



# SPAFID CONNECT

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Oggetto : Banca IMI: Final Results as at 31  
December 2017 approved

*Testo del comunicato*

Vedi allegato.

**PRESS RELEASE**

**BANCA IMI: FINAL RESULTS AS AT 31 DECEMBER 2017 APPROVED**

- **Consolidated total income of 1,569 million euro (-6.8% on 31 December 2016)**
- **Operating profit of 1,108 million euro (-10.2% on 31 December 2016)**
- **Consolidated profit for the year of 671 million euro compared to 742 million euro as at 31 December 2016**
- **Revenues in the fourth quarter at the highest levels recorded in the two-year period 2017-2016**
- **Total Capital Ratio at 15.9%, without taking account of the result of the period**

*Milan, 5 February 2018* - The Board of Directors of Banca IMI, the investment bank within the Intesa Sanpaolo Group, led by CEO **Mauro Micillo**, has approved the separate and consolidated final results as at 31 December 2017 in a meeting held today and chaired by **Gaetano Miccichè**.

The end-of-year final balance recorded a consolidated net profit of **671 million** euro. The result is down 9.6% compared to **742 million** euro as at 31 December 2016, essentially owing to the development of total income which was impacted by fewer opportunities offered by the markets during the first few months of the year. The fourth quarter of 2017 exhibited a considerable level of revenue, with important profits stemming from financial transactions and net commissions, up by over 30% of those recorded during the previous quarters of the financial year.

**Total income** at the end of the year totalled **1,569 million** euro, down 6.8% compared to 31 December 2016. Right at the end of the year, this last final result was marked by particularly significant transactions displaying considerable commission income. Revenue margins were attributable to the **Global Markets** area, led by Massimo Mocio, totalling **1,183 million** euro and the **Corporate & Strategic Finance** area, headed by Raffaello Ruggieri in 2017, with **386 million** euro, thanks to 275 million euro from Structured Finance and 111 million euro from Investment Banking.

**Operating profit** reached 1,108 million euro (-10.2% compared to the 2016 financial year) thanks to the total income's performance. Internally, an increase in structural costs was recorded (to 461 million euro, +2.4%), concentrated in cost entries that are more directly connected to business and IT development.

The **cost/income ratio** was **29.4%** compared to the previous 26.7%.

**Impairment losses, provisions and other operating expenses** accounted for **132 million** euro; the amount includes 37 million euro for ordinary contributions to the Single Resolution Fund for the current year, and supplement of USD 24 million to the allowances for risks and charges of the subsidiary IMI Securities.

Total **assets** fell to **148 billion** euro, from 150 billion euro as of 31 December 2016. As a result of greater reverse repurchase agreements and structured loans (+7 billion euro altogether), there was a significant reduction in the fair value of OTC derivatives (-9 billion euro) and investments in securities.

In line with the greater impact of credits on the overall assets, the Risk Weighted Assets rose to 24.9 billion euro from the 24.4 billion euro at 30 September 2017.

The **Total Capital Ratio** reached **15.9%** and does not take into account the result of the period. Concerning the introduction of IFRS9, whose effects that are currently being carefully ascertained, the "fully loaded" impact on Banca IMI's capital ratio is confirmed to be non-significant.

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## Reclassified Income Statement

(in millions of euro)

	2017	2016	changes	
			amount	%
Net interest income	503,9	530,9	(27,0)	-5,1
Net fee and commission income	425,6	474,5	(48,9)	-10,3
Profits from financial transactions	610,7	646,7	(36,0)	-5,6
<b>Core business profit</b>	<b>1.540,2</b>	<b>1.652,1</b>	<b>(111,9)</b>	<b>-6,8</b>
Net non-recurring income (expense)	28,7	31,9	(3,2)	-10,0
<b>Total income</b>	<b>1.568,9</b>	<b>1.684,0</b>	<b>(115,1)</b>	<b>-6,8</b>
Net administrative expenses:	(460,5)	(449,8)	(10,7)	2,4
of which: - personnel expenses	(160,4)	(164,7)	4,3	-2,6
- other administrative expenses	(300,1)	(285,1)	(15,0)	5,3
Amortisation and depreciation	(0,5)	(0,5)	-	
<b>Operating costs</b>	<b>(461,0)</b>	<b>(450,3)</b>	<b>(10,7)</b>	<b>2,4</b>
<b>Operating profit</b>	<b>1.107,9</b>	<b>1.233,7</b>	<b>(125,8)</b>	<b>-10,2</b>
Impairment losses, provisions, other operating income (expenses)	(131,7)	(118,7)	(13,0)	11,0
<b>Profits from continuing operations</b>	<b>976,2</b>	<b>1.115,0</b>	<b>(138,8)</b>	<b>-12,4</b>
Income tax expense	(305,7)	(373,3)	67,6	-18,1
<b>Profit for the year</b>	<b>670,5</b>	<b>741,7</b>	<b>(71,2)</b>	<b>-9,6</b>

