Press Release

2009 Year-end Results Approved

- **Consolidated net profit of Euro 3.1 million (vs. a loss of Euro 77.9 million in 2008)**
- **Total income of Euro 35.4 million, a strong recovery vs. a loss of Euro 13.0 million in 2008**
- **Total assets under management of Euro 2.3 billion (+38%), with a positive trend also in 2010**
- **Significant increase in net inflows: Euro 314 million in Italy, concentrated in Q4 and only partially (40%) deriving from the Tax Shield**
- **Tier 1 ratio increased from 6.1% to 27.1%, among the highest in Europe; financial leverage decreased from 30.4x to 3.6x**
- **Completed the restructuring of the financial activities (down 43%)**
- **The performance in the first months of 2010 in line with the Business Plan**

Milan, March 11, 2010 – In a meeting chaired by Matteo Arpe, the Board of Directors of Banca Profilo S.p.A., approved, among other matters, the Parent Company and consolidated financial statements as of 31 December 2009, together with the Report on Corporate Governance and Shareholder Structure.

The Shareholders' Meeting was also called in Ordinary session for the approval of the financial statements, the authorisation for the purchase/sale of treasury shares and the approval of the 2010-2016 Stock Option Plan, and in Extraordinary session for the approval of the share capital increase to service the Stock Option Plan, aimed at strengthening the involvement of key resources in the pursuit of the medium-long term strategic objectives.

Consolidated 2009 Year-End Results

2009 saw the return of consolidated **net profit** (Euro 3.1 million), following a loss of Euro 77.9 million in 2008.

The result was affected by various non-recurring factors, in particular in Q4 2009. These included: on the negative side, costs related to the substantial reduction of residual positions in securities denominated in "local" currencies, redundancy incentives, stability pacts and guaranteed bonuses previously agreed, write-downs of financial and real estate assets, advertising costs in relation to the institutional communication campaigns in Italy and Switzerland, and extraordinary legal and professional expenses, while, on the positive side, deferred tax assets previously not accounted for.

Net interest income and net commissions were down by 27.3% and 17.5% to Euro 15.6 million and Euro 12.5 million, respectively.

The decrease in **net interest income** is largely due to the significant reduction (i) in the proprietary securities portfolio (in particular in securities denominated in “local” currencies generally benefiting from higher coupons) and (ii) in the Bank’s interest spread due to the general decline in interest rates.

The reduction in **net commissions** is due to the contraction in institutional brokerage activities and the closing of the placement activity of bonds in foreign currencies. Fees from **Private Banking** increased as a result of net inflows and market recovery, which more than offset the impact from the implementation of the Mifid regulation, in particular in relation to fees paid back on invested funds.
This result was also supported by the strong performance from the Bank’s managed products, which have contributed net performance fees of Euro 0.8 million.

The **net result from trading activities and dividends** improved by Euro 56.6 million, achieving a positive result of Euro 7.0 million in 2009 vs. a loss of Euro 49.6 million in 2008. A loss was recorded in Q4 2009 (Euro -5.5 million) following a further reduction of the residual exposure in securities denominated in ”local” currencies (i.e., Turkish Lira, Egyptian Pound and Brazilian Real), which had caused significant losses in 2008.

Consolidated total income amounted to Euro 35.4 million, significantly recovered vs. 2008 loss of Euro 13.0 million.

Operating costs increased to Euro 43.6 million (+11.1%) following an increase in **personnel costs** (+24.5% to Euro 27.0 million), largely due to redundancy incentives relating to the restructuring plan (Euro 1.9 million), the combined effect of redundancies together with new hirings aimed at re-launching the Swiss subsidiary (Euro 1.6 million) as well as the limited bonuses for 2009.

Other administrative expenses amounted to Euro 16.1 million in 2009, down 5.6% as a result of various cost containment actions, and despite one-off costs in Q4 relating to the advertising campaign (Euro 1.1 million) and settlement of litigations (Euro 0.8 million of legal and professional expenses).

