

Press Release

Approved Parent Company and Consolidated Financial Statements for 2008

Called an Ordinary Shareholders' Meeting to approve the 2008 financial statements and an Extraordinary Shareholders' Meeting to approve a capital increase of up to Euro 110 million

- In 2008 Banca Profilo reported a Parent Company net loss of Euro 79.3 million and a consolidated net loss of Euro 77.9 million
- The Ordinary Shareholders' Meeting convened to approve the 2008 financial statements, to appoint the Board of Directors and the Board of Statutory Auditors and to approve the renewal of the share buy-back authorisation
- The Extraordinary Shareholders' Meeting called to approve a capital increase of up to Euro 110 million

Agreement with Sator

- Due diligence of the Bank and Group completed successfully
- Designation by Sator of the General Manager and two members of the Board of Directors of Banca Profilo

Milan, 27 March 2009 – The Board of Directors of Banca Profilo S.p.A. approved the draft Parent Company and the consolidated financial statements for the year ended at 31 December 2008. An Ordinary Shareholders' Meeting has been convened for the approval of the 2008 financial statements, for the renewal of the share buy-back/disposal authorisation and for the renewal of the Board of Directors and the Board of Statutory Auditors. The Ordinary Shareholders' Meeting will take place at the Borsa Italiana, in Piazza Affari, 6, Milan, on April 29th, 2009, at 15.00, on first call, and if necessary, on second call, on April 30th, 2009, at the same time and place.

Consolidated results

Consolidated performance for 2008 reflects the unusually challenging economic and market conditions during the second half of 2008, in particular following the Lehman Brothers default.

The Banca Profilo Group reported a consolidated loss of Euro 77.9 million in 2008, versus a net profit of Euro 10.6 million in 2007. This is mainly due to the loss suffered by the Parent Company, resulting from the negative performance of its proprietary trading activities due to the financial markets crisis. A significant part of the loss (i.e., Euro 25.8 million) was due to value impairments, risk provisions and other non-recurring costs. Income from banking activities shows a loss of Euro 13 million in 2008, compared with a positive result of Euro 59 million in 2007.

The consolidated costs highlight a 6% reduction in administrative expenses, from Euro 41.3 million in 2007 to Euro 38.8 million in 2008. In particular, payroll expenses decreased by 25%, from Euro 21.7 million, to Euro 29 million in 2007.

2008 consolidated shareholders' equity, inclusive of the above net losses, amounts to Euro 29.5 million.

With reference to the Bank of Italy's communication of June 18th, 2008, regarding disclosure of information to the market, Banca Profilo S.p.A. states that no company of the Group has any exposure to financial products that the market currently considers as being at high risk or that imply a level of risk higher than expected in the past, such as Collateralized Debt Obligations (CDOs), Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), other Special Purpose Vehicles (SPVs) and leveraged finance. It is moreover to be noted that a major part of the Credit Default Swaps in the bank's portfolio expired in March 2009 without any relevant economic impact on the accounts.

Parent Bank's results

In light of the recommendations issued jointly by the Bank of Italy, Consob and Isvap on February 6th, 2009, and given the current market and economic scenario which remains extremely unfavourable and uncertain, Banca Profilo adopted rigorous accounting policies, which led to major risk provisions and non-recurring impairments to its assets. The Bank's net loss of Euro 79.3 million is in fact composed of a Euro 49.6 million loss related to operating activities, and a Euro 29.7 million loss related to risk provisions, impairments and non-recurring costs. The Euro 4.8 million difference compared to the loss contained in the draft financial statements is mainly a result of the subsequent completion of the impairment test.

With reference to revenues from operations, most of the loss was due to the performance of the Bank's proprietary trading division, affected by the market decline and by the need to reduce risks connected to its bond portfolio. The operating loss of Euro 24.6 million for 2008 compares with the positive result of Euro 57.3 million of the previous year.

