



# Business Plan 2010-2012

20 November 2009

# Agenda

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## The First Phase of the Turnaround

**The New Business Model**

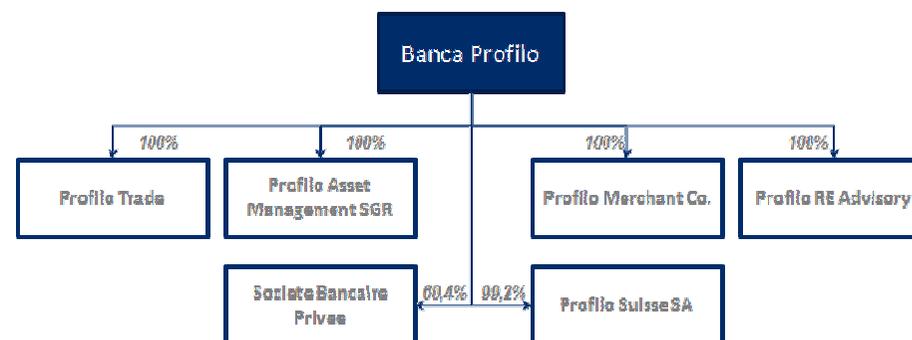
**Business Plan 2010-2012**

**Closing Remarks**

# Banca Profilo: Overview Pre-Restructuring

- Founded 20 years ago, Banca Profilo is a private bank operating in the following areas:
  - **Private Banking:** operates through **9 branches** in Italy, and a Swiss subsidiary **Société Bancaire Privée** (SBP) headquartered in Geneva
  - **Proprietary Trading:** centered on bonds and derivatives
  - **Brokerage:** sales on equity and fixed income products with institutional investors
  - **Asset Management:** two operating units for individual and collective asset management (the latter through a regulated asset mgmt company)
  - **Investment and Merchant Banking:** carried out by Profilo Merchant, with focus on SMEs and private equity
- In 2008 the Bank suffered a **net consolidated loss of €78 mln**, mainly due to the negative performance of its proprietary trading activity

## Structure of the Banca Profilo Group



## Key Financial Data (€ mln)

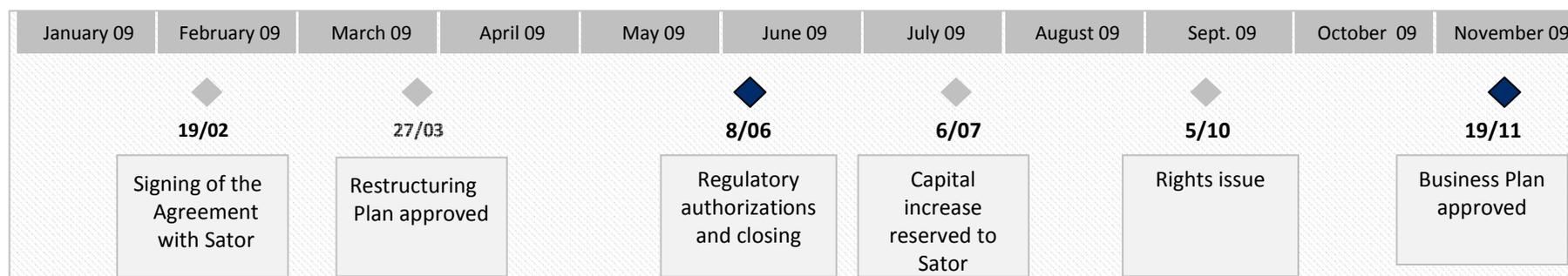
	2007	2008	1H 2009
<b>P&amp;L (1)</b>			
Total Income	59	(13)	24
Operating Result	17	(52)	4
Net Income/(Loss)	11	(78)	1
<b>Balance Sheet</b>			
Total Assets	2,403	2,363	1,903
Trading Assets	1,755	1,632	1,242
Net Interbank	(502)	(641)	(435)
Shareholders' Equity	116	30	34
<b>Other Data</b>			
Funds Under Management	2,331	1,494	1,420
Employees	208	194	196

(1) 2007 P&L does not include Swiss subsidiary

**During the market crisis at the end of 2008, Banca Profilo faced a precarious corporate and financial situation and the clear need to find a strategic partner**

# Completed the First Phase of the Turnaround

## Timetable and Main Achievements



- **First ever acquisition of control** of a bank by a private equity fund **in Europe**
- **Received 5 regulatory authorizations** within 3 months (ie, Bank of Italy, Consob, Italian Antitrust, FINMA, FSA)
- **No loss** of Private Bankers and **increase of funds under management** (+5% in 6 months)

- **Complete restructuring** of governance, management and organization in light of the new business model, in Italy and Switzerland
- **Significant restoration of financial stability**, bringing the Bank to **break-even**

## Actions Undertaken in the First Phase of the Turnaround

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1

Capital Strengthening

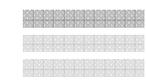
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New Governance, Organization and Management

3

Significant Reduction of Financial Assets and Rebalance of Funding

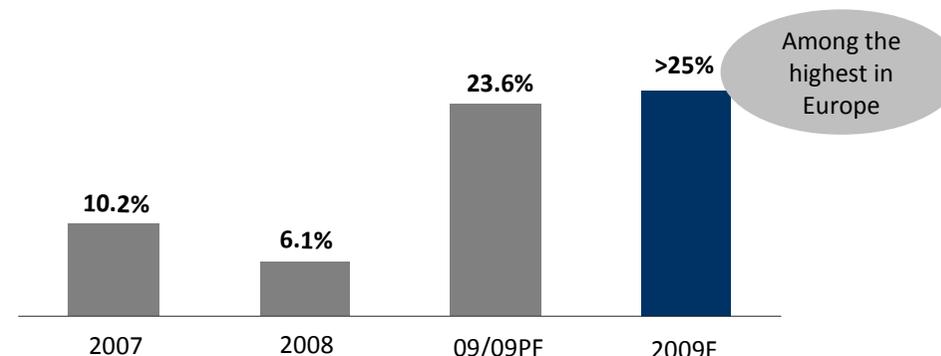
# 1) Capital Strengthening



## Recapitalization Structure

- **Capital increase of up to €110 mln**
  - ✓ **€30 mln via a rights issue** fully underwritten by the market on 5/11/2009
  - ✓ **€80 mln without pre-emptive rights**, of which €70 mln already underwritten by Arepo BP on 6/7/2009 and €10 mln to be allocated by year-end

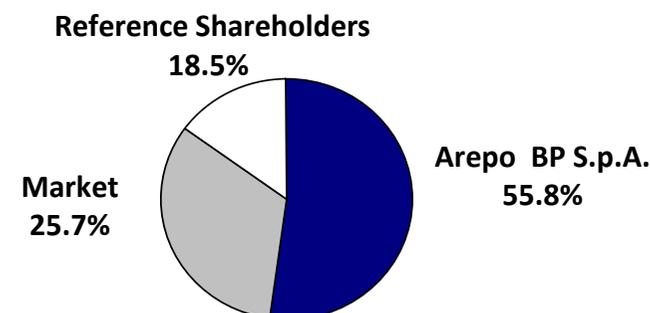
## Tier 1 Ratio



## Shareholders' Equity Evolution

	€ mln
<b>2007 Consolidated Shareholders' Equity</b>	<b>115,5</b>
<b>2008 Net Loss</b>	<b>(77,9)</b>
o/w Net Trading Losses	(49,6)
o/w Goodwill write off	(15,0)
o/w Provisions	(9,4)
<b>2008 Consolidated Shareholders' Equity</b>	<b>29,5</b>
<b>2009 9M Ordinary Changes</b>	<b>3,9</b>
Sator Capital Increase (6/07/09)	70,0
Right Issues (5/11/09)	29,8
<b>2009 9M Consolidated Shareholders' Equity PF</b>	<b>133,2</b>

## Shareholder Structure Post-Capital Increase



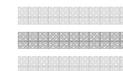
€0.21 per share

- **Arepo BP S.p.A.:** parent company of the Banca Profilo Group, 100%-owned by Sator PE Fund

**Capital structure significantly strengthened to levels of excellence by European standards**

\* After the allocation of the additional €10 mln, Arepo BP's shareholding will be diluted to 52%

## 2) New Governance



### Board Renewal

- **Board of Directors renewal:** 11 directors, of which 7 selected by Sator, 2 by the previous reference shareholders and 2 independent

#### Board Members

✓ M. Arpe (Chairman)	CEO Sator – Former CEO Capitalia
✓ L. Spaventa (Deputy Chairman)	Chairman Sator – Former Budget Minister
✓ F. Candeli (CEO)	Former Director Capitalia
✓ G. Bastianini	GM Sator - Former Deputy GM Capitalia
✓ F. Ferrero	Former MD FIG Morgan Stanley
✓ G. Garbuglia	Former Director Capitalia
✓ A. Grimaldi	Shareholder
✓ C. F. Maggi	Independent – GM Enasarco
✓ C. Puri Negri	Independent – Deputy Chairman Pirelli
✓ U. Paolucci	Vice President Microsoft Corp.
✓ R. Torchiani	Shareholder

#### New Functioning Rules of BoD

- Defined powers and **functioning rules**
- Acknowledged guidelines of **Self-Discipline Code**
- Appointed **Remuneration Committee**

### Shareholders' Agreement

- **12-month agreement** between Arepo BP and the previous reference shareholders, with lock-up clauses
- **Sator expects to maintain control** for at least 5-7 years

*Stability of shareholder base supporting the turnaround process*

### Internal Governance

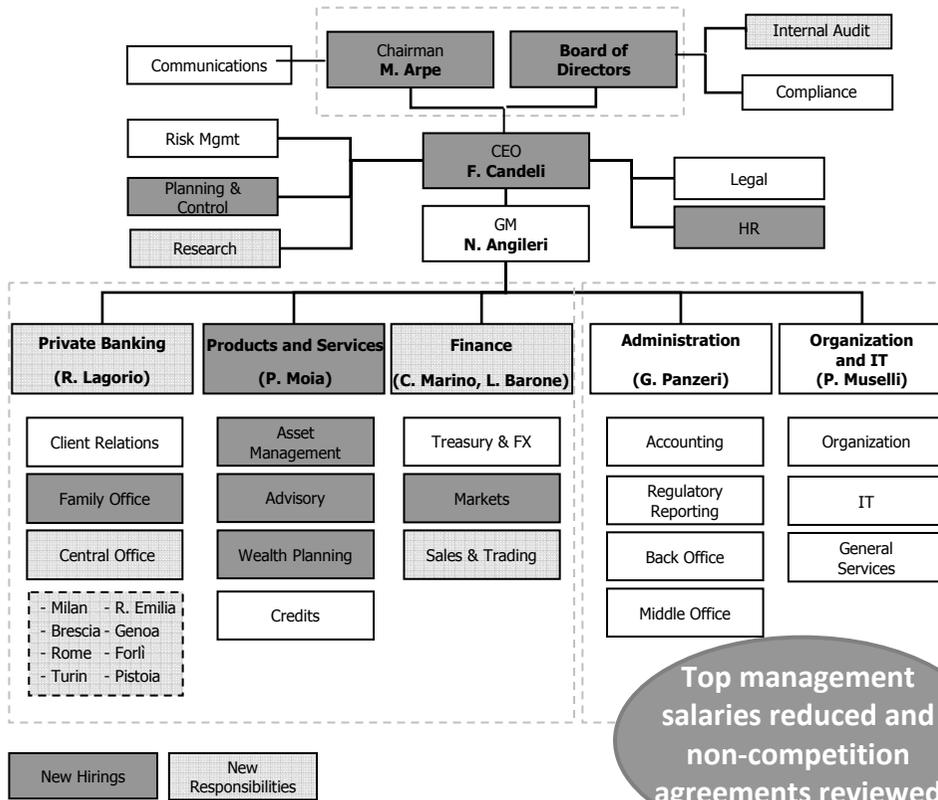
- **Overhaul** of internal Governance and organization structure
  - ✓ **New corporate and functioning of the Group regulations**
  - ✓ Revised internal **committees** and regulations (Finance, Credits)
  - ✓ Created the **Internal Control Committee** at parent company level
  - ✓ **Bill of Principles** and Code of Conduct
  - ✓ Review of **Powers and Proxies**

