

## **PRESS RELEASE**

### **INTESA SANPAOLO PRIVATE BANKING: THE 2013 ANNUAL RESULTS HAVE BEEN APPROVED**

- **Net income of 200.9 million euro, up 41.3% compared to 2012 (142.2 million euro), with a ROE (Return on Equity) equal to 58%**
- **Gross income of 350.1 million euro, which has more than doubled in the last two years**
- **Assets under management of 81.3 billion euro as at 31 December 2013 at the total Private Segment level, of which 78.3 billion euro within ISPB S.p.A., showing significant growth from the beginning of the year (+7.6%)**
- **Operating income of 520.6 million euro (+31.5%)**
- **A very efficient structure, with a Cost/income ratio decreasing further to 31% (it was 53% in 2011 and 43% in 2012)**
- **Tier 1 ratio at 24.3%**

*Milan, 3 April 2014* – The Board of Directors of Intesa Sanpaolo Private Banking (ISPB), chaired by Giampio Bracchi, approved the 2013 Draft Financial Statements, which present very positive results, growing significantly compared to the previous year.

When commenting the financial statement figures, the Chief Executive Officer, Paolo Molesini, declared: *“Our strategy continues to yield great results year after year. Customers entrust us with their savings, thus confirming the excellent service offered, while the financial figures corroborate the good choices made by the management”*.

In 2013 customer **assets under management** increased by over 5.5 billion euro on the beginning of the year (+7.6%), reaching 78.3 billion euro in ISPB S.p.A., for a total amount of 81.3 billion euro at the Private Segment level<sup>1</sup>. Assets under management (+4.4 billion euro) and term direct customer deposits (+1.7 billion euro) are growing considerably. The assets managed by the Advisory service reached 4.5 billion euro as at 31 December 2013, rising by 3.0 billion since the beginning of the year.

Consequently to this growth, ISPB consolidated its **market share** in the Private banking sector in Italy (17.5%), having as its benchmark the market of Italian households with at least 500,000 euro worth of financial assets, served by the Private model<sup>2</sup>. The market share exceeds 20% when including customers with assets exceeding a million euro, which are the Bank’s target.

The income statement also showed a very positive trend, with **operating income** coming to 520.6 million euro, up 31.5% compared to the previous financial year. Net interest income was up 33%, from 55.9 to 74.3 million euro, following the growth in traded volumes and the more efficient treasury management. Net fee and commission income are also up, from 339.1 to 448.0 million euro (+32.1%), owing to the significant placement of securities and, above all, the impressive growth in assets under management, due to the outstanding net new assets and the high performance.

<sup>1</sup> The figure includes the assets held by ISPB customers at other Banks of the Intesa Sanpaolo Group.

<sup>2</sup> Source: Italian Private Banking Association – Market served by Private Banking in Italy, figures as at 30/09/2013.

With “Cost/income ratio” dropping further to 31%, the **operating margin** grew by 59% compared to 2012, reaching 357.4 million euro. Thus the Bank’s “Profit on Assets” has risen from 23 to 48 base points in two years, making ISPB one of the most profitable specialised private banks in Europe.

With net provisions for risks and charges at 6.2 million euro and net adjustments to loans at minimum levels, **income before tax from continuing operations** amounted to 350.1 million euro, with an increase of 59.4%.

**Net income** reached 200.9 million euro, up 41.3% compared to 2012 (142.2 million euro), with a **ROE** (Return on Equity) equal to 58%.

The **capital ratios** of ISPB were well above regulatory requirements and improving further. The tier 1 ratio and total capital ratio rose to 24.3% and 25.9%, respectively, compared to 23.0% and 23.5% at the end of 2012.

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The excellent results of 2013 confirmed the Bank’s significant growing trend and emphasised its ability to effectively respond to the current complex and uncertain market conditions.

Indeed, customers have continued their transition towards asset management products (portfolio management, funds and SICAVs) or value-added consultancy services (Private Advisory and Advisory). This has allowed to place considerable portions of the customers’ portfolio towards products and services controlled by the Bank’s structures, where the correct level of diversification of the various asset classes and the consistency of the investment choices made may be monitored more effectively.

The Bank’s continuous commitment to key factors such as **offer diversification** and **service quality** was received positively by the market. Significant increases were recorded as a consequence, in terms of asset growth, while ensuring a highly satisfactory **performance** to customers, especially with regard to the Bank’s portfolio management and the assets managed under the Advisory service.

The service offered by ISPB is highly regarded by customers, as confirmed by the survey conducted by an independent market research company. The attractiveness of the ISPB brand reached the first position based on the considerations made by the competitors in the Italian market (source: GfK Eurisko – Private Banker Monitor 2013).

In 2013 ISPB also received a lot of **acknowledgements**. ISPB was awarded by Euromoney as the best private bank in the “Best private banking services overall in Italy” category and was classified as “Highly Commended” in the “Best Private Bank in Italy” category in the Global Private Banking Awards 2013 of The Banker / PWM, two influential economic-financial monthly magazines of the Financial Times Group. Finally ISPB won the special prize “Private Network Best distribution network” in the Italian Certificate Awards.

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In order to provide more comprehensive information on the results achieved in 2013, the reclassified income statement table used for the purposes of commenting the financial figures is shown below:

## RECLASSIFIED INCOME STATEMENT

(thousands of euro)

Items	31/12/2013	31/12/2012	Changes	
			Absolute	%
Net interest income	74.285	55.862	18.423	33,0
Dividends	-	-	-	-
Net fee and commission income	447.962	339.143	108.819	32,1
Profits on trading	1.811	2.651	-840	-31,7
Other operating income (expense)	(3.471)	(1.669)	1.801	107,9
<b>Operating income</b>	<b>520.587</b>	<b>395.986</b>	<b>124.601</b>	<b>31,5</b>
Personnel expenses	(107.641)	(115.839)	-8.199	-7,1
Administrative expenses	(55.070)	(54.859)	212	0,4
Adjustments to property, equipment and intangible assets	(515)	(513)	2	0,4
<b>Operating costs</b>	<b>(163.226)</b>	<b>(171.211)</b>	<b>-7.985</b>	<b>-4,7</b>
<b>Operating margin</b>	<b>357.361</b>	<b>224.775</b>	<b>132.586</b>	<b>59,0</b>
Adjustments to goodwill and other intangible assets (net of tax)	(791)	-	791	-
Provisions for risks and charges	(6.220)	(4.680)	1.540	32,9
Net adjustments to loans	(253)	(417)	-164	-39,4
Net adjustments to other assets	-	-	-	-
<b>Income before tax from continuing operations</b>	<b>350.097</b>	<b>219.678</b>	<b>130.419</b>	<b>59,4</b>
Taxes on income from continuing operations	(146.357)	(73.909)	72.448	98,0
Charges for integration and exit incentives (net of tax)	(786)	(1.182)	-396	-33,5
Effects of purchase price allocation (net of tax)	(2.080)	(2.381)	-301	-12,6
<b>Net income</b>	<b>200.874</b>	<b>142.206</b>	<b>58.668</b>	<b>41,3</b>

### CONTACTS:

#### INTESA SANPAOLO – Media relations

Monica Biffoni Tel. 055 2612550

Emanuele Caprara Tel. 051 6454411

email: [monica.biffoni@intesasanpaolo.com](mailto:monica.biffoni@intesasanpaolo.com)

email: [emanuele.caprara@intesasanpaolo.com](mailto:emanuele.caprara@intesasanpaolo.com)