

PRESS RELEASE

BANCA IMI: THE RESULTS AS AT 31 DECEMBER 2012 APPROVED

- **Consolidated net interest and other banking income of 1,480 million euro, an increase of 24.7% compared to the results as at 31 December 2011**
- **Income from other activities of 1,133 million euro, an increase of 28.6% compared to the results as at 31 December 2011**
- **Consolidated net income of 642.5 million euro, an increase of 24.4% compared to the results as at 31 December 2011**

Milan, 11 March 2013 – The meeting of the Board of Directors of Banca IMI, the investment bank led by managing director **Gaetano Micciché** – general manager and head of the Corporate and Investment Banking Division of the Intesa Sanpaolo Group – and by the general manager **Andrea Munari**, held on this day under the chair of **Emilio Ottolenghi**, has approved the individual and consolidated results as at 31 December 2012.

The annual final balance shows some extremely satisfactory results, with the main operating ratios – total revenues, income from other activities and net income – recording an increase of approximately 25% on the corresponding net interest and other banking income of 2011, which was already rather encouraging.

Core business records a significant growth in net interest income and financial profits, with a careful selection of the investment choices which enabled to optimise the risk weighted assets in respect of the robust capital levels and maintain a strong liquidity position.

Consolidated net interest and other banking income amounts to nearly **1.5 billion euro** and records a **24.7% increase** compared to 1,187 million euro as at 31 December 2011.

The investments of the strategic project to redefine the IT infrastructure to support capital markets and other investments envisaged in the plan, in addition to the strengthening of origination structures and international sales and the integration of BIIS public project finance desks has led to **operating costs of 346 million euro**, compared to 306 million euro in the period under comparison.

As a consequence, the **consolidated income from other activities** amounts to **1,133 million euro, an increase of 28.6%** compared to 881 million euro as at 31 December 2011.

After allocating further “provisions and adjustments” amounting to 124 million – to strengthen protection against risks with a 2% coverage of the performing loans portfolio – income before tax amounts to 1 billion euro, an increase of over 24% compared to the final balance of 810 million euro.

Consolidated net income amounts to **643 million euro, an increase of 24.4%** compared to 31 December 2011.

The **sound capital base** of Banca IMI is confirmed, even after the 500 million dividend proposal, with **Core Tier I ratio at 13.5%**.

AREAS OF ACTIVITY

- Investment Banking –

With regards to **M&A**, Banca IMI confirmed its position as the leading Financial Advisor in Italy in terms of number of transactions, equal to 28 (source: Thomson Reuters), despite a declining market scenario by over 40% compared to 2011, where a particularly negative six-month period was followed by a significant recovery in the second half of the year.

Assistance was provided to **Italy1 Investment**, the first SPAC listed on the Italian Stock Exchange, in the take-over of IVS, the leading Italian operator in the vending machine sector; to **InvestIndustrial** in the transfer of **Ducati**, to **Coesia** in the acquisition of Oystar North America, to **Impregilo** in the transfer of a 19% share of Ecorodovias Infrastruttura and Logistica. In the pharma sector **Clessidra** was supported (acquisition of the interest in Euticals); in the energy & utilities sector, advisory services were provided to **Iren** (reorganisation of **Edipower**), to **ERG** (80% acquisition of IP Maestrato), to **F2i** (acquisition of Turin’s TRM waste-to-energy plant), to **Acea** (transfer of photovoltaic assets to RTR Capital); in the consumer & retail sector, Banca IMI assisted **Carlyle** (acquisition of **Twin Set**), the **Clessidra** fund (80% acquisition of Bitolea), **Compagnia Italiana di Navigazione** (acquisition of Tirrenia) and **InvestIndustrial** (transfer of **Ducati**); in the telecom, media & technology sector, assistance was provided to **Libero** in the acquisition of **Matrix**, in the healthcare sector, **AXA Private Equity** and **Intesa Sanpaolo** were assisted in the 66% acquisition of **Limacorporate**.

For other different transactions, the closing is expected to take place in the first six months of 2013: transfer by **Cinven** of Avio Group’s aviation business; transfer by **Bain Capital** and **Clessidra** of **Cerved** and acquisition by **Fincantieri** of **STX OSV**, which represents the largest cross-border transaction announced by an Italian company during 2012.