**Governance revised and strengthened setting short and flexible decision making processes based on consensus**

## 2) Renewal of Management and Organization

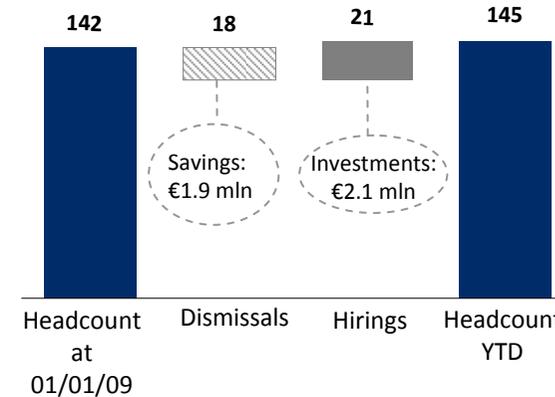


### New Organization



Top management salaries reduced and non-competition agreements reviewed

### Personnel Turnover



#### Key Hirings to Date

- P. Moia (Eurizon – Asset Mgmt)
- S. Rogani (UBS – Wealth Planning)
- L. Todeschini (UBS - Family Office)
- M. Aragnetti (Esperia–Resp. Milan)
- A. Crippa (Esperia–Senior Banker)
- F. Fiumanò (UBS - Senior Banker)
- L. Barone (Goldman Sachs – Markets)
- S. Pasero (UBS – Resp. HR)
- E. Marengo (Senior Advisor Turin)

### New Ongoing Projects

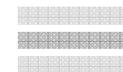
- Complete review of **Management Control** in terms of model and metrics, supported by new IT systems
- Overhaul of **Risk Management** in terms of model and system, to guarantee full control of risks
- Risk-based review of operating **processes**
- Development of **Front-End systems** to support the commercial network

Strong management renewal, particularly in the business areas, in order to implement the change in strategy

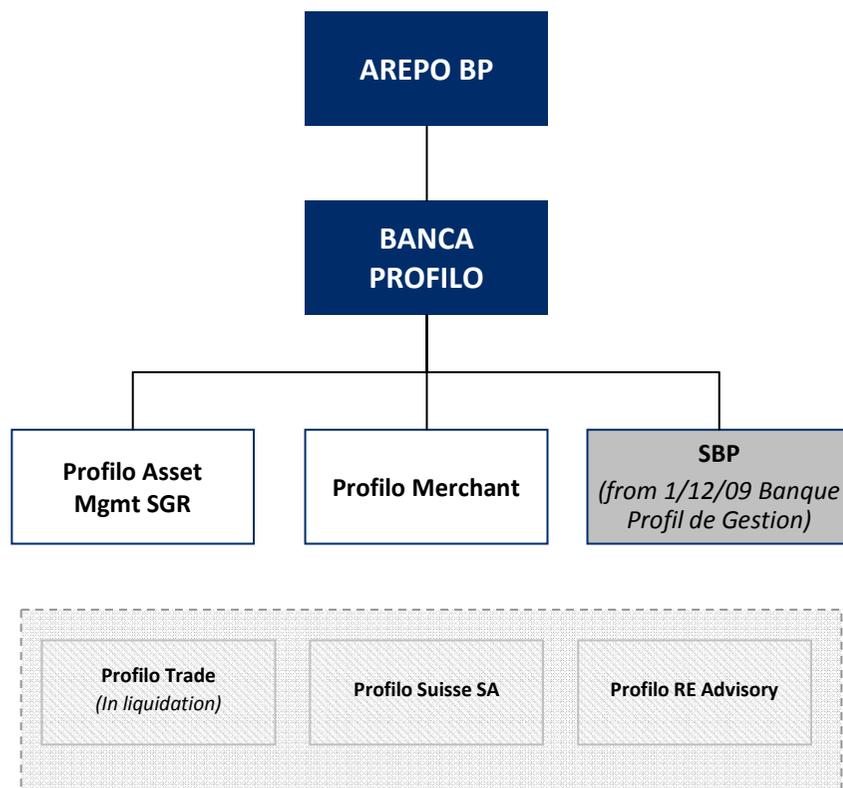
Strong organizational drive through investments in people, systems and projects

**Appointed new management team, streamlined organization of the Bank**

## 2) Corporate Restructuring and Streamlining of the Group



### New Group Organization



Streamlined organization focused on the new business model

### Key Actions Undertaken in Switzerland

- ▶ New **Chairman** with extensive experience in the sector
  - *F. Antamoro*      *Former Darier Hentsch*
- ▶ Strengthened the **Board** with 2 new directors
  - *N. Angileri*      *GM Banca Profilo*
  - *G. Garbuglia*      *Sator*
- ▶ Replaced the **General Manager**
  - *S. Cavanna*      *Ex Responsible Private Banking Banca Profilo*
- ▶ Change of **name and logo**
  - *Banque Profil de Gestion*



Strengthened the Management and rebranded to highlight the “new deal” and the group synergies

### Main Corporate Changes

- ▶ Strengthened Profilo Asset Mgmt with **new designated CEO**
  - *P. Moia*    *Ex CIO Eurizon Investimenti SGR & Resp. Institutional Clients*
- ▶ Acquired **Fiduciary Company** for the Group
- ▶ Further **corporate streamlining** in the near future
  - *Merger of operating units in Banca Profilo*
  - *Liquidation of non-core subsidiaries*

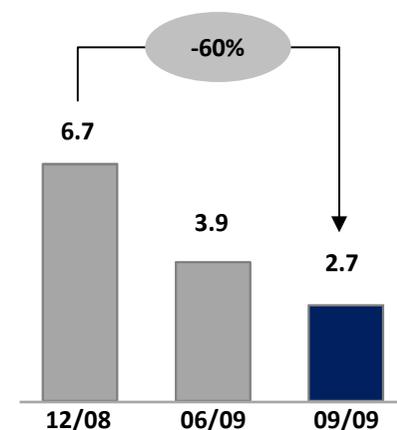
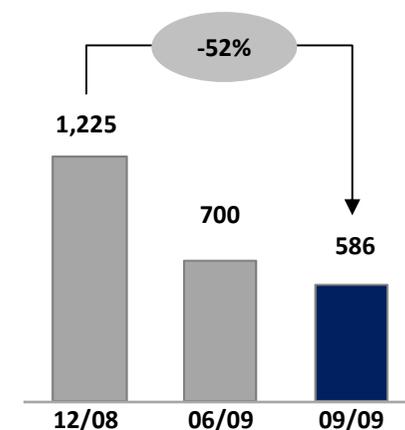
### 3) Significant Reduction of Financial Assets and Rebalance of Funding



#### Financial Asset Development

Securities & CDS Portfolios (€ mln)

VAR (99%, 10 days € mln)



Loans Sensitivity: €-11 mln  
(100 bp shift)

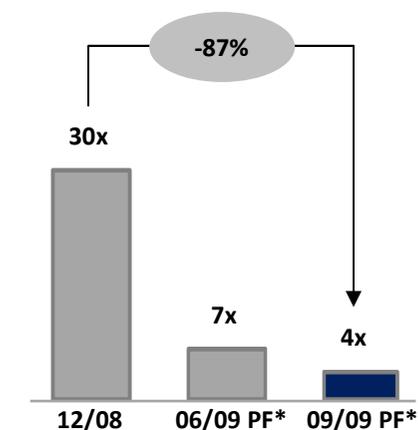
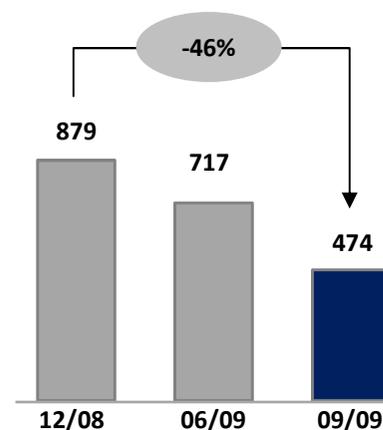
Interest Rate Sensitivity:  
€-0.1 mln (100 bp shift)

- Reduced positions in exotic securities (-75% YTD)
- Exposure to interest rates effectively down to zero
- Reduced net exposure to derivatives (-77% YTD)

#### Funding Development

Funding (€ mln)

Financial Leverage



Funding from ECB at 15  
Nov: 22% (-78% vs. 2008)

Average maturity funding:  
> 30 days (+36% vs. 2008)

- Rebalanced financial structure
- Created liquidity reserves
- Extended maturities

**Deleveraging process to be completed by 2009 with additional disposals**

\* It takes into account the capital increase underwritten on 06/07/09 and 5/10/09

## **The First Phase of the Turnaround**

### **The New Business Model**

### **Business Plan 2010-2012**

### **Closing Remarks**

# New Corporate Mission: “Client Service Comes First”

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## Private Banking

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- **Pure private banking activity in Italy and Switzerland**, based on a new business model focused on management services targeting the clients’ entire wealth

## Financial Services

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- **Sales and trading activities serving private and institutional clients** with a personalized and specialized approach

## Disposed Activities

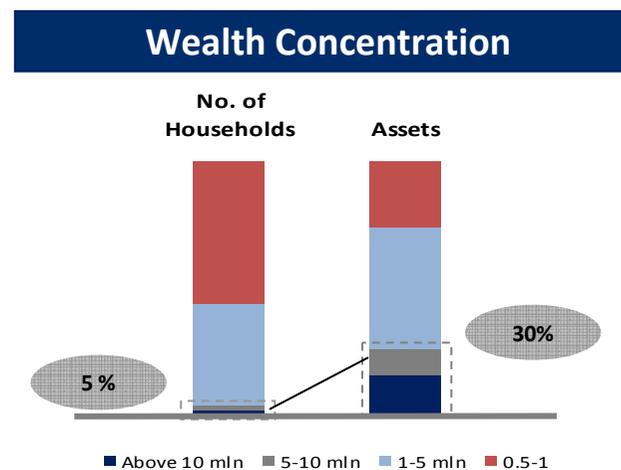
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- Closure of proprietary trading of structured and exotic securities and derivatives and disposal of other non-core activities

**Our objective is to become one of the reference Private Banks in Italy through a relaunch based on strong financial and managerial capabilities aimed at creating a brand representing independence, credibility and excellence**

# Features of the Italian Private Banking Market Today: the Good News...

- ▶ **Underdeveloped market** vs. the rest of Europe, polarized between large commercial banks and few niche players
  - *Huge growth potentials with few clients served by specialized operators*
- ▶ **Attractive** momentum as a result of pressure on off-shore markets, despite the cyclical downturn suffered in 2007-2008
  - *Consolidated trend of repatriation of capitals*
- ▶ **Concentrated** market in terms of number of clients and geography
  - *A broad distribution network is not a prerequisite for the business*
- ▶ **Negative current situation** for many players due to the international context (e.g., Swiss and US banks)
  - *Independent and focused players favored by the market environment*

