets in the first quarter of the year, but also as a result of the contribution from net new money of 0.5 billion euro.

ISPB's Chief Executive Officer, Paolo Molesini, noted that: *"The significant income results and growth achieved during the quarter – all the more appreciable given the difficult economic environment – are the result of the Bank's continuous focus on the key factors underlying the quality of the service provided, namely the Advisory offering, Assets under Management and technological innovation"*.

As regards the income statement, **operating income** stood at 100.6 million euro, with a 20.8% increase compared to the first quarter of the prior year. Notably, net interest income recorded a significant increase (+68.2%) versus the corresponding period in 2011, rising from 9.1 million euro to 15.4 million euro, as a result of the increase of loans and customer deposits, particularly term deposits. Net fee and commission income was also up from 73.8 million euro to 84.1 million euro (+14.0%), due in particular to the intense placement of securities during the quarter. **Operating costs** were down, from 44.7 million euro to 43.4 million euro (-2.9%), with an impact on average assets under management of 26 bps, **which places ISPB among Europe's most efficient private banks**.

**Operating margin** was up by 48.2% to 57.2 million euro. With low net provisions for risks and charges and net adjustments to loans, **income before tax from continuing operations** increased even more significantly (+49.8%), reaching 57.7 million euro.

<sup>1</sup> Source: Italian Private Banking Association – Market served by Private Banking in Italy.

<sup>2</sup> The figure includes the assets held by Private customers at other Banks of the Intesa Sanpaolo Group.

The **cost/income ratio** fell from the 2011 average of 53% to 43%, one of Europe's best positions.

The **capital ratios** of ISPB were well above the threshold provided by the regulation: as at 31 March 2012, Tier 1 ratio was 18.0% and Total capital ratio was 18.2%.

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In order to provide more comprehensive information on the results achieved in the first quarter of 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  | 31/03/2012      | 31/03/2011      | Changes       |             |
|--|-----------------|-----------------|---------------|-------------|
|  |                 |                 | Absolute      | %           |
| Net interest income                                      | 15,355          | 9,129           | 6,226         | 68.2        |
| Dividends  | 0               | 0               | 0             | 0.0         |
| Net fee and commission income                            | 84,131          | 73,821          | 10,309        | 14.0        |
| Profits on trading                                       | 1,510           | 131             | 1,379         | 1,051.1     |
| Other operating income (expense)                         | (409)           | 208             | -617          | 296.8       |
| <b>Operating income</b>                                  | <b>100,586</b>  | <b>83,289</b>   | <b>17,297</b> | <b>20.8</b> |
| Personnel expenses                                       | (29,343)        | (30,736)        | -1,392        | -4.5        |
| Administrative expenses                                  | (13,914)        | (13,863)        | 51            | 0.4         |
| Adjustments to property, equipment and intangible assets | (121)           | (78)            | 43            | 55.3        |
| <b>Operating costs</b>                                   | <b>(43,378)</b> | <b>(44,677)</b> | <b>-1,298</b> | <b>-2.9</b> |
| <b>Operating margin</b>                                  | <b>57,208</b>   | <b>38,613</b>   | <b>18,595</b> | <b>48.2</b> |
| Provisions for risks and charges                         | (206)           | (409)           | -204          | -49.8       |
| Net adjustments to loans                                 | 723             | 341             | 382           | 0.0         |
| Net adjustments to other assets                          | 0               | 0               | 0             | 0.0         |
| <b>Income before tax from continuing operations</b>      | <b>57,726</b>   | <b>38,545</b>   | <b>19,181</b> | <b>49.8</b> |
| Taxes on income from continuing operations               | (21,073)        | (14,033)        | 7,040         | 50.2        |
| Charges for integration and exit incentives (net of tax) | (86)            | (9)             | 76            | 809.2       |
| Effects of purchase price allocation (net of tax)        | (630)           | (636)           | -6            | -1.0        |
| <b>Net income</b>  | <b>35,937</b>   | <b>23,866</b>   | <b>12,071</b> | <b>50.6</b> |

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