In the primary debt capital market (**DCM**) Banca IMI confirmed its leadership for Italian issuers – (source: Thomson Reuters), with an 11.8% market share, thus consolidating its role also at European level. It acted as Dealer in both issues of the innovative bond issued by the **Italian Republic**: “BTP Italia” (7.3 billion euro and 1.7 billion euro, respectively), a product designed for retail customers but also appreciated and distributed among institutional investors; as Co-Lead Manager it took part in all three issues of the European Financial Stability Facility (**EFSF**) (for a total of 8.5 billion euro) and as Lead Manager it took part in the repurchase offer for two Covered Bonds of the **Cassa Depositi e Prestiti**, denominated in Euro and in Yen.

In financial institutions the role of bookrunner was performed for the eurobonds issued by the Parent Company **Intesa Sanpaolo** (8.25 billion, including in the form of covered bonds), **Banca Monte dei Paschi di Siena** (1.25 billion) and **Mediobanca** (500 million). Again on behalf of the Parent Company, Banca IMI acted as dealer manager in two buyback transactions (2.8 billion euro of tier 1, subordinated and senior securities) and in two exchange offers. Equally successful was the Bank’s active participation, as deal manager, in the Liability Management transactions of **Banca Popolare di Vicenza** and **Banca Popolare dell’Emilia Romagna**. For foreign customers it acted as bookrunner for the issues of **Raffaelsen Bank International** and **Société Générale**.

Worthy of mention was the number of transactions closed at a profit for the corporate issuers. More specifically, the Bank acted as bookrunner for **Fiat Auto** (850 million), **Eni** (750 million), **Telecom Italia** (two issues amounting to 750 million), **FGA Capital** (500 million), **Atlantia** (750 million), and **Enel** (1 billion). Again acting as bookrunner, Banca IMI managed the opening issue of **Snam** (1 billion) and the three subsequent issues (3.5 billion); the unrated issue of **Campari** (400 million), while the first issue for the EMTN programme of **A2A** (750 million) involved Banca IMI also in the capacity of arranger.

Among the retail issues, the Bank coordinated the placement syndicate for a bond offering by **Enel** (3 billion in two tranches, one at a fixed rate and one at a floating rate) and the first bond offering by **Atlantia** (1 billion) placed with the general public in Italy.

In the high yield segment, where the Bank played a particularly active role with the aim of furthering growth considerably, Banca IMI participated as bookrunner in the three Italian issues of 2012: the dual tranche of **Wind** (200 million euro and 400 million USD), the issue of **Guala Closures** (275 million) and that of **Rottapharm Madaus** (400 million). At the international level, Banca IMI acted as bookrunner for the issues of **Iberdrola** (1 billion), **Telefonica** (1 billion), **Gas Natural** (800 million), **Enagas** (500 million), **MAN SE** (750 million), **Metro** (500 million), **PPR** (250 million), **Banque PSA** (600 million), **RCI Banque** (600 million) and **Heineken** (two long-term issues, 1 billion in 2020 and 750 million in 2025).

In the primary equity capital market (**ECM**) activities were influenced by capital increases and accelerated bookbuilding, segments which accounted for around 70% of all market operations overall. In the domestic market, Banca IMI participated as joint

bookrunner in the capital increase of **UniCredit** offered on a pre-emptive basis for 7.5 billion euro, and in the accelerated bookbuilding of **Terna** for 0.3 billion euro; it also acted as global coordinator and bookrunner for the exchangeable issue of **Camfin** (150 million successfully placed in October).

At the international level, we note the participation in the accelerated bookbuilding of the **London Stock Exchange** (0.3 billion sterling acting as joint bookrunner) and the Turkish bank **Akbank** (1.1 billion dollars acting as co-lead manager); in the capital increase of **Peugeot** (1 billion euro acting as co-manager); in the placements of shares **BlackRock** (4.2 billion dollars acting as co-manager) and of equity units **United Technologies** (1 billion dollars acting as co-manager). Also worthy of mention is the Bank's role as co-manager in the IPO of **Santander Mexico** (4 billion USD), transaction which, through the dual listing in Mexico and the NYSE, represented the second IPO in the United States and the largest transaction in Latin America in 2012.