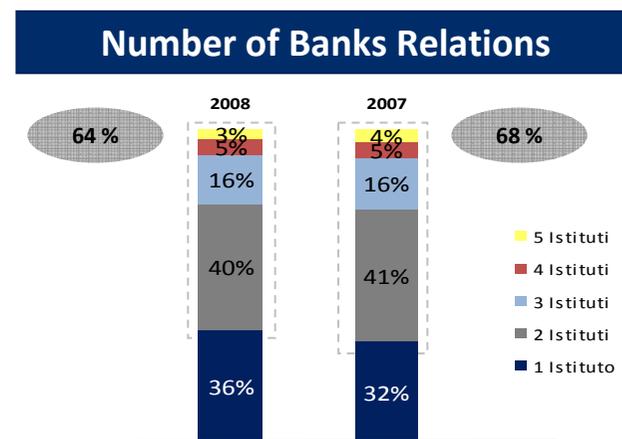
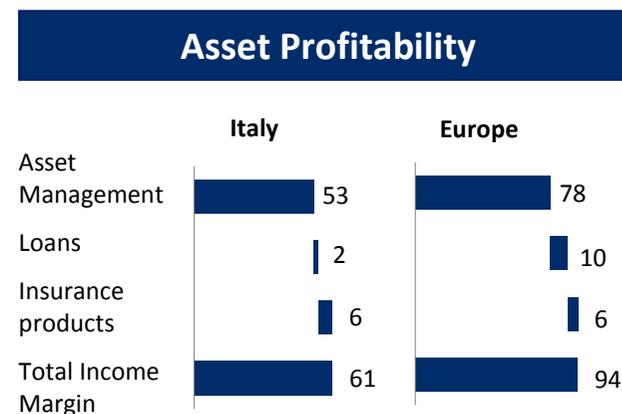


**The combination of structural and cyclical elements creates significant growth opportunities, particularly for a specialized player with a small share (0.1%) of a huge market (€836 bn)**

Source: AIPB 2009, PWC

## ... and the Bad News: the Current Business Model is No Longer Sustainable

- ▶ Strong competition in the **acquisition of new assets** through external hiring of private bankers
  - *High acquisition costs*
- ▶ **Low and declining profitability** as a result of distrust towards managed products and low penetration of banking services (61 bps vs. 94 bps in Europe)
  - *Profitability decline offset by riskier products for clients*
- ▶ Clients require increasingly greater **technical skills and the ability to solve complex problems**
  - *Low impact of traditional client and product segmentation strategies*
- ▶ **Strong commercial and organizational impact** of recent EU regulations (MiFid)
  - *Organizational flexibility is the prerequisite necessary to manage regulatory developments*
- ▶ **Widespread use of multiple banks** (64% of clients use more than one bank)

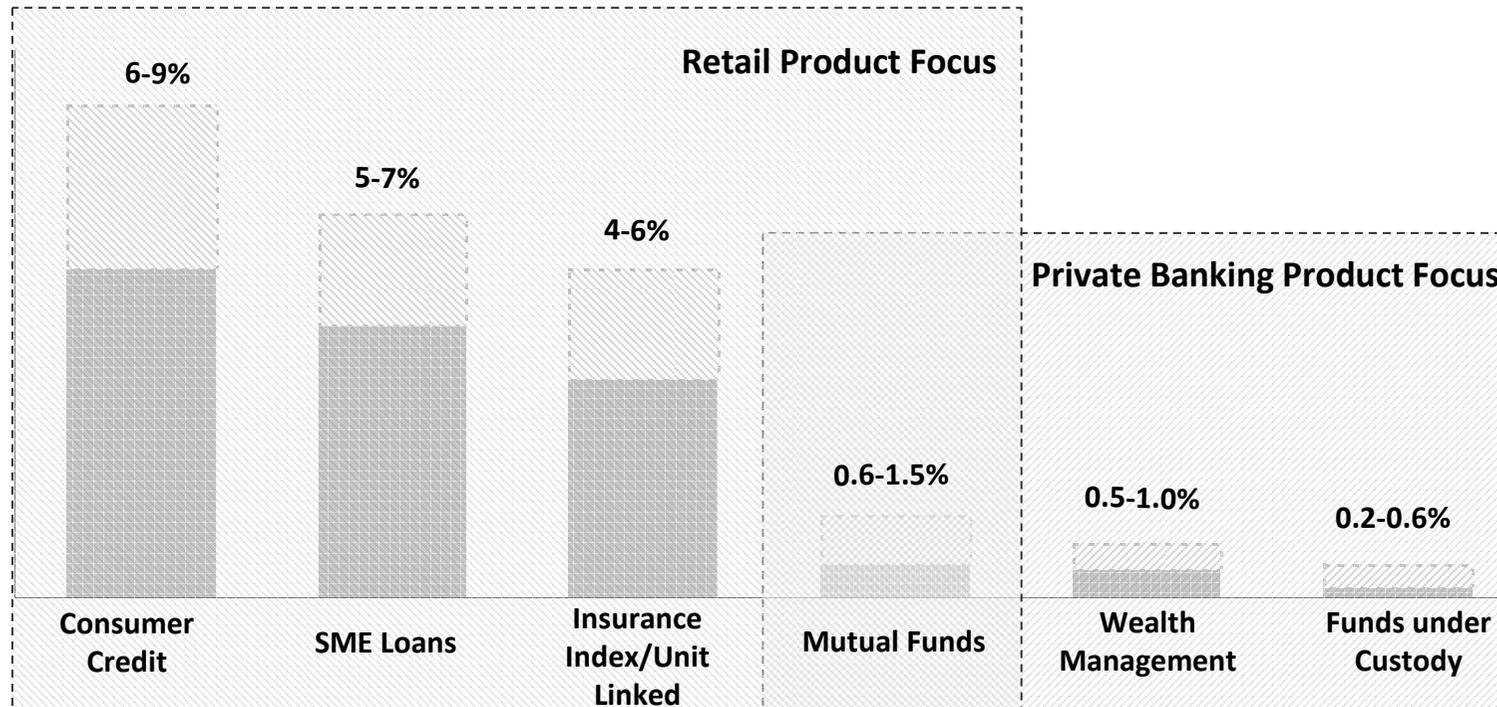


**A new paradigm is necessary to take advantage of the market opportunities**

Source: Accenture 2009

# The Private Banking Market: Initial Considerations

## Breakdown of Average Market Profitability by Product Categories



40% absorbed by Staff Costs of Private Banking

**Private Banking is a “poor business for rich clients”**

**Private Banking is the segment of the banking market:**

- **Least profitable**
- **With the largest part of profitability captured by the distribution networks**
- **With the lowest loyalty of clients and bankers**

*Sources: profitability calculated on the average reference assets; Source: financial accounts of Italian banks, Banca Profilo Research*

# The Private Banking Market: Analysis of the Current Business Model

## Business Structure

## Market Answers

## Effects on Clients and Players

1

Low profitability of managed assets

- **Distribution of products with:**
  - a) higher profitability
  - b) lower tailor-made content

- **Increase risk profile** of client portfolios
- **Greater product standardization**

2

High costs of acquisition and managing of distribution networks

- Continuous search for new assets, through **acquisition of Private Bankers**
- Keep hold of Private Bankers through **non-competition agreements**

- Compensation Ratio at the same level as Investment Banking
- Trends in the acquisition process of assets similar to the acquisition process of retail bank branches (from €2 mln on average up to €9 mln)

3

Low client loyalty

- Clients follow their Private Banker

- Vicious cycle on the cost structure of the bank
- Low recognition of the bank value added to the bankers

# Banca Profilo: the New Business Model

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## Pillars of the New Business Model

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1

**Modify the revenue structure in a sustainable way**

### Main Levers

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Increase the range of assets under management

Provide a unique and not simply replicable range of services or products, also in exclusivity

### Implications

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Move from a bank managing:

- ✓ Financial wealth only

...to a bank managing:

- ✓ Financial wealth
- ✓ Corporate wealth
- ✓ Real estate wealth
- ✓ Family wealth

**Product / Investment Culture**



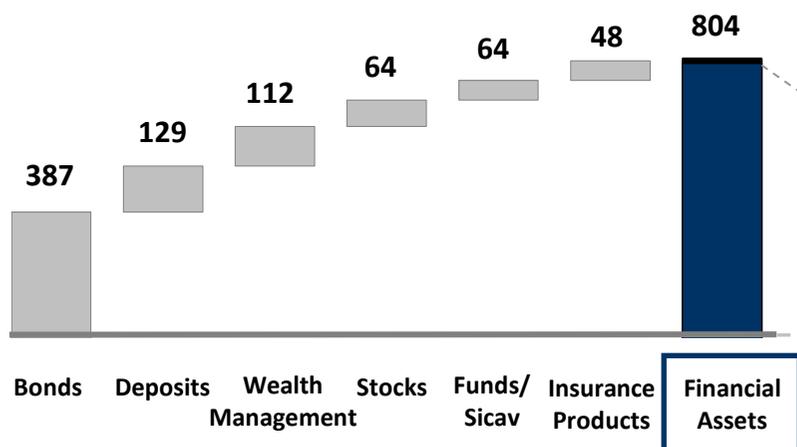
**Services / Relation Culture**

# The New Business Model: the Asset Profitability Paradigm

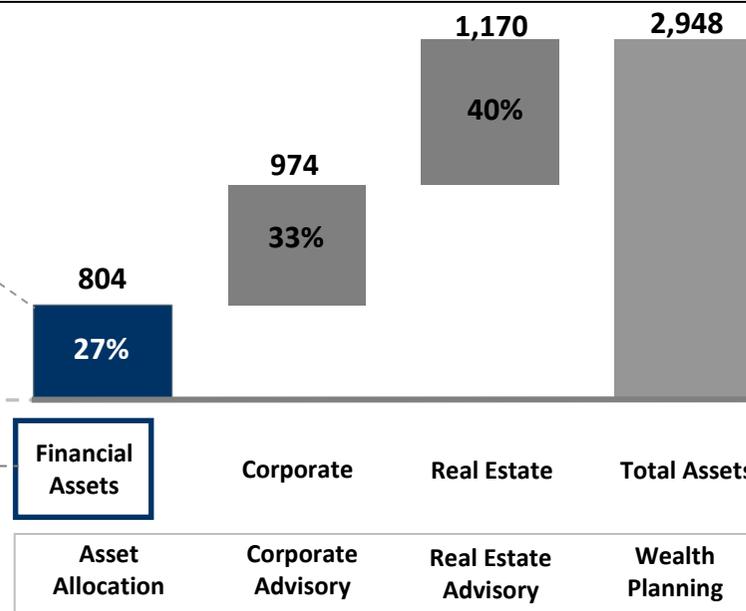
**Product / Investment Culture**  
*Profitability centered on volumes and single products*

**Service / Relation Culture**  
*Profitability centered on a mix of new services within the overall client relation*

**Asset Mix Private Financial Wealth (€ bn)**



**Asset Mix Overall Private Wealth (€ bn)**



**Integrated Services**

**The Product / Investment culture does not take into account the client needs and does not enable to consolidate the relation**

**The Service / Relation culture provides additional sources of profitability and answers to the specific client needs**

Source: Internal elaboration of the data from "The Italian market of Private Banking", AIPB 2008 and 2009; "Household wealth in Italy", Bank of Italy 2008