The consolidated result in 2009 also includes **deferred tax assets** previously not accounted for. In particular, the Bank recorded deferred tax assets on the 2008 tax losses and on other temporary deductible differences of Euro 13.9 million (vs. Euro 17.8 million potentially recoverable). This follows the implementation of the Bank’s Restructuring Plan and the actions undertaken to develop the new business model as set out in the Business Plan presented to the market on November 20, 2009, which should see the Bank returning to profitability in the future.

Total consolidated assets amounted to Euro 1,479.6 million, a decrease of 37.4% vs. Euro 2,362.0 million as of December 31, 2008. This contraction affected particularly **financial assets** which, in line with the strategy of curtailing proprietary trading activities, were reduced by 43% to Euro 933.3 million in 2009.

As of December 31, 2009 consolidated **assets under management** substantially increased vs. 2008 (+37.6%). This was principally due to the development of the Bank’s commercial structure, the renewed market confidence following the entry of the new industrial and financial partner, as well as the positive effects from the repatriation of financial assets in Q4 (so-called “Tax Shield”).

Net inflows totalled Euro 229.8 million in 2009. In particular, the main growth occurred in Q4 2009, following the initiatives put in place and based on the new business model. This positive data was only partially supported by the repatriation process, with a positive impact of approx. Euro 140 million in Italy and a negative impact of approx. Euro 70 million in Switzerland.

Growth in assets under management contributed significantly to the increased lending activity in favour of private clients, broadening the product range of the Bank. As a result, net lending to Private Banking clients increased by 37.6% during the year.

At the end of 2009, the **Group shareholders' equity** amounted to Euro 146.0 million (vs. Euro 29.5 million as of December 31, 2008), due to the capital increase and the return to profitability. The Bank featured one of the highest capital ratios in Europe (**Tier I Ratio: 27.1%** and Total Capital Ratio: 27.2%).

Q4 2009 Consolidated Results

The Bank achieved a net profit of **Euro 2.2 million** in Q4 2009, which included a significant amount of non-recurring factors, both positive and negative.

Among the negatives, we highlight: i) Euro 5.7 million of net trading loss deriving from the substantial reduction in securities in "local" currency; ii) Euro 1.6 million of redundancy incentives; iii) Euro 1.1 million for the institutional communication campaign; iv) Euro 0.8 million of extraordinary legal expenses; v) Euro 1.6 million of net write-downs of financial and real estate assets; vi) Euro 0.8 million of provisions for litigation.

Among the positive factors, the Bank accounted for Euro 13.9 million of **deferred tax assets** on the 2008 tax losses and on the other temporary differences, as discussed above.

In Q4 2009, **net interest income** was substantially stable at Euro 3.4 million (vs. Euro 3.2 million in Q4 2008), while **net commissions** increased to Euro 3.8 million (vs Euro 2.4 million in Q4 2008).

The **net result from trading activities and dividends** recorded a loss of Euro 5.5 million, a significant recovery vs. the loss of Euro 41.7 million in Q4 2008.

Total income also increased to Euro 2.1 million from a loss of Euro 35.9 million in Q4 2008.

Operating costs increased to Euro 14.0 million (vs. Euro 10.5 million in Q4 2008), while net profit returned positive at Euro 2.2 million (vs. a loss of Euro 71.1 million in Q4 2008) also due to the recording of deferred tax assets, as discussed above.

Consolidated results by sector of activity

Private Banking

In 2009 Private Banking achieved total income of Euro 8.5 million with operating costs of Euro 10.8 million, recording an operating loss of Euro 2.3 million.
This result was principally due to the increase in operating costs following the re-launch of the activity, in particular new hirings and redundancy incentives in the period.
As for revenues, despite the increase in commissions, profitability did not recover as much as expected.

As for funds under management, the Bank achieved a substantial increase in 2009 (+63.1%), as discussed above.