The leadership in the take-over bid/delisting market was confirmed, managing, as financial advisor and intermediary in charge of coordinating investments, the voluntary take-over bid launched by Edizione Holding on the **Benetton** Group shares.

At the end of December, Banca IMI acted as Specialist or Corporate Broker for 47 companies listed on the Italian market.

- **Capital Markets** -

The 2012 operations were characterised by two major ECB measures, which had a significant impact on market trends: the LTRO in the first part of the year and the serious statements made by the Governor Draghi on the irreversibility of the Euro in the second half of the year accompanied by the ECB's OMT programme.

The **Government** bond sector was involved in a high number of transactions by investors, which resulted in strongly increasing trading volumes for Banca IMI. The developments on the electronic channels (Bloomberg, Bondvision, Tradeweb, Marketaxess) proved to be especially important to reach international customers and pursue the medium-term strategy aimed at the systematic expansion of Banca IMI's presence in the "core" markets of Germany and France. The volumes recorded a 59% increase compared to the previous year.

2012 was a positive year for the **Credit product** market both in terms of trends and customer volumes. Activities on the primary market recorded a strong increase (doubled compared to the previous year both in terms of volumes and number of issuers), while secondary market activities experienced a slight drop compared to 2011. Worthy of mention is the increasingly important role played by Banca IMI in the High Yield segment, as the Bank acted as Lead Manager for a series of Italian corporate bond issues. The year closed on a positive note with investors continuing to seek yield opportunities.

The **Abs and securitisation** activities continued to play a strategically important role for financial institutions and corporate entities, with a view to an efficient management

of the credit risk and the creation of a funding alternative. Banca IMI holds a position of leadership in the Italian securitisation market. On the investor side, the ABS segment benefited from a renewed interest with purchases of structures linked to the Italian economy (securitisations of mortgages, consumer loans, lease receivables) by foreign investors.

Banca IMI managed the structuring of several trade receivables securitisation transactions for corporate customers with a view to optimising the management of their cash inflows, improving the net financial position and the capital ratios through asset deconsolidation (Enel, ArcelorMittal, Trevi, Sorgenia to name the most important ones).

The 2012 *Forex* segment witnessed a marked and steady decline in volatility both on G10 currencies and on the Emerging Markets with volumes recording a drop of around 25-30% compared to 2011. In this context, Banca IMI's positive performance is particularly significant as it recorded a 24% increase in overall traded volumes. This highlighted the market share recovery strategy through an initial decline of margins, which were more than offset later on, in the last part of the year. The FX derivatives segment recorded a significant growth with strongly increasing volumes (+ 31%). It is worth noting that most of the results recorded by this segment derive from the introduction of new products, the development and completion in the offer catalogue of which are expected in the first half of 2013.

From the point of view of product distribution innovation, in the second half of 2012 Banca IMI started its contribution as market maker on FX multi dealer platforms (360T and FxAll). The Bloomberg contribution is scheduled to be released in the near future. The Bank continued to pursue the programme for the creation of a Single Dealer Platform the delivery of which is expected in the first half of 2013.

The **Commodities** operations confirmed the growing trend recorded in previous financial years as well. The greatest contribution to results derived from the energy and gas sectors where Banca IMI has become leader of the Italian financial market with strongly increasing volumes compared to the previous year (+60%). The customer portfolio in these sectors considerably increased, covering the entire value chain, from the producers to the end consumers (businesses).

As regards Equity, the positive performance of the markets during 2012 followed a first period characterised by dramatic declines and a marked recovery in the second half of the year, thanks to the intervention of the ECB, which warded off the most worrying scenarios for markets.

During the year, the Italian market was marked by a limited number of IPOs for investors and Banca IMI obtained the role of specialist for 10 new listed companies. Volumes in the share segment in Italy recorded a marked decline (-28% compared to 2011), as evidence of the lack of institutional flows which favoured forms of investment other than the purchase of direct shares on the market. An increase in EuroTLX operations was recorded compared to 2011 thanks to an increasing interest in American securities and an improvement in Banca IMI's market share.