## Unique Range of Products and Services: Selected Examples of Innovative Services... (1/2)

Client / Need	Service	Notes
<p><b>Client with several bank relations</b></p> <ul style="list-style-type: none"> <li>• Rationalization and planning of total wealth</li> <li>• Wealth planning for the next generation, rationalization</li> <li>• Full wealth overview, comparative valuations, performance attribution time weighted</li> </ul>	<ul style="list-style-type: none"> <li>• Wealth planning mandate</li> <li>• Fiduciary</li> <li>• Consolidated reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Team of specialists from UBS</li> <li>• Acquired fiduciary company</li> <li>• Unique services in 2-year exclusivity to Banca Profilo</li> </ul> <p><b>Traditional Services</b></p>
<p><b>Entrepreneur</b></p> <ul style="list-style-type: none"> <li>• Restructuring of liabilities/funding and access to credit</li> <li>• Management of corporate liquidity and treasury</li> <li>• Full range of treasury services</li> <li>• Corporate Advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Specialized services in credit restructuring</li> <li>• Dedicated team</li> <li>• Specialized services of restructuring of derivative products and credit lines</li> <li>• M&amp;A and strategic advisory</li> </ul>	<ul style="list-style-type: none"> <li>• Excellence of service without conflict of interest</li> <li>• Deposits, commercial paper, advisory/trading interest rates and FX</li> <li>• Specialized team (former GS); only independent bank without conflict of interest</li> <li>• Dedicated team and senior management</li> </ul>

## Unique Range of Products and Services: Selected Examples of Innovative Services... (2/2)

Client / Need	Service	Notes
<b>Client with a family office structure</b> <ul style="list-style-type: none"> <li>Efficient wealth management</li> </ul>	<ul style="list-style-type: none"> <li>Business area Family Office</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated structure with a range of specialized services</li> </ul>
<b>Client with focus on real estate</b> <ul style="list-style-type: none"> <li>Real estate portfolio</li> <li>New investments</li> </ul>	<ul style="list-style-type: none"> <li>Specialized valuation services and portfolio mapping; valorization through dedicated funds</li> <li>Club deals on real estate of particular relevance</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated group structure</li> </ul>
<b>Client with industrial focus</b> <ul style="list-style-type: none"> <li>Reduce the financial component of the investments while focus on industrial investments</li> </ul>	<ul style="list-style-type: none"> <li>Club deals, co-investments, market intelligence</li> </ul>	<ul style="list-style-type: none"> <li>Sator's structure</li> </ul>



**Unique range of services in terms of breadth and complexity, already operating in order to solve clients' complex problems in addition to the pure financial management**

## ... and Let's Not Forget the Traditional Activities

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- **Open architecture and market best practice**
- **Excellence in managed products: higher than benchmark returns for the majority of management products (Banca Profilo's flagship product +23% YTD without equity)**
- **Commercial policy focused on risk/return profile**
- **Unwinding of complex and structured portfolios after the market crisis: specialized structure in the Finance Department**

# Banca Profilo: The New Business Model

## Pillars of the New Business Model

2

### Redefine the relation between the Private Banker and the Bank

Private Banker “owner of the client”

Make clients “loyal” through non-competition agreements with Private Bankers

Private Banking’s Cost/Income Ratio higher than that of Investment Banking

Low appreciation of the commercial network for high value products/services, that imply sharing of clients

Current  
Logic

### Main Levers

Transformation from distribution network to a group of Managers, partners of the Bank in the corporate decision processes and in sharing its results

### Implications

#### For the Bank:

Cost reduction  
(no agreements)

- New compensation model:
  - ✓ No entry bonus
  - ✓ No bonus on net inflows
  - ✓ No bonus on amount of managed assets
  - ✓ Yes bonus on the relation depth
  - ✓ Yes participation at risk-adjusted profitability
- New participation model in corporate decision making

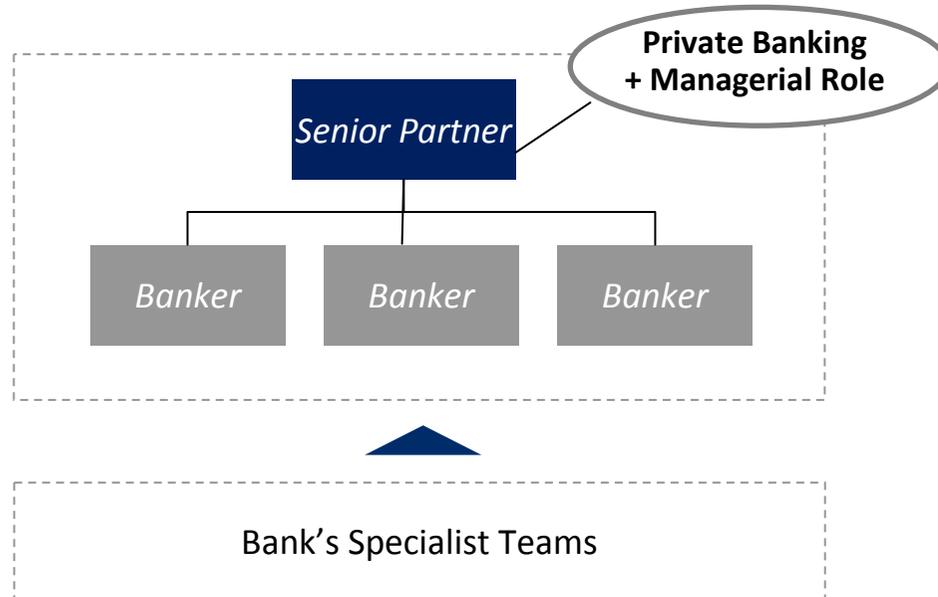
#### For the Private Banker:

Scalability of business

- High managerial skills
- Ability to manage more assets and more clients
- Ability to make clients loyal with unique services of high quality
- From “distributor of products” to banker
- Possibility to operate in a flat and independent organization

# The New Business Model: Changed Organizational Structure

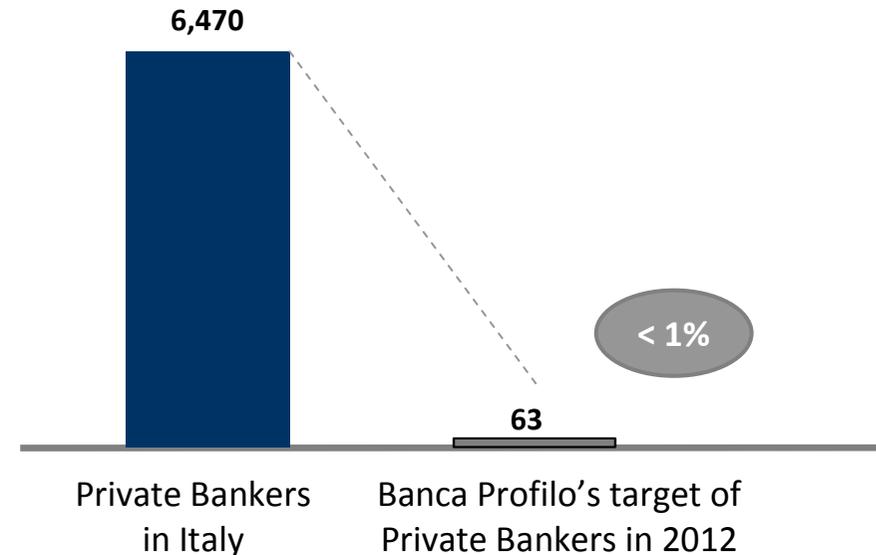
## From single Private Bankers to structured teams



- The **operating structure of the Banker team supports efficiency and scalability**:
  - ✓ Senior Bankers coordinate other Bankers with different skills and seniority
  - ✓ Continuous support from the Bank's specialist teams to achieve an integrated approach

Source: Magstat 2009

## Private Banker Market



- The Business Plan allows us to **target** only an extremely selected universe of Private Bankers with **clearly defined skills and features**

# Banca Profilo: the New Business Model

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## Pillars of the New Business Model

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3

**Make clients and Private Bankers loyal to the Bank,  
overcoming the traditional trade-off**

### Main Levers

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From commercial policies aimed at maximizing profitability to commercial policies aimed at maximizing the answers to client needs and the solutions to their problems

### Implications

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#### Benefits for clients:

- **Reliability:**

- ✓ Fully independent bank
- ✓ Excellent capital strength

- **Service Levels:**

- ✓ Quality of offer and management at all levels, supported by proven experience and professional skills
- ✓ Breadth of offer range (one-stop-shop)
- ✓ Unique services (services in exclusivity)
- ✓ Non aggressive commercial policy (profitability not linked to risks)

- **Relations:**

- ✓ One only reference point for the management of wealth and any other complex need
- ✓ Opportunity to access directly the Top Management of the Bank
- ✓ "Relation Bank"

Share of wallet  
increase and  
reduction of client  
turnover

## The New Business Model: Summary

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**Together with the significant managerial effort to fully restructure the Bank and the Group, we have developed, organized and made possible a unique service model in Private Banking, aiming to modify the consolidated market trends**

**We have conducted a pilot test of the new business model over the past few weeks in the market**



**Banca Profilo acquired €150 mln of new assets (+18%) without an increase in its cost structure and without benefiting yet from any positive impact from:**

- **The announcement of the Business Plan**
- **The advertising campaign**
- **The Tax Shield**

# Agenda

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**The First Phase of the Turnaround**