As indicated in the past, it is worth highlighting that for the financial statements as at September 30th, 2008, the Bank opted for the possibility of reclassification granted in October by the IASB. In particular, given the exceptional market conditions, the Bank transferred bonds issued by non-governmental entities from the trading portfolio to the loans and receivables portfolio, for a total value of Euro 244.4 million, equal to the securities' fair value at the date of the transfer (July 1st, 2008).

Administrative expenses amounted to Euro 25.4 million in 2008, showing a strong reduction from previous year' Euro 38.6 million (-34.2%). More specifically, payroll expenses totalled Euro 14.1 million in 2008, versus Euro 27 million in 2007 (-47.8%). This was due to the absence of variable compensation for employees and directors in 2008.

Other administrative expenses also decreased by 2.6%, from Euro 11.6 million in 2007 to Euro 11.3 million in 2008.

Banca Profilo's Parent financial statements were affected by write-downs related to certain shareholdings for a total Euro 15.6 million and value impairments for Euro 5.8 million, as a result of the outcome of impairment tests.

The negative result has led to a significant reduction in the Bank's shareholders' equity to Euro 27.7 million. The parent company regulatory capital ratio has decreased to 5.15% at December 31st, 2008.

Going concern and restructuring plan

Banca Profilo's financial reports at December 31st, 2008, have been prepared on the basis of a going concern, based on the key assumption of a successful recapitalization aimed at the Bank's re-launch and a re-focusing of its business model on private banking.

With this aim, on February 19th, 2009, the Bank, the private equity fund Sator ("Sator") and the Bank's reference shareholders reached an agreement (the "Agreement") entailing a restructuring plan with focus on the private banking sector and a capital increase of up to Euro 110 million to be placed on the market, without seeking state aid. As result of this capital increase, Sator will become the majority shareholder of Banca Profilo.

The capital increase will rebalance and strengthen the Bank's financial structure following the 2008 net loss, establishing the basis for further business development and improvements. In particular, following the completion of the capital increase, the Bank will reach a Tier 1 ratio of over 20%.

The capital increase will be core and will constitute the basis for the implementation of a Restructuring Plan, to be based on the following guidelines: a) the renewal of the Bank's business model, its governance and of its organisational and control structures; b) the Bank's recapitalization; and c) debt restructuring aimed at aligning asset and liability duration.

Coverage of losses and capital increase proposal

The Bank's Board of Directors has approved the preliminary resolutions needed for the completion of the capital increase and has called for the Shareholders' Meeting to approve such capital increase of up to Euro 110 million. The capital increase will be executed both by way of rights issue and by way of a tranche reserved to Sator without pre-emptive rights. The issue price of the new shares is Euro 0.20 per share, in line with the Bank's shareholder's equity of Euro 0.21 per share.

In this context, the Board of Directors has also decided to submit to the Shareholders' Meeting the request to cancel the planned issuance of subordinated convertible bonds of up to Euro 65 million, authorized by the Extraordinary Shareholders' Meeting in May 2008.

The capital increase is structured as follows:

- (i) a first tranche of Euro 30 million to be offered, by way of pre-emptive rights, to all shareholders, guaranteed by Sator for an amount of Euro 15 million; the Bank's reference shareholders have agreed to subscribe for an amount of at least Euro 9 million;
- (ii) a second tranche of Euro 80 million, without pre-emptive rights, reserved to Sator. Sator also reserves the right to find other new shareholders willing to support the new strategic plan.

At the completion of the transaction, Sator will hold a shareholding of no less than 51% of Banca Profilo's share capital.