On the **Retail** side, Banca IMI continued to be the reference stakeholder by offering solutions aimed at meeting the needs of distributor customers. The banking networks

were primarily focused on their own direct funding; however, there was a renewed interest in the placement of third-party certificates and bonds (the certificates recorded an increase of over 30% in the volumes placed between the Group's distribution networks and third-party networks).

Worthy of note is the success of bond offering by Italian corporate companies such as ENEL and Atlantia.

In the Private segment, Banca IMI continued to offer structures with innovative features compared to the entire Italian market. The main focus is dedicated to Credit Linked Certificates and Autocallable Certificates.

Particularly successful were the proposals of Structured Asset Management carried out in collaboration with Epsilon SGR, which recorded relevant placements of structured funds both on the retail networks and on Intesa Sanpaolo Private Banking.

Through *Market Hub*, Banca IMI confirmed its position as the Italian leader in bond intermediation both on the Italian Stock Exchange markets and on EuroTLX. The Best Execution Dinamica offer, by anticipating Mifid2 with the extension of the Best Execution to non-equity was met with a great deal of interest from foreign customers.

- Structured Finance -

Project & Acquisition Finance

The serious instability of the financial markets starting from the summer of 2011 led to a rise in the medium and long-term funding costs for the banking intermediaries of non-core countries and to a gradual influence on the reference markets of the flow of commercial opportunities; despite this far from favourable scenario, the area contributed to the **completion of credit facilities** in the amount of about 4 billion, both on the domestic and international market, taking risk shares amounting to 700 million. Among the most significant, we note:

- 1,150 million euro aimed at supporting the acquisition of 70% of the share capital of Edipower S.p.A. by Delmi S.p.A. and refinancing the existing indebtedness of Edipower;
- 885 million sterling for the acquisition of Iceland Foods Group (Great Britain) by a group of investors and management members;
- 290 million aimed at supporting the business combination of two groups operating in the cable and satellite TV sector in the Balkan region controlled by the private equity fund Mid Europa;
- 250 million euro in favour of Intertrust Group Holdings S.A. (Holland), aimed at supporting the acquisition of Walker Management Services (Cayman Islands);
- 225 million aimed at supporting a project for the expansion, management and maintenance of a water distribution network in Spain;
- 184 million euro aimed at supporting the acquisition of the coaster business line of Tirrenia di Navigazione S.p.A. currently in Extraordinary Administration by Compagnia Italiana Navigazione S.p.A.;
- 110 million euro for the acquisition of Light Force S.p.A. by the private equity fund Carlyle.

Worthy of mention in the third quarter is the structuring of the financial requirements of Snam S.p.A., amounting to a total of 11 billion. The operation, which did not entail

the direct acquisition of a financing share, fell within the framework of a proprietary separation of the associate company governed by the Decree of the President of the Council of Ministers of 25 May 2012.

The Bank also carried on with the origination and structuring of further credit facilities amounting to over 4 billion, which are expected to be finalised in the new year.

Real Estate

During 2012, albeit in the context of a difficult and uncertain performance of the European and Italian real estate market, Banca IMI was able to maintain a leadership position in finance structuring. All market segments were covered and a complete range of financial products dedicated to real estate was offered, with the Bank performing specialised advisory activities for the real estate segment.

The origination activity resulted in the conclusion – as Mandated Lead Arranger – of credit facilities amounting to around 1,100 million euro (with a direct share of approximately 440 million); among these, we note (i) the Centro Sviluppo Ostiense initiative, real estate requalification and development project of the Ex Mercati Generali area in Rome; (ii) the pool financing in support of the real estate fund promoted by the Province of Rome and managed by BNP REIM SGR; (iii) the financing to the real estate fund Core Multi Utilities managed by REAM SGR within the scope of a sale and lease-back transaction promoted by the IREN group.

In the advisory segment, the Bank took on a mandate for the renovation of a hotel facility located in Venice and for the placement of units of the Boccaccio real estate fund managed by AEDES BPM REAL ESTATE SGR. Worthy of note is the successful completion of the mandate by Beni Stabili SIIQ for the analysis and identification of the best financial structure.