**The New Business Model**

**Business Plan 2010-2012**

**Closing Remarks**

## Business Plan: The Key Actions

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1

Main Assumption: Group Working Model

2

Revenues growth drivers

- A. *Private Banking*
- B. *Finance*
- C. *Swiss Activities*

3

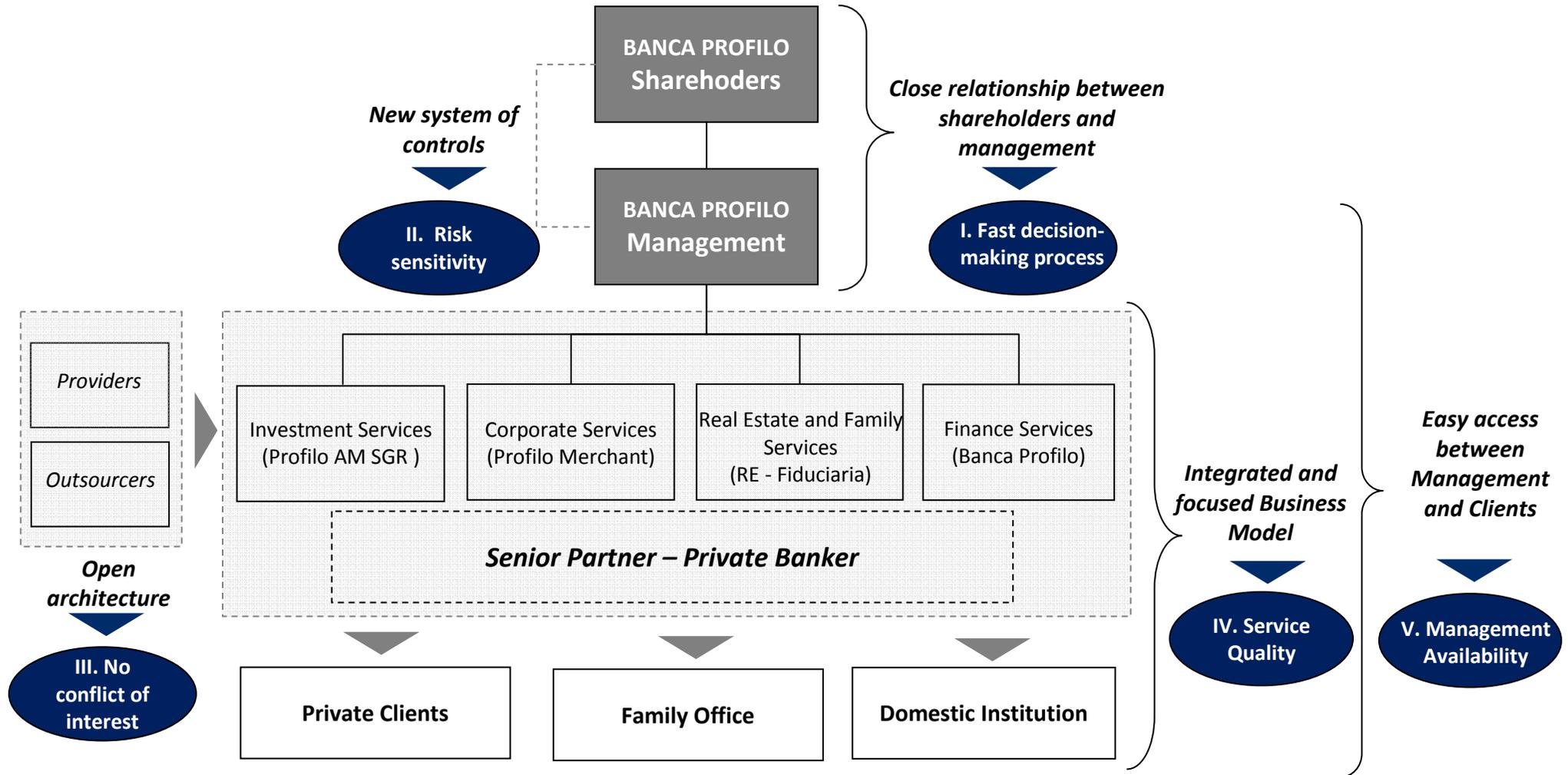
Investment Growth and Cost Control

4

2012 Consolidated Targets

# Main Assumption: Group Working Model

Since the beginning we have embedded in the operating organization of the Bank the key elements required to implement the business model and the business plan



## Business Plan: The Key Actions

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1

Main Assumption: Group Working Model

2

Revenues growth drivers

- A. *Private Banking*
- B. *Finance*
- C. *Swiss Activities*

3

Investment Growth and Cost Control

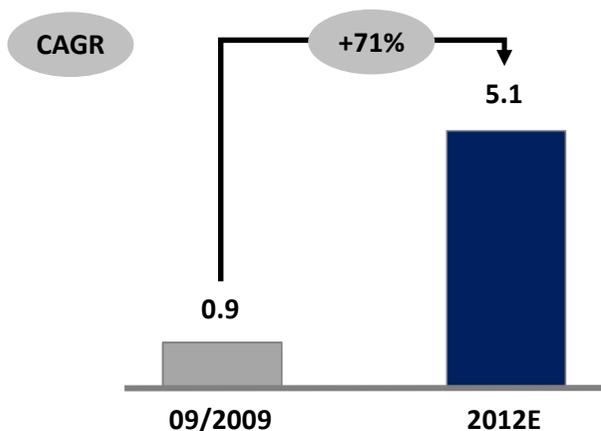
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2012 Consolidated Targets

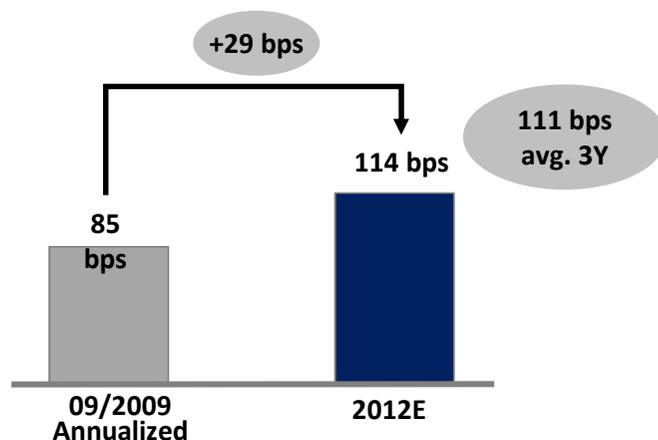
# Private Banking: Revenue Targets and Strategy

## Revenue Targets

### FuM – Italy (€ bn)



### Total Profitability (% FuM)



## Strategy

- Focused and integrated business model to manage the **whole wealth** of clients
- **Advisory**-driven approach
- **Focus on comprehensive strategic Asset Allocation**, including illiquid assets, to increase and consolidate clients' wealth
- **In-house tailor-made** non-standardized **products**
- **Open architecture** to access niche products and diversified investment styles
- **Forward-looking Risk Management** to identify, assess and manage all risk factors

Sator as source of opportunities, skills and relations to support the Private Bankers in developing growth

# Private Banking: Organic and External Growth

## Organic Growth

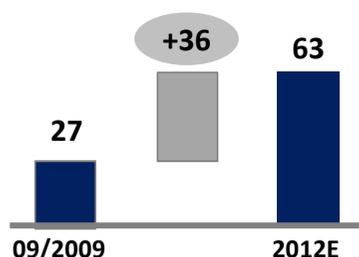


- Major concentration of private wealth:
  - ✓ **Regions:** Lombardy (25%), Latium (11%) and Emilia Romagna (10%)
  - ✓ **Provinces:** Milan (13%), Rome (9%), Turin (5%)

Actual regional wealth coverage: **60%**

- **Optimize local presence**, evaluating new openings in regions or town currently not covered by the branch network

### Private Bankers



- **Selective hiring to:**
  - ✓ enhance strategic teams and branches
  - ✓ support new openings

**Up to 12 branches in 2012**  
**Target of 36 new bankers by 2012 in Italy**

## External Growth

### Enabling Factors:

- Bank's **strong capital ratio**
- **Current economic scenario**
- **Business model flexibility**
- Track record of **management** in corporate integration processes

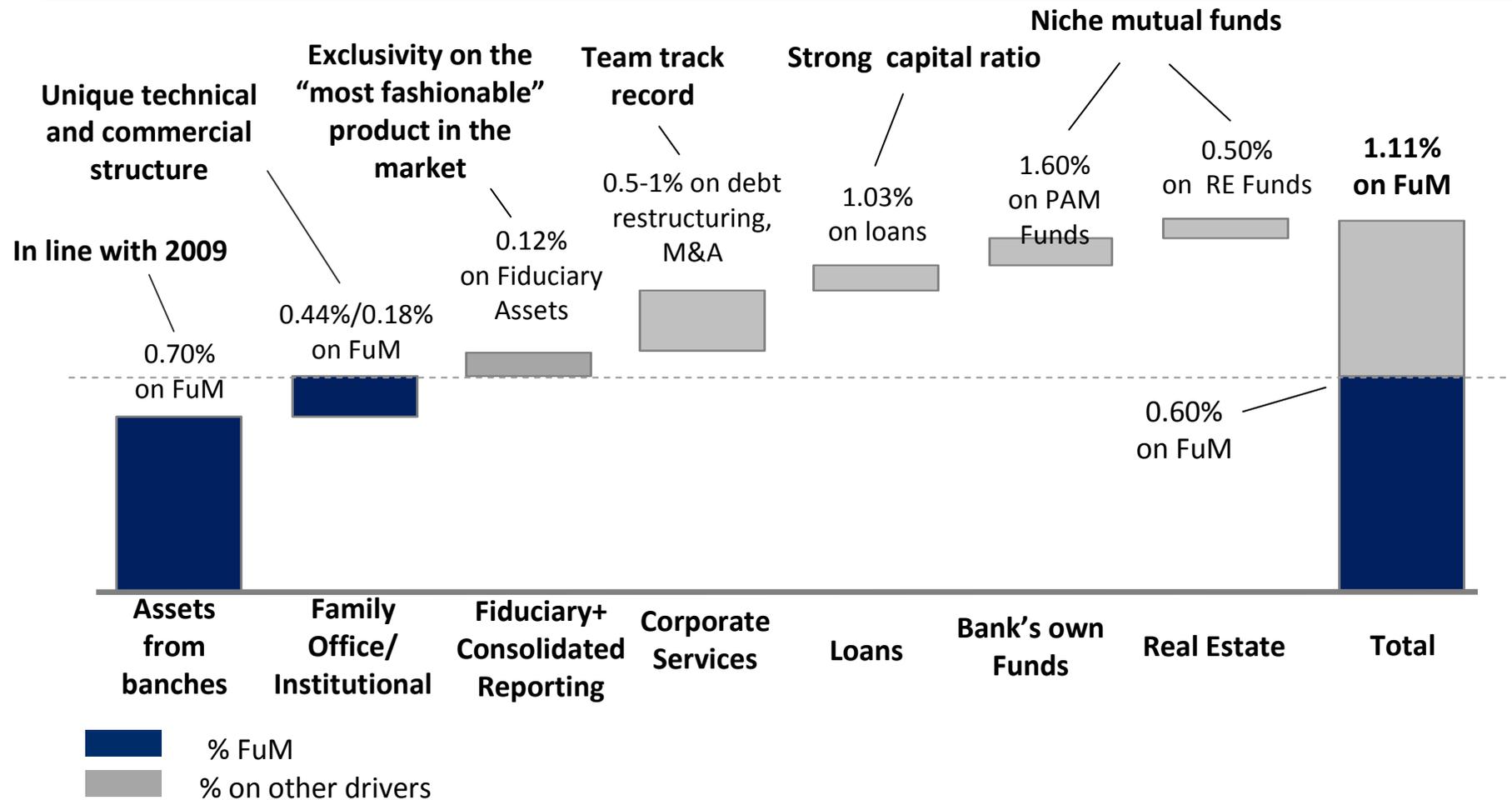
### Expected Benefits:

- Acquisition of **specialized professionals with strong business relations**
- Additional **profitability** and **growth** source
- **Cross-selling** of new products and services to newly acquired clients

**Asset growth contribution:**  
**up to 25% with goodwill-free acquisitions**

# Private Banking: Profitability Breakdown

## Profitability by Single Product/Service (2010-2012 annualized)



**Profitability by single product/service in line with market standards  
 Total profitability on FuM much higher due to revenue diversification**

# Private Banking: Integrated Model – Financial Assets

## Processes, products and IT to support performance in the next years

### Processes

- **Strategic asset allocation based on** macroeconomic, technical and behavioural **models**
  - **Three decision levels:**
    - a) asset allocation
    - b) stock picking
    - c) portfolio construction
- 
- **Investment process** differentiated by product family and asset class
  - Sharing of research and analytical skills