The Extraordinary Shareholders' Meeting has been called, on first call, on May 15th, 2009, and, on second call, on May 29th, and, if necessary on third call, on June 15th, giving mandate to the Chairman and Chief Executive Officer to set the date and place of the first, second and third calls, with the following agenda:

Extraordinary part

1. Provisions under the terms of Article 2446 of the Italian Civil Code; related and consequent resolutions, including amendment of Article 6 of the by-laws;

2. Capital increase of up to Euro 110 million, to be executed, in one or more tranches, both by way of rights issue and without pre-emptive rights – subject to the cancellation by the Shareholders' Meeting of the mandate to issue subordinated convertible bonds of up to Euro 65 million – through:
 - a. capital increase in one or more tranches for a total amount of up to Euro 30 million through the issuance of new ordinary shares, with no par value, to be offered by way of rights to shareholders, under the terms of Article 2441, paragraph 1 of the Italian Civil Code; related and consequent resolutions;
 - b. capital increase in one or more tranches for a total amount of up to Euro 80 million of new ordinary shares, with no par value, to be offered without pre-emptive rights under the terms of Article 2441, paragraph 5 of the Italian Civil Code; related and consequent resolutions;
3. Amendment to Article 6 of the by-laws, after the resolutions related to the above-stated points 2a) and 2b); related and consequent resolutions;
4. Proposed amendment of the by-laws in compliance with the Bank of Italy's Supervisory Provisions concerning Banks Organization and Corporate Governance of March 4th, 2008; related and consequent resolutions.

Ordinary Part:

1. Approval of the remuneration policies in compliance with the Bank of Italy's Supervisory Provisions concerning Banks Organization and Corporate Governance of March 4th, 2008;
2. Appointment of the members of the Board of Directors for the next three financial years, until the approval of the financial statements as of December 31st, 2011, subject to the determination of the number of the members of the Board and of the length of the mandate; determination of the remuneration for the Board of Directors; related and consequent resolutions.

Agreement with Sator

On March 27th, 2009, Sator informed Banca Profilo that it had satisfactorily completed the due diligence of the Bank and related Group's companies.

Nonetheless, it should be noted that the agreement remains subject to the authorisations by the Bank of Italy, the Italian Antitrust authority, the Swiss banking authority (the latter concerning the Bank's 60% stake in Société Bancaire Privée), the exemption by Consob from the obligation to launch a public tender offer pursuant to Article 106 of TUF, the fairness opinion by the auditors in relation to the issue price of the new shares, and finally to standard contractual provisions.

Also, in accordance with the Agreement, Sator has designated Fabio Candeli as the new General Manager of Banca Profilo, and Guido Bastianini and Giacomo Garbuglia as members of the Board of Directors of the Bank.

The Board of Directors has also accepted the resignation from the Board of Marco Manara, Vice Chairman, and Sandro Torchiani. By April 3rd, 2009, another meeting of the Board is to be called for the approval of the new appointments.

Fabio Candeli is a Partner and Co-Founder of Sator Group and a member of the Investment Committee of Sator Private Equity Fund. He previously held top management positions in the Capitalia group, where he was member of the Management Committee, in charge of the Commercial banking Division (i.e., Banca di Roma, Banco di Sicilia and Bipop Carire), and before that in charge of Planning and Control for the Group. Prior to that, Fabio Candeli worked at Credit Suisse First Boston in London as financial analyst for Italian banks.

DECLARATION PROVIDED BY THE CORPORATE ACCOUNTING DOCUMENTS OFFICER

As required by Article 154-bis, Section 2, of the Uniform Finance Law Giovanna Panzeri, in his capacity as Corporate Accounting Documents Officer declares that the accounting information contained in this press release is consistent with the data in the Company's documents, accounting records and other records.

Banca Profilo, listed on the Italian Stock Exchange, is an investment bank specialised in private banking, investment banking and capital markets. It is present in Milan, Rome, Genoa, Reggio Emilia, Turin, Ferrara, Forlì, Brescia, Pistoia, Lugano and Geneva (through its subsidiary Société Bancaire Privée). Established in 1988 as a financial company, Profilo became an investment firm in 1992 and a bank in 1995.

For further information**Banca Profilo*****Comunicazione & Investor Relations***

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