Corporate Solution

The **Corporate Solutions** unit of Banca IMI organised and structured, mainly as Mandated Lead Arranger, the main “on balance-sheet” and “cash flow based” financing transactions, in which the ISP Group through the relationship units of the Corporate and Investment Banking and Banca dei Territori Divisions.

The transactions completed in 2013 include: (i) the signature of the 4 billion euro Forward Start Facility in favour of Telecom and the one billion margin loan in favour of the Telco holding company; (ii) the loan amounting to a total of 600 million in favour of Edizione Holding, including a tranche dedicated to the Benetton take-over bid; (iii) the refinancing amounting to a total of 170 million of part of the indebtedness of Saras; (iv) the structuring of the 150 million euro revolving credit line for the requirements linked to the order portfolio of Tecnimont S.p.A.; (v) the loan amounting to a total of 235 million in favour of CLN aimed at supporting also the investments planned for the following three-year period; (vi) the operations aimed at restructuring the indebtedness of Almaviva (90 million) and the Zodiak Group (205 million) carried out as an integration to the capital strengthening measures put in place by shareholders; (vii) the loan amounting to 450 million in favour of Campari in support of the acquisition of the Jamaican LdM.

Participation in the refinancing of the initial amount of 3,797 million euro, relating to the existing lines in favour of the Smurfit Kappa group was also confirmed.

Customers' interest in Banca IMI's role as Agent was consolidated further in 2012, with an increase in the number of Facility and Security Agent mandates, which also extended to the segment of restructured transactions. All this is due to the Bank's ability to fulfil its impartial management and representation duties, thereby protecting the different parties involved in the deal and in compliance with the internal regulations and the regulations set forth by Banca d'Italia.

The most important operations acquired in the period include those for Gruppo Coin, Fondazione Monte dei Paschi di Siena, Gruppo Stroili and Gruppo Edison; for Prysmian, Gasplus, Consorzio Reggio Calabria e Sicilia e Cinecittà; and for many more domestic and international groups, such as Alfaparf, Barbaro, Zoppas, Cremonini, K-Flex, Mare Nostrum, Euticals and Fracasso. And then also: Avio, Belco, Edipower, Janus (EcoNaturasi), Moby, NH Italia, Fimmit Sgr, Gruppo Ansaldo, Granarolo, Tangenziali Esterne Milano, and F2i Ambiente.

In the restructured finance segment, activities were carried out in favour of the groups Zucchi, Zaleski, Lucchini e Canepa, TAS, Kerself, Coestra, Valore e Sviluppo, Iter, Inso, Pininfarina, and Salmoiraghi.

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The Manager responsible for preparing the Company's financial reports, Angelo Bonfatti, declares, pursuant to Paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release correspond to what appears in the documentary entries, books and accounting entries.

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Banca IMI, the investment bank of the Intesa Sanpaolo group, operates in Banking, Capital Markets and Structured Finance on the main national and international markets via its offices in Milan, Rome, London and Banca IMI Securities Corp. in New York. Banca IMI offers its services to banks, businesses, institutional investors, governments and public authorities. It is one of the top Italian financial operators, with a strong presence in share and bond placements, in extraordinary finance operations and in securities trading. Making use of the wealth of national and international contacts of the Intesa Sanpaolo Group, it can also boast historical leadership in the Italian structured finance market: it supports the growth of Italian and international customers with usually medium/long-term financial operations and has distinctive capabilities as financial advisory, especially in the real estate sector and in project and the specialised lending sector. It assists corporate customers in collecting risk and debt capital. It acts as financial advisor. It organises risk management products for businesses, institutional investors and local authorities. Through the Retail Hub it organises and creates investment products for retail customers. Through the Market Hub, the access platform to MiFID compliant markets, it provides Best Execution dynamic management and provides over 270 Italian and foreign institutional investors with access to more than 70 national and international markets (share, derivative and bond markets). Banca IMI has a Moody's rating of Baa2, an S&P rating of BBB+ and a Fitch rating of A-.