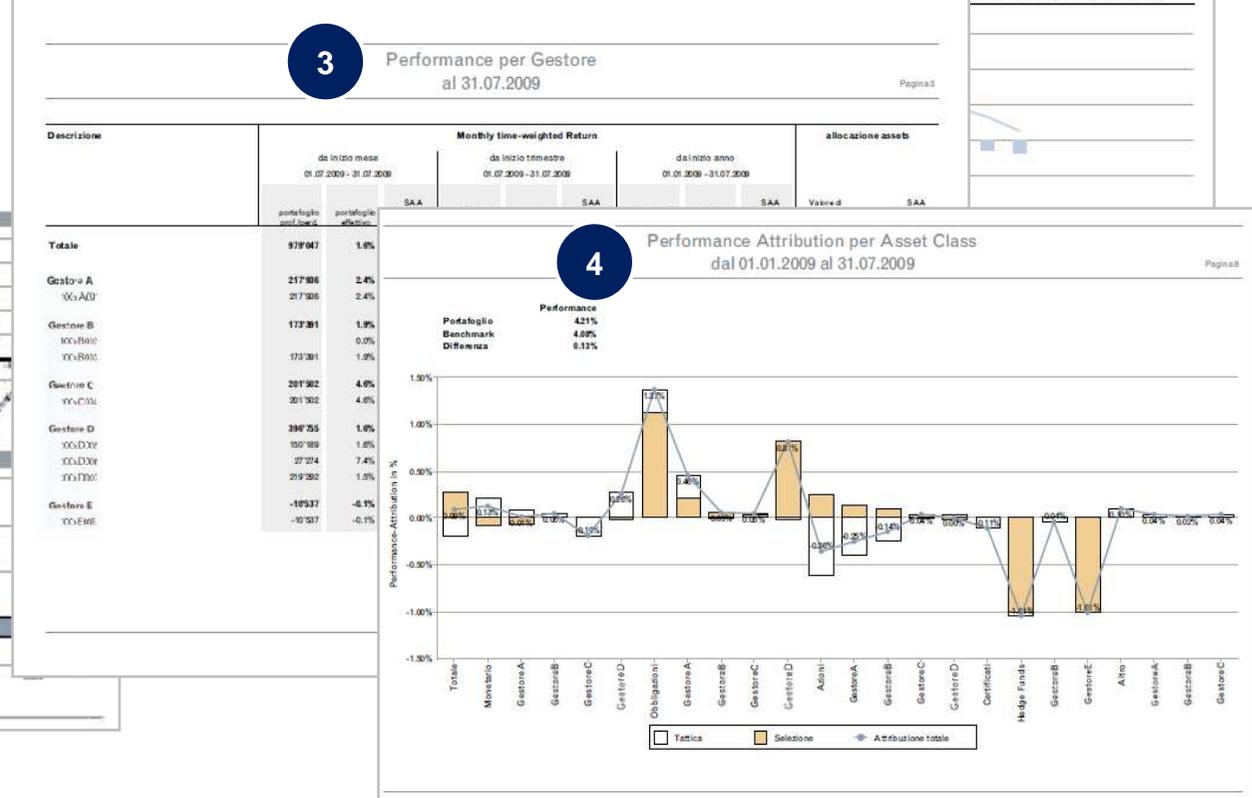
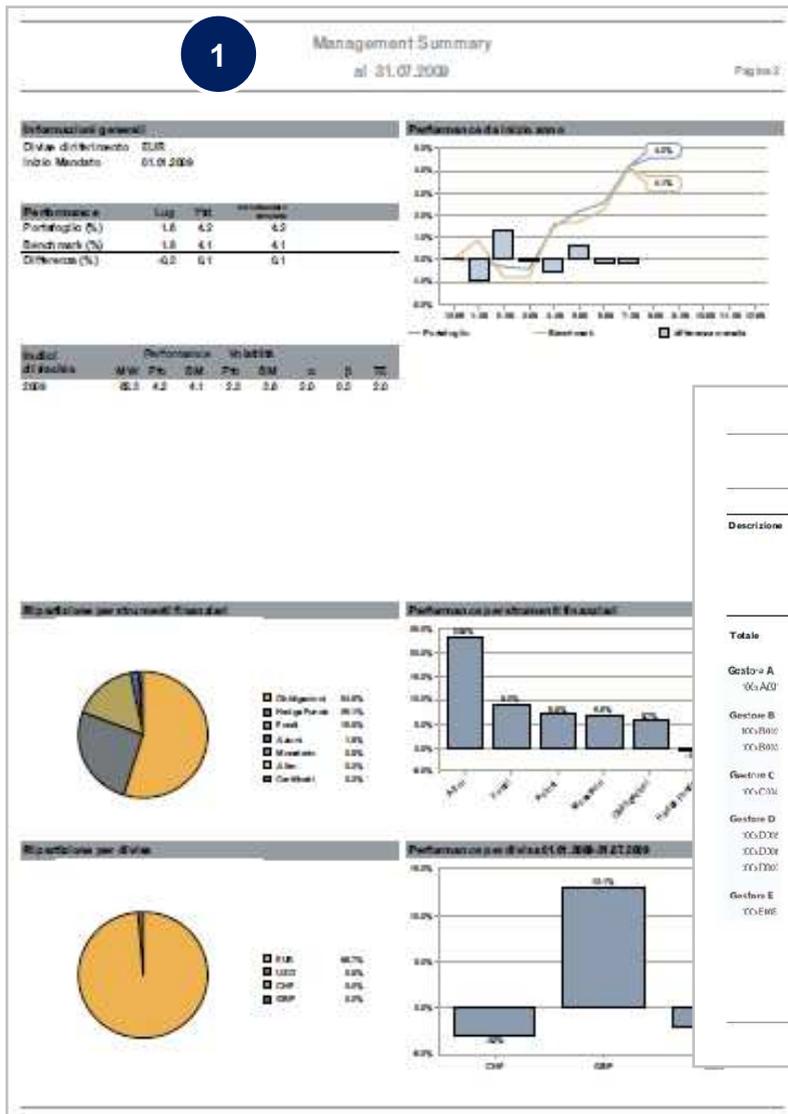
### Products

- Balance between **open architecture** and **direct management**
  - Broadening the **products range and the range of assets class**
  - **Performance-based commissions**
- 
- **Delegated management activities** to best in class managers
  - **Own SICAV:** work in progress
  - New **total return funds** and **Funds of Hedge Funds**
  - Majority of lines (75%) **overperformed benchmark** in 2009

### IT

- **Analytics available to Bankers and clear decision making process**
  - Efficient link between **models and tailor made strategic allocation**
  - **Broadening of risk management features**
- 
- Dedicated real time communication platform for Bankers (**blog**)
  - Development of IT platform to manage **client administration**
  - Control perspective integrated with **forward-looking risk assessment**

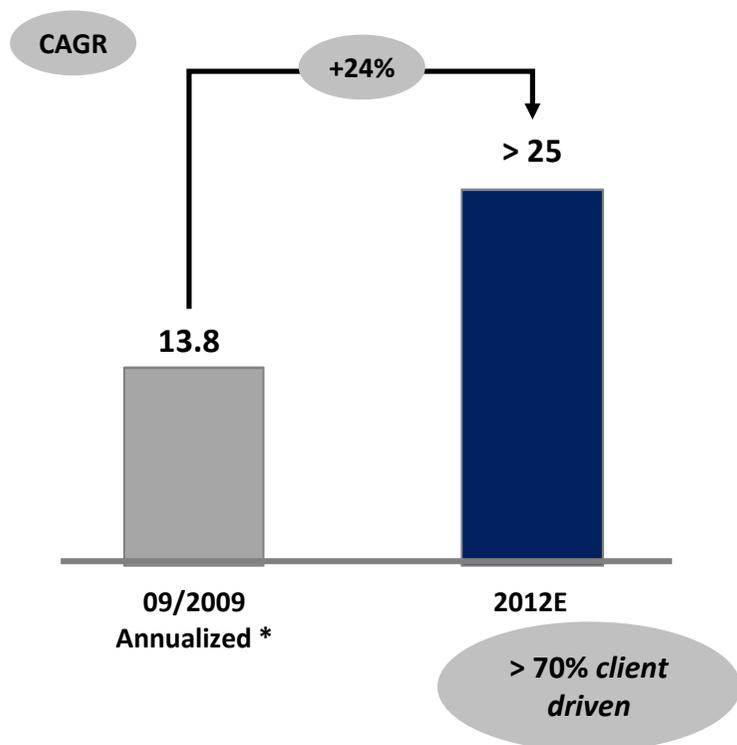
# Private Banking: the Integrated Model, Example of an Innovative Product



# Finance: Targets and Strategy

## Growth Targets

Revenues (€ mln)



## Strategy

Financial services available for private and institutional clients:

Pillar	Results
<ul style="list-style-type: none"> <li>• <b>Focus on client driven activities</b> (vs. proprietary trading)</li> </ul>	<ul style="list-style-type: none"> <li>• Products and services offering for institutional clients and “professional” private clients</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Tailor-made service philosophy</b> (not sophisticated products)</li> </ul>	<ul style="list-style-type: none"> <li>• “One-stop-shop” feature with one single point of entry for all products and services offered by the bank</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Risk control philosophy</b></li> </ul>	<ul style="list-style-type: none"> <li>• Reduction and control of market risks (VAR –60% in 9M 2009)</li> <li>• New IT investments</li> </ul>

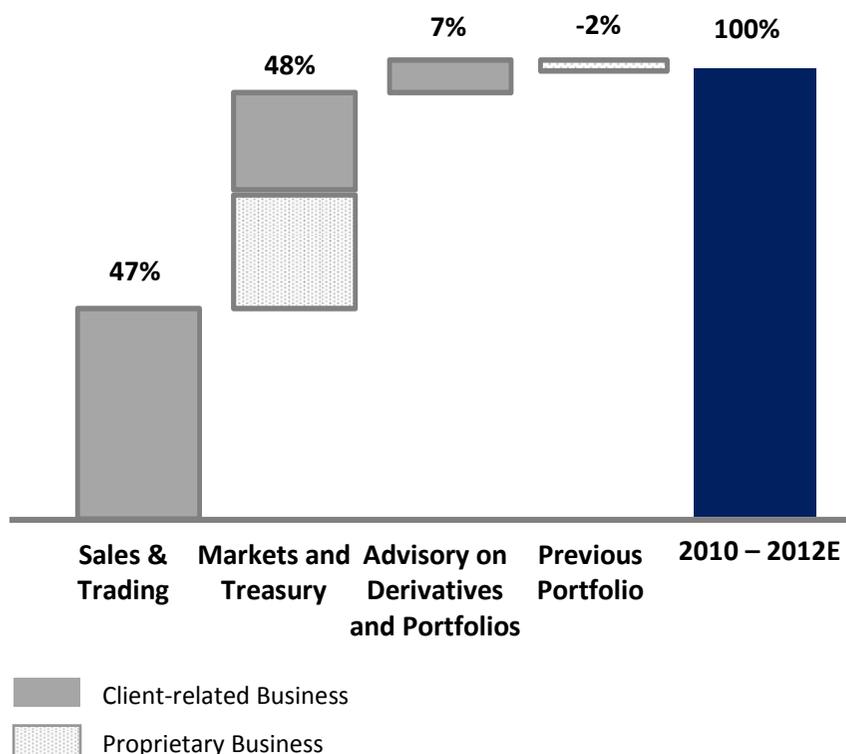
**New approach to grow in a structural way and consistently with business model**

\* Annualized data, excluding previous portfolio

# Finance: Profitability Breakdown

## Profitability Breakdown

### 3-Year Revenue Breakdown (%)



## Desk Features

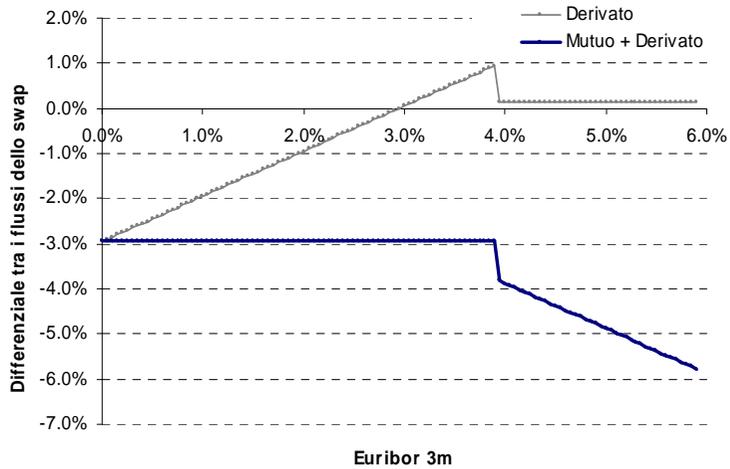
- **Sales & Trading**
  - Dedicated sales person for each client for all the asset classes
  - Proven skills on equity derivatives
  - Synergies with trading and market making
- **Markets and Treasury**
  - VAR Max: €1.6 mln vs. > €2 mln
  - Product structuring for institutional clients
  - Treasury for corporate and holding
- **Advisory on Derivatives and Portfolios**
  - Pure commissions
  - Murex usage and dedicated team
  - Applicable on structured portfolios
- **Previous Portfolio**
  - Additional disposals by year-end
  - Hedged positions
  - Negative carry in the last few years

