

Press Release

BoD approved Consolidated Half-Year Report 2009

- The consolidated result returned to an operating profit - Euro 3.7 million compared to an operating loss of Euro 52.2 million in 2008 (operating profit of Euro 5.2 million in 1H 2008).
- Net profit of Euro 0.868 million compared to a net loss in 2008 of Euro 77.9 million (net profit of Euro 3.2 million in 1H 2008) after restructuring charges of Euro 2 million.
- Brokerage margin of Euro 23.918 million, down 13.4% on 1H 2008 but a strong recovery on 2H 2008
- First results from the containment of operating costs - Euro 20.232 million (-9.7%)
- New management take office in June 2009
- The first tranche of the share capital increase was issued in July: tier 1 of 18.20%, estimated to reach over 24.50% by year-end - among the highest in the system
- First restructuring plan actions undertaken; three-year industrial plan approved to begin in the last quarter of 2009

Milan, August 27, 2009 – The Board of Directors of Banca Profilo met today under the chairmanship of Matteo Arpe to approve the Consolidated Half-Year Report at June 30, 2009.

Consolidated results

The Banca Profilo Group returned to profit in 1H 2009 with an **operating profit** of Euro 3.7 million following a loss of Euro 52.2 million in 2008 (profit of Euro 5.2 million in 1H 2008) and a **consolidated net profit** of Euro 0.868 million compared to a consolidated loss in the previous year of Euro 77.9 million (profit of Euro 3.212 million in 1H 2008).

The results were affected by **restructuring charges of Euro 2 million** relating to the Parent Company Bank, comprising Euro 1.763 million of provisions and Euro 0.237 million already utilised in the half-year and included in the personnel expenses account.

These charges are included in the plan drawn up as part of the investment agreement with the Sator Private Equity "A" L.P. Fund, principally to be implemented during 2009.

The **brokerage margin** of **Euro 23.918 million** in 1H 2009 is compared with Euro 27.614 million in 1H 2008 (-13.4%) and a loss in the second half of 2008 following significant write-downs in the securities portfolio.

Lower **net commissions** are included within this figure (-51.3%) - from Euro 10.220 million in 1H 2008 to **Euro 4.976 million** in 1H 2009 (Euro 4.920 million in 2H 2008). This result is due to the slowdown of the brokerage activities following the reduction in volumes across the equity markets and lower commissions from Private Banking services and activities, caused by

the prudent outlook of clients within volatile financial markets. The data is also affected by the implementation of the Mifid regulation and in particular, the ban on commissions from invested funds from the second half of 2008.

The **interest margin**, amounting to **Euro 8.635 million** in 1H 2009 is compared to Euro 9.086 million in 1H 2008 (-5%).

The **net profit from trading-related activities** amounted to **Euro 10.307 million**, an increase on the same period of 2008 - Euro 8.308 million (+24.1%). The account includes profits from sales within the securities portfolio of the Parent Company Bank and the positive mark to market effect of shares held.

The **consolidated operating costs** dropped by 9.7% year on year, from Euro 22.395 million in 1H 2008 to **Euro 20.232 million** in 1H 2009.

Within this account, personnel expenses of Euro 12.734 million in 1H 2009 decreased by 2% on Euro 12.988 million in 1H 2008.

Other administrative expenses dropped significantly year on year - from Euro 9.215 million in 1H 2008 to Euro 7.445 million in 1H 2009 (-19.2%).

Consolidated assets amounted to **Euro 1,902 million**, a reduction (-19.5%) on Euro 2,362 million at December 31, 2008. The **shareholders' equity** amounted to **Euro 33.530 million**.

Subsequent to June 30, following the first tranche of the capital increase by Arepo BP, the shareholders' equity amounted to approx. Euro 103 million.

Total deposits (direct and indirect) amounted to **Euro 1,573.5 million**, a slight reduction on Euro 1,665.6 million at December 31, 2008 (-5.5%).