Per informazioni

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Banca IMI Group

Restated income statement

(in millions of euro)

	31/12/2012	31/12/2011	changes	
			amount	%
Net interest income	598,9	561,2	37,7	6,7%
Net fee and commission income	261,9	297,0	(35,1)	-11,8%
Profits from financial transactions	635,9	321,5	314,4	9779,2%
Core business results	1.496,7	1.179,7	317,0	26,9%
Net non-recurring results	(16,9)	7,2	(24,1)	
Net interest and other banking income	1.479,8	1.186,9	292,9	24,7%
Net administrative expenses:	(345,8)	(305,0)	(40,8)	13,4%
<i>of which: - personnel expenses</i>	<i>(130,5)</i>	<i>(109,6)</i>	<i>(20,9)</i>	<i>19,1%</i>
<i>- other administrative expenses</i>	<i>(215,3)</i>	<i>(195,4)</i>	<i>(19,9)</i>	<i>10,2%</i>
Adjustments to property, equipments and intangibles assets	(0,6)	(0,6)	0,0	
Operating costs	(346,4)	(305,6)	(40,8)	13,4%
Income from other activities	1.133,4	881,3	252,1	28,6%
Provisions and adjustments	(124,3)	(62,1)	(62,2)	
Other operating income (expenses)	(2,0)	(8,7)	(6,7)	77,0%
Income before tax from continuing operations	1.007,1	810,5	196,6	24,3%
Taxes on income from continuing operations	(364,6)	(294,0)	(70,6)	24,0%
Net income	642,5	516,5	126,0	24,4%

Banca IMI Group

Restated Income Statement by quarter

(in millions of euro)

	4QT12	3QT12	2QT12	1QT12	4QT11	3QT11	2QT11	1QT11
Net interest income	166,0	123,6	141,3	168,0	158,3	142,4	126,3	134,2
Net fee and commission income	69,3	66,6	54,3	71,7	70,2	68,2	96,4	62,2
Profits from financial transactions	124,7	71,5	194,7	245,0	4,7	118,6	53,7	144,5
Core business results	360,0	261,7	390,3	484,7	233,2	329,2	276,4	340,9
Net non-recurring results	0,7	(2,4)	(6,7)	(8,5)	0,4	11,1	0,5	(4,8)
Net interest and other banking income	360,7	259,3	383,6	476,2	233,6	340,3	276,9	336,1
Net administrative expenses:	(83,2)	(86,1)	(88,1)	(88,4)	(66,5)	(77,2)	(83,6)	(77,7)
<i>of which: - personnel expenses</i>	<i>(29,7)</i>	<i>(33,5)</i>	<i>(33,6)</i>	<i>(33,7)</i>	<i>(15,4)</i>	<i>(30,4)</i>	<i>(31,5)</i>	<i>(32,3)</i>
<i>- other administrative expenses</i>	<i>(53,5)</i>	<i>(52,6)</i>	<i>(54,5)</i>	<i>(54,7)</i>	<i>(51,1)</i>	<i>(46,8)</i>	<i>(52,1)</i>	<i>(45,4)</i>
Adjustments to property, equipments and intangibles assets	(0,2)	(0,1)	(0,2)	(0,1)	(0,2)	(0,1)	(0,2)	(0,1)
Operating costs	(83,4)	(86,2)	(88,3)	(88,5)	(66,7)	(77,3)	(83,8)	(77,8)
Income from other activities	277,3	173,1	295,3	387,7	166,9	263,0	193,1	258,3
Provisions and adjustments	(43,6)	(26,9)	(35,1)	(18,7)	(32,2)	(24,6)	(0,1)	(5,2)
Other operating income (expenses)	(2,7)	1,6	0,1	(1,0)	(7,3)	(0,1)	(0,7)	(0,6)
Income before tax from continuing operations	231,0	147,8	260,3	368,0	127,4	238,3	192,3	252,5
Taxes on income from continuing operations	(82,8)	(54,3)	(94,6)	(132,9)	(53,4)	(87,3)	(64,8)	(88,5)
Net income	148,2	93,5	165,7	235,1	74,0	151,0	127,5	164,0