**Shift from proprietary trading business to client-related business generated from the new business model**

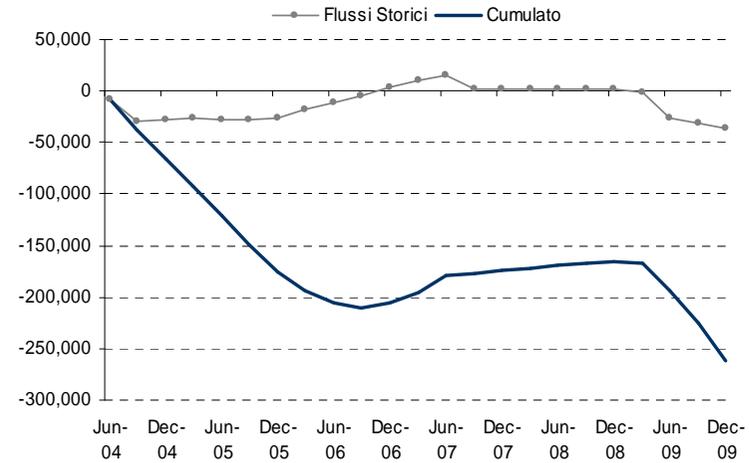
# Finance: Integrated Model, Example of Product for Private Banking

Starting point

## Complex Payoff Analysis: – Fix + Variable – Vanilla Cap – Digital Cap



## Derivative performance track record



Solution implemented

MX\_PROD [PID:7688 NPID:26266 SID:7689]

File Edit View Tools Settings Screen Help UI Tools

Reference set: Retrefresh market data from DB Calculation: automatic AutoTrade capture: On 19 Nov 2009 19 Nov 2009

Rates Securities FX Credit Viewer

Aggregated interest rate risk

EUR 3M

Maturity/Market quote	Value
0M	0.4150
1M	0.2950
3M	0.3350
1W	0.3500
2W	0.3500
1M	0.3850
2M	0.6250
3M	0.7000
DEC 08	99.2675
6M	0.9450
MAR 10	99.2025
9M	1.0750
JUN 10	98.9275
1Y	1.1750
SEP 10	98.8225
DEC 10	98.3075
MAR 11	98.0375
JUN 11	97.7825
2Y	1.6720
SEP 11	97.5700
3Y	2.1840
4Y	2.4380
5Y	2.7070
6Y	2.9250
7Y	3.1070
8Y	3.2500
9Y	3.3780
10Y	3.4850
11Y	3.5830
12Y	3.6720
13Y	3.7480
14Y	3.8150
15Y	3.8700
16Y	3.9150
17Y	3.9450
18Y	3.9690
19Y	3.9850
20Y	3.9930
21Y	3.9960

Equivalent position EUR

Checked	Type	Instrument	Maturity	Position
<input checked="" type="checkbox"/>	Lf	EUREX BUND 10Y	DEC09	-10.9

Hedge basket EUR STD HEDGE

Checked	Type	Instrument	Maturity	Position
<input checked="" type="checkbox"/>	Sf	LF EURIBOR 3M	DEC 09	-4.0
<input checked="" type="checkbox"/>	Sw	EUR EURIBOR 6M	1Y	0
<input checked="" type="checkbox"/>	Lf	EUREX SHATZ 2Y	DEC09	-30.5
<input checked="" type="checkbox"/>	Sw	EUR EURIBOR 6M	2Y	0
<input checked="" type="checkbox"/>	Sw	EUR EURIBOR 6M	3Y	0
<input checked="" type="checkbox"/>	Sw	EUR EURIBOR 6M	4Y	0
<input checked="" type="checkbox"/>	Lf	EUREX BOEL 5Y	DEC09	-5.3

Market rate sensitivities

Maturity	Sensitivity
0M	0.2
1M	0.2
3M	0.0
1W	0.0
2W	12.5
1M	-28.2
2M	0.0
3M	0.0
DEC 09	147.6
MAR 10	129.5
JUN 10	99.4
SEP 10	81.4
DEC 10	63.1
MAR 11	49.4
JUN 11	37.2
SEP 11	29.1
3Y	147.6
4Y	226.1
5Y	11.1
6Y	0.0
7Y	0.0
8Y	0.0
9Y	0.0
10Y	0.0
11Y	0.0
12Y	0.0
13Y	0.0
14Y	0.0
15Y	0.0
Total	1,014.2

Delta

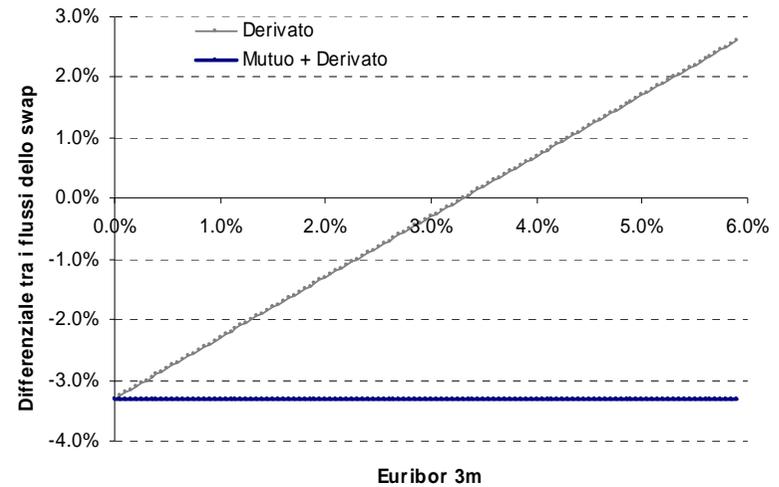
Delta Tot.	0M	1Y	2Y	3Y	4Y	5Y	6Y	7Y	8Y	9Y
1M	-11	0	-2	-4	-2	-3	0	0	0	0
2M	0	0	0	0	0	0	0	0	0	0
3M	0	0	0	0	0	0	0	0	0	0
4M	0	0	0	0	0	0	0	0	0	0
5M	0	0	0	0	0	0	0	0	0	0
6M	0	0	0	0	0	0	0	0	0	0
7M	0	0	0	0	0	0	0	0	0	0
8M	0	0	0	0	0	0	0	0	0	0
Total Inst.	-11	0	-2	-4	-2	-3	-1	-1	0	0

Bank

Past -241,999  
PV -195,959  
P&L -437,958

Results in EUR ZeroP&L

## Solution: Restructuring with effective hedging swap



# Swiss Activities: Market Scenario

## Swiss Market Overview

### Consolidated Features

- Private Banking is **historically** a skill of the Swiss market
- **Worldwide leadership** (30% of assets cross-border managed in Switzerland) mainly due to banking secrecy and highly qualified players
- Market **strongly polarized** between two main players (approx. 50% market share) and small local players and subsidiaries of international players (150 foreign banks in Switzerland)

CAGR 2013  
6.5%

### New Features

- International Governments focused on containing off-shore banking
- Trust and confidence towards some historic players under pressure
- Clients show new and different needs

## Service Model

### Area

### Actions

#### Offering Model

- Open architecture with no conflict of interest
- New and diversified range of services also leveraging on skills available within the Group (*e.g., captive services on M&A and advisory on derivatives, services for institutional clients*)

#### Distribution Model

- Focus on hiring team of Bankers as the main distribution channel (*Gérant de Fortune and Apporteurs to be hired only opportunistically*)

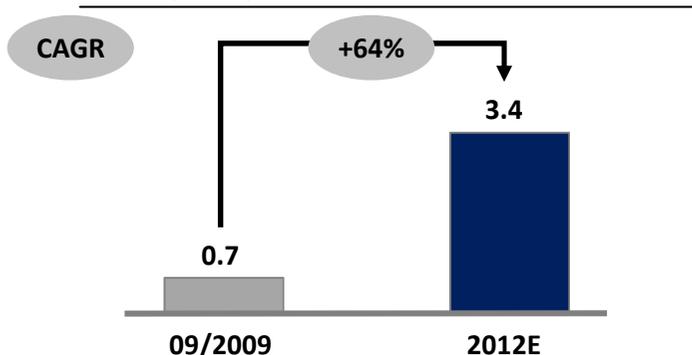
*New approach in line with Banca Profilo*

**Market in a transition phase suffering a high level of client mobility**

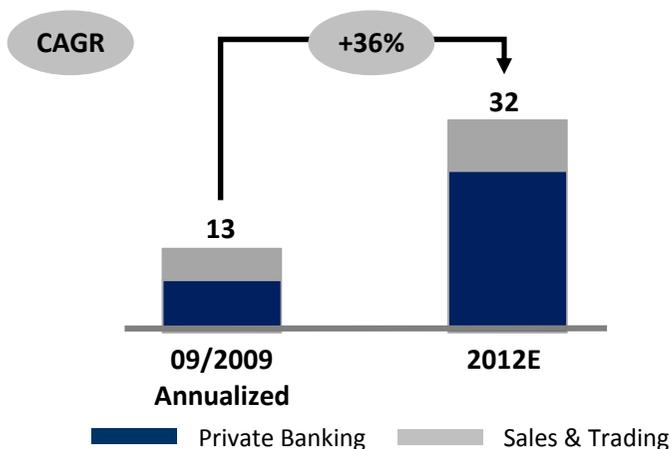
# Swiss Activities: Targets and Goals

## Growth Targets

FuM (€ bn)



Revenues (€ mln)



## Main Goals

- **Main focus on Private Banking** as growth lever, consistently with the Group Business Model, and development of Sales & Trading activities
- **Strong asset growth**, leveraging on:
  - ✓ current situation of main players in the Swiss market
  - ✓ Opportunities generated by the New Business Model
- Distribution model focused on **proprietary network of Private Bankers** (over 20 by 2012) to guarantee full implementation of our Service Model and control of profitability
- **Increased contribution of institutional Sales & Trading revenues** leveraging on the local market opportunity

Revenues expected to more than double by 2012 with strong boost in terms of operating profit

## Business Plan: The Key Actions

---

1

Main Assumption: Group Working Model

2

Revenues growth drivers

- A. *Private Banking*
- B. *Finance*
- C. *Swiss Activities*

3

Investment Growth and Cost Control

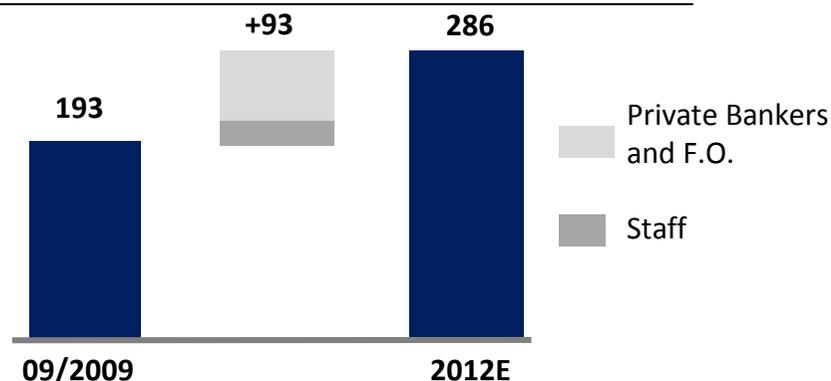
4

2012 Consolidated Targets

# Strategic Investments: Human Resources and Information Technology

## Headcount Increase

### Headcount Net Increase



- **Targeted hiring of 60 Senior Bankers**, as per the New Business Model
- **“Entrepreneurial” Incentive Plan** with net profitability sharing, based on the new Bank of Italy’s and international policies
- **Stock Option Plan** at the next EGM
- New performance **evaluation model** of the network and **talent development**
- Significant **investments in training**

**Goal: become “Employer of choice”  
in Italy and Switzerland**

## Information Technology Development

- Implementation of a **Controlling system**, based on advanced metrics and structured monitoring processes
- Realization of an advanced **Risk Management system** to control any risk factor
- Development of the new **Front-End system for the commercial network**, entirely web-based to support the advisory process to clients
- Implementation of a tool dedicated to the **operational process mapping** and related risks
- **Optimization of the IT Infrastructure** for an efficient business support

**Goal: IT platform and lean organizational structure to reduce the new PB marginal cost**

# Strategic Investments: Branding

Il denaro non è tutto.