Parent Company Results

The Parent Company Banca Profilo in 1H 2009 recorded a **net profit** of **Euro 1.974 million**, compared to Euro 4.026 million in 1H 2008 (-51.0%).

This total was affected for **Euro 2 million** by **restructuring charges** - of which Euro 0.237 million already utilised in the half-year.

The **brokerage margin**, amounting to **Euro 16.745 million** in 1H 2009, reduced by 22.2% on Euro 21.512 million in 1H 2008 (compared to a loss in 2H 2008). Lower **net commissions** are included in this figure - from Euro 7.129 million in 1H 2008 to **Euro 2.450 million** in 1H 2009 (Euro 2.142 million in 2H 2008). The **interest margin**, amounting to **Euro 7.348 million** in 1H 2009 compared to Euro 6.532 million in 1H 2008 (+12.5%).

The interest margin includes the "amortised cost" effect on securities transferred to the loans & receivables portfolio for Euro 1.117 million in 1H 2009.

The total **operating costs** in 1H 2009 amounted to **Euro 12.527 million**, a drop of 18.6% on Euro 15.385 million in 1H 2008. A significant reduction in personnel expenses was recorded in this account (-13%) due to the absence of a variable remuneration component. Personnel expenses amounting to Euro 7.981 million in 1H 2009 compared with Euro 9.177 million in 1H 2008.

Other administrative expenses, also decreasing year on year, fell from Euro 6.297 million in 1H 2008 to Euro 4.489 million in 1H 2009.

The Bank balance sheet at June 30, 2009 reports **total assets of Euro 1,790 million** compared to Euro 2,253 million at December 31, 2008 (-20.5%) and Shareholders' Equity of Euro 33.391 million (approx. Euro 103 million post recapitalisation July 2009).

Direct and indirect deposits total **Euro 913 million** at June 30, 2009 compared to Euro 944 million at December 31, 2008 (-3.2%).

At June 30, 2009, the Banks does not hold any treasury shares.

Corporate outlook and going concern

On July 6, 2009, Arepo BP subscribed and paid-in to a reserved tranche of Euro 70 million for the capital increase resolved by the extraordinary shareholders' meeting of June 8. The tier 1 capital amounted to 18.20% compared to 7.22% at June 30, 2009.

The recapitalisation of the Bank, following the execution of the capital increase reserved for Arepo BP, created market confidence in the company allowing the re-assumption of normal operations with established counterparties. With the capital increase reserved to Arepo BP, the balance sheet position was strengthened following the losses recorded in 2008 and therefore the uncertainties in relation to the going concern of the business dissipated.

Approximately a further Euro 40 million of the capital increase will be executed by year-end, bringing the balance sheet solidity ratio to 24.5%, among the highest in the banking system.

Banca Profilo reports that the subscription to the reserved increase for Arepo BP strengthens the balance sheet position following the significant losses in 2008 and therefore dispels the uncertainties reported in the annual accounts in relation to the going concern of the business. This equity contribution also aided sourcing more stable and longer maturity finance, laying the foundations for further improvements and the development of activities.

Progress of the restructuring plan

With the new management taking office, the restructuring plan based around three pillars was promptly introduced: the recapitalisation, already partially executed, the large-scale reduction in financial risks, which by June 30, 2009 showed a significant contraction (financial assets held-for-trading -23.90% and the Value at risk almost halved to Euro 3.9 million compared to Euro 6.7 million at the end of 2008) and the refocusing of activities on private banking.

Industrial Plan

The first actions in the restructuring plan will form the basis of the three-year industrial plan which will be presented to the Board of Directors and the market in the final quarter of the year.

Transactions with related parties

During the period, the Bank did not undertake atypical or unusual operations, nor operations with related parties for an amount higher than the Euro 1 million threshold established internally.

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.

The Profilo Group, specialised in Private Banking, Investment Banking and Capital Markets has offices in Milan, Rome, Genoa, Reggio Emilia, Turin, Ferrara, Forlì, Brescia, Pistoia and Geneva (Société Bancaire Privée).

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