During the year, mutual funds, managed by the subsidiary Profilo Asset Management SGR, recorded positive results: in 2009 the Profilo Elite Flessibile fund and the Profilo Best Fund had a performance of +19.3% and +10.8%, respectively.
Funds under management grew significantly year on year from Euro 27.4 million at December 31, 2008 to Euro 50.4 million at December 31, 2009 (+83%).

Investment Banking activities for Private and Corporate clients, carried out through the subsidiary Profilo Merchant Co, are central to the Bank's integrated range of services. In particular, during the last months of the year the Bank focused on establishing efficient mechanisms to enhance working relations between the various teams. In 2009 the Investment Banking activities were extensively refocused on M&A and debt restructuring advisory.
In 2009 the Bank completed several new mandates, receiving net commissions of Euro 1.1 million, an increase of 11% on the previous year.

Finance

Finance recorded total income of Euro 15.9 million and a pre-tax profit of Euro 6.5 million in 2009.
The division was considerably transformed – as previously discussed – with a substantial reduction in proprietary assets and portfolio risks. These actions, together with an improved and more diversified liquidity management, resulted in a significant reduction in funding from the interbank market, while increasing the Bank's ability to deal with any potential critical situations in the future.

Foreign Activities

Foreign Activities are carried out through Banque Profil de Gestion S.A., whose core business is private banking. In 2009, the Swiss subsidiary achieved total income of Euro 11.9 million (+9% vs. 2008), a substantial break-even at operating level (-Euro 51,000) and a pre-tax loss of Euro 1.6 million. The latter is principally due to extraordinary impairments on credit positions and financial assets for a total of Euro 1.2 million.

Parent Company 2009 Year-end Results

In 2009 Banca Profilo recorded a net profit of Euro 4.1 million vs. a loss of Euro 79.3 million in 2008. The result was negatively impacted by various non-recurring items (as discussed in the consolidated results hereinabove) and positively affected by deferred tax assets.

Total income amounted to Euro 21.7 million in 2009 compared to a loss of Euro 24.6 million in 2008. Net commissions decreased to Euro 6.8 million in 2009 from Euro 9.3 million in 2008 (-27%). Net interest income amounted to Euro 13.4 million in 2009 vs. Euro 16.6 million in 2008 (-19.4%).

Total operating costs amounted to Euro 28.8 million, an increase of 12.4% vs. Euro 25.6 million in 2008. This included a significant increase in personnel costs (+26.9%), mainly due to restructuring costs of nearly Euro 2.0 million. Other administrative expenses decreased to Euro 10.6 million in 2009 from Euro 11.3 million in 2008.

As of December 31, 2009, the Bank's balance sheet had total assets of Euro 1,375.6 million vs. Euro 2,253.0 million as at December 31, 2008 (-38.9%), and a shareholders' equity of Euro 145.2 million (vs. Euro 27.7 million as at December 31, 2008).

Banca Profilo

Funds under management (direct and indirect) totalled Euro 1,699 million as at December 31, 2009 compared to Euro 955 million as at December 31, 2008.

Banca Profilo does not hold treasury shares.

Proposal for the allocation of net profit for the year

The company recorded a net profit of Euro 4,085,465.

The Board of Directors resolved to put before the Shareholders' Meeting the following proposal about the allocation of profit:

- Euro 408,546 to legal reserve;
- Euro 3,676,919 to other reserves.

Update on the Business Plan

Between July and December 2009, all of the tranches of the capital increase were successfully completed for a total of Euro 109.8 million. This has increased the Bank's capital ratios to excellent levels by European standards. The capital position was therefore strengthened following the significant losses of 2008, dismissing the uncertainties reported in the 2008 annual accounts in relation to the going concern.