Crediamo che i valori delle persone siano più importanti del valore del denaro. Anzi, crediamo che il valore del denaro dipenda dal valore delle persone e dei loro progetti.

**BancaProfilo**  
Face Value

Abbiamo bellissimi progetti. Insieme a voi.

Siamo un'azienda una banca d'eccezione, indipendente, solida in grado di creare insieme ai propri clienti. Un nuovo modello di banca specializzata per la gestione del patrimonio, non solo finanziario, ma anche aziendale, immobiliare e familiare. Una banca che non vi propone prodotti ad alto rischio, ma servizi ad alta qualità.

**BancaProfilo**  
Face Value

Ci piacciono i numeri primi.

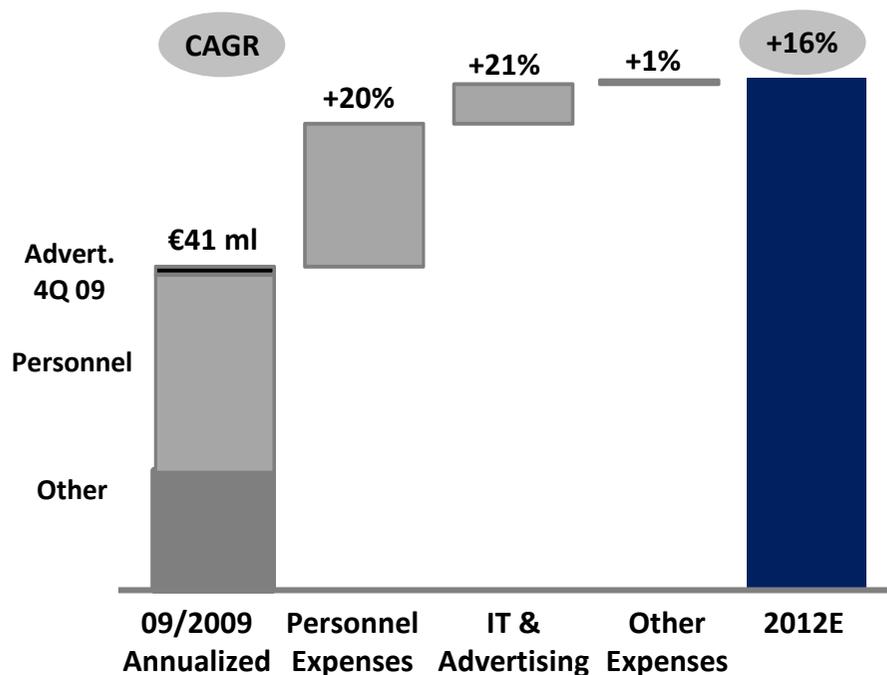
Oggi possiamo affermare di essere primi per indicatore di solidità patrimoniale (l'art. 20%) e primi nell'offerta integrata di servizi a valore aggiunto per la gestione del patrimonio finanziario e aziendale. Ma primi, per noi, sono soprattutto i nostri clienti. E non sono numeri.

**BancaProfilo**  
Face Value

**Relaunch of the brand with an advertising campaign to communicate our unique business model: €1 mln investment in 4Q 2009**

# Cost Evolution

## Cost Evolution



## Main Actions

Item	Actions
• <b>Resources</b>	<ul style="list-style-type: none"> <li>• New remuneration structure which includes a variable part based on performance</li> </ul>
• <b>Operations</b>	<ul style="list-style-type: none"> <li>• Rationalization of the IT platform and infrastructure</li> <li>• Re-negotiation of the maintenance and outsourcing contracts</li> </ul>
• <b>Other Expenses</b>	<ul style="list-style-type: none"> <li>• Yearly review of all external provider contracts</li> <li>• Centralized purchasing process</li> </ul>

Structure able to sustain a higher productivity vs. the current one

## Business Plan: The Key Actions

---

1

Main Assumption: Group Working Model

2

Revenues growth drivers

- A. *Private Banking*
- B. *Finance*
- C. *Swiss Activities*

3

Investment Growth and Cost Control

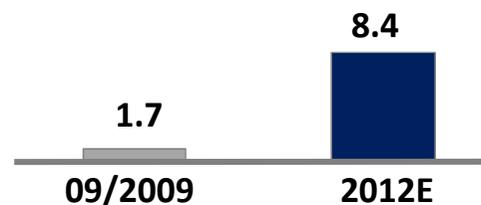
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2012 Consolidated Targets

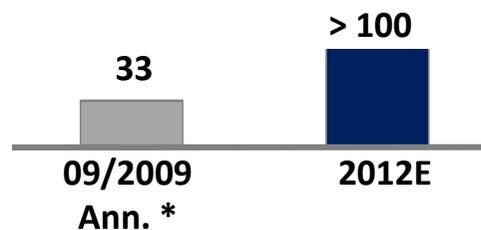
# Banca Profilo: 2012 Consolidated Targets

## Tangible

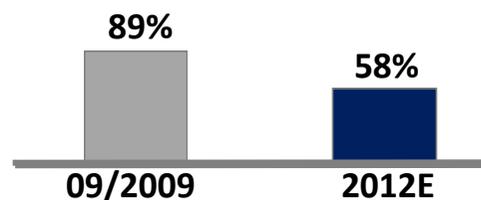
**Total Client FuM**  
€ bn



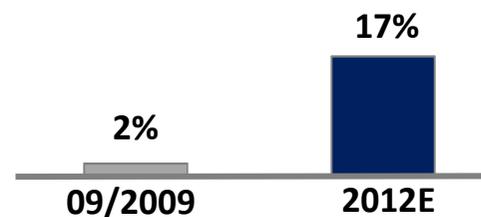
**Revenues**  
€ mln



**Cost/Income**  
%



**ROAE**  
%



## Intangible

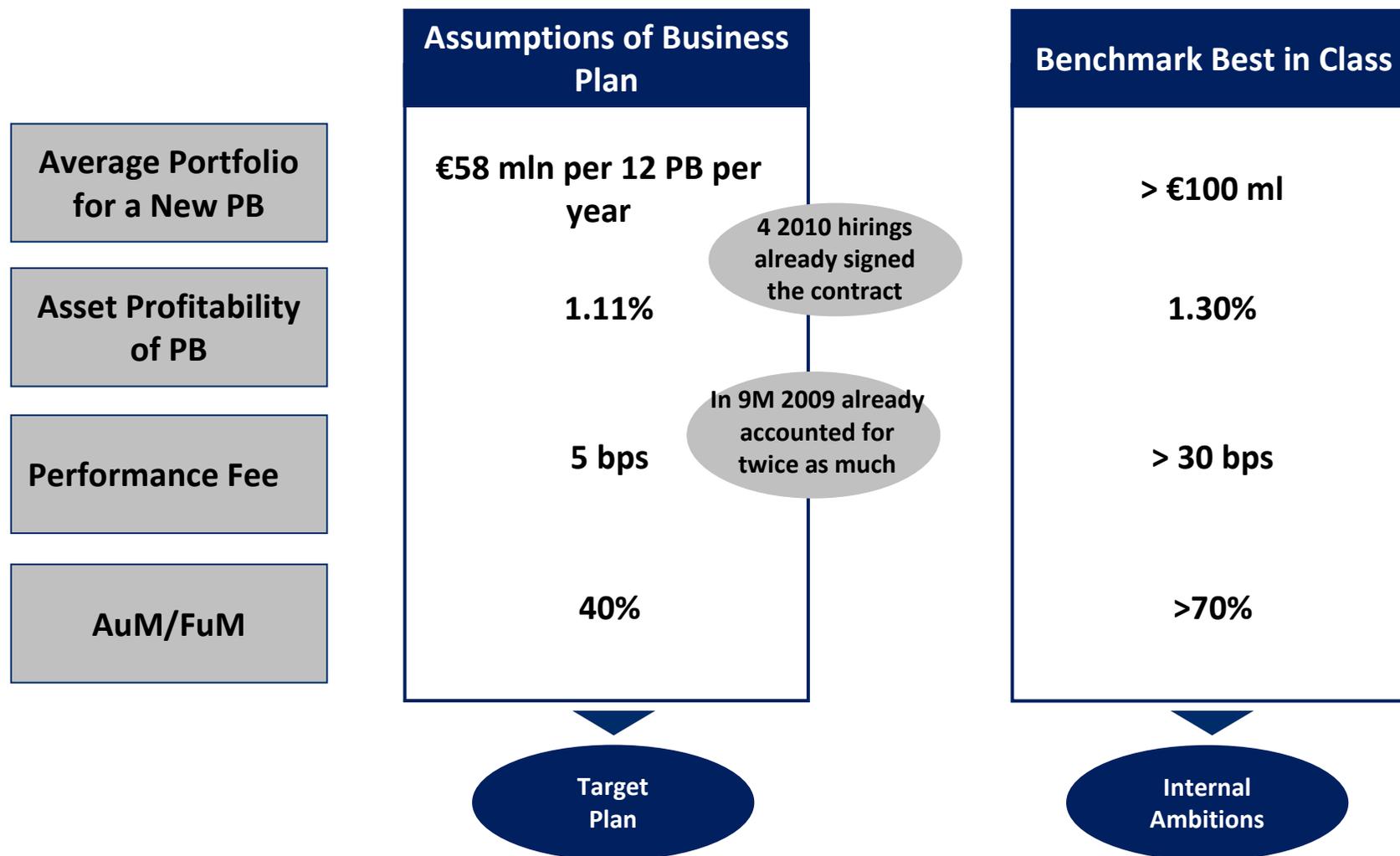
**Recognized Brand**

**Cohesive team with strong corporate spirit at all levels**

**Satisfied clients**

\* Net Profit 9M annualized, excluding previous portfolio

# 2012 Consolidated Targets: Assessment



# Agenda

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**The First Phase of the Turnaround**

**The New Business Model**

**Business Plan 2010-2012**

**Closing Remarks**

- **The first phase of the turnaround allowed us to be positioned for a “New Deal”**
- **We have a strong capital base, with efficient risk controls, and a professional management team with proven experience**
- **We want to do business in a “new way” with a business model extremely focused, in a market developing rapidly**
- **We have all the levers to achieve our targets with a scalable organizational model, which provides already all the key services**