A key step in the first part of the restructuring process was the consolidation of the governance structure, providing the Bank with more efficient and consensus-based decision making models. Specifically, a new Regulation relating to the Functioning of the Board of Directors (number of members increased from 9 to 11), the Remuneration Committee and the Internal Control Committee were set up and approved. Some fundamental documents, such as the Internal Regulations, the Finance and Credit Regulations, Powers and Proxies, were revised and updated.

On November 20, 2009, the Bank presented the 2010-2012 Business Plan to the market, involving the implementation of a new business model, and the re-launch of Private Banking.
The Business Plan sets the end of the first phase of the restructuring process, aimed at regaining capital soundness, profitability and operational efficiency.

Specifically, the following objectives were set for the end of the three-year period:

- Consolidated funds under management of Euro 8.4 billion, of which Euro 5.1 billion relating to Banca Profilo;
- Fund profitability of 114 bps;
- 48% growth of the operating structure during the period;
- Cost/income ratio of 59%;
- ROE of 16.8%.

Ordinary and Extraordinary Shareholders' Meeting

The Board of Directors delegated the Chairman and the Chief Executive Officer to call the Shareholders' Meeting with the following agenda:

Ordinary Part

1. Presentation of the unconsolidated and consolidated financial statements of Banca Profilo S.p.A. for the year ended December 31, 2009, together with the reports required by law; proposal for the allocation of net profit; deliberations thereon;
2. Authorisation for purchase and sale of treasury shares; deliberations thereon;
3. Proposal for the approval of the 2010-2016 Stock Option Plan of Banca Profilo reserved to employees of the Bank and its subsidiaries and delegation of powers to the Board of Directors; deliberations thereon;
4. Disclosure to the Shareholders' Meeting on the remuneration policy adopted by the Bank, its implementation and compliance with regulations.

Extraordinary Part

1. Share capital increase with the exclusion of the pre-emption right as per article 2441, paragraph 8, second point of the Italian civil code and article 134 of Legislative Decree 58/98 of the CFA, in divisible form, for a maximum amount of Euro 5.5 million, which may include a share premium, also in subsequent tranches of a maximum of 25 million new ordinary shares, at a price not below Euro 0.22 per share, to be reserved to the employees of the Bank and of its subsidiaries; consequent amendment of article 6 of the by-laws;
2. Proposal to amend articles 3 (relating to the banking group), 10 (relating to the approval of intervention at the shareholders' meeting) and 21 (relating to urgent resolutions) of the by-laws; deliberations thereon.

<u>Related Party Transaction</u>

In 2009, the Bank did not undertake, directly or through subsidiaries, any atypical or unusual transaction or transactions with related parties for an amount higher than the Euro 1 million threshold. As set out in internal regulations, any transaction above such threshold would require detailed disclosure in the annual and interim financial reports.

<u>Corporate Governance</u>

The Board of Directors approved the Annual Corporate Governance Report and the Shareholder Structure for 2009. The report, which sets out the Corporate Governance developments in the year, was prepared in accordance with the Self-Governance Code issued by Borsa Italiana S.p.A. (the Italian Stock Exchange management company) and is in line with best international practice.

DECLARATION PROVIDED BY THE CORPORATE ACCOUNTING DOCUMENTS OFFICER

As required by article 154 bis, paragraph 2, of the TUF (Consolidated Finance Act), Mrs Giovanna Panzeri, in his capacity as Corporate Accounting Documents Officer, declares that the accounting information contained in the present press release is consistent with the underlying accounting documents, records and accounting entries.

The **presentation of the 2009 results** is available on the Bank's website at www.bancaprofilo.it/profilo/ir/presentations/.

Attachments: reclassified consolidated and unconsolidated Income Statement and Balance Sheet, not yet approved by the Independent Auditors, and break-down of assets by sector.

Specialised in Private Banking, Investment Banking and Capital Markets, the Profilo Group, has offices in Milan, Rome, Genoa, Reggio Emilia, Turin, Forlì, Brescia, Pistoia in Italy, and Geneva in Switzerland.

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