**Quarterly reclassified Income Statement**

(in millions of euro)

	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Net interest income	121,1	119,7	150,8	112,3	118,8	142,5	144,8	124,8
Net fee and commission income	133,9	90,6	101,6	99,5	207,8	80,9	105,4	80,4
Profits from financial transactions	223,2	94,6	164,0	128,9	126,6	66,5	217,6	236,0
<b>Core business profit</b>	<b>478,2</b>	<b>304,9</b>	<b>416,4</b>	<b>340,7</b>	<b>453,2</b>	<b>289,9</b>	<b>467,8</b>	<b>441,2</b>
Net non-recurring income (expense)	17,4	4,0	3,7	3,6	5,7	4,5	20,8	0,9
<b>Total income</b>	<b>495,6</b>	<b>308,9</b>	<b>420,1</b>	<b>344,3</b>	<b>458,9</b>	<b>294,4</b>	<b>488,6</b>	<b>442,1</b>
Net administrative expenses:	(127,6)	(107,3)	(112,6)	(113,0)	(123,2)	(104,7)	(113,0)	(108,9)
<i>of which: - personnel expenses</i>	(50,0)	(35,8)	(37,3)	(37,3)	(55,6)	(35,7)	(36,9)	(36,5)
<i>- other administrative expenses</i>	(77,6)	(71,5)	(75,3)	(75,7)	(67,6)	(69,0)	(76,1)	(72,4)
Amortisation and depreciation	(0,1)	(0,2)	0,0	(0,2)	(0,1)	(0,1)	(0,2)	(0,1)
<b>Operating costs</b>	<b>(127,7)</b>	<b>(107,5)</b>	<b>(112,6)</b>	<b>(113,2)</b>	<b>(123,3)</b>	<b>(104,8)</b>	<b>(113,2)</b>	<b>(109,0)</b>
<b>Operating profit</b>	<b>367,9</b>	<b>201,4</b>	<b>307,5</b>	<b>231,1</b>	<b>335,6</b>	<b>189,6</b>	<b>375,4</b>	<b>333,1</b>
Impairment losses, provisions, other operating income (expenses)	(9,6)	(7,3)	(54,1)	(60,7)	(62,3)	(6,6)	(28,3)	(21,5)
<b>Profits from continuing operations</b>	<b>358,3</b>	<b>194,1</b>	<b>253,4</b>	<b>170,4</b>	<b>273,3</b>	<b>183,0</b>	<b>347,1</b>	<b>311,6</b>
Income tax expense	(109,4)	(62,9)	(91,5)	(41,9)	(97,7)	(57,5)	(112,5)	(105,6)
<b>Profit for the year</b>	<b>248,9</b>	<b>131,2</b>	<b>161,9</b>	<b>128,5</b>	<b>175,6</b>	<b>125,5</b>	<b>234,6</b>	<b>206,0</b>

## Condensed reclassified statement of financial position

(in millions of euro)

ASSETS	31 December 2017	31 December 2016	Changes	
			amount	%
1. Due from banks and customers				
- Repurchase agreements	21.705,9	16.146,3	5.559,6	34,4
- Securities lending	1.983,8	2.179,1	(195,3)	-9,0
- Fixed income securities	301,4	462,2	(160,8)	-34,8
- Collateral deposited	10.887,3	11.456,7	(569,4)	-5,0
- Structured finance assets	7.287,3	5.666,4	1.620,9	28,6
- Interbank deposits	36.758,7	39.023,5	(2.264,8)	-5,8
- Checking accounts and other accounts	9.330,0	6.169,7	3.160,3	51,2
2. Financial assets held for trading				
- Fixed income securities	11.108,6	11.186,8	(78,2)	-0,7
- Shares, quotas and loans	815,2	983,5	(168,3)	-17,1
- Measurement of off-balance sheet trading transactions	32.769,1	41.307,3	(8.538,2)	-20,7
- Measurement of off-balance sheet hedging transactions	69,8	154,4	(84,6)	-54,8
3. Investments				
- Fixed income AFS securities	14.249,0	14.560,1	(311,1)	-2,1
- Equity investments, equities and UCI AFS	277,9	153,4	124,5	
4. Other assets				
- Property, equipment and intangible assets	0,6	1,2	(0,6)	-50,0
- Other assets	967,2	956,2	11,0	1,2
<b>Total Assets</b>	<b>148.511,8</b>	<b>150.406,8</b>	<b>(1.895,0)</b>	<b>-1,3</b>

(in millions of euro)

LIABILITIES	31 December 2017	31 December 2016	Changes	
			amount	%
1. Due to banks and customers				
- Repurchase agreements	23.884,6	25.287,3	(1.402,7)	-5,5
- Securities lending	1.974,2	2.516,2	(542,0)	-21,5
- Collateral received	5.833,5	7.396,2	(1.562,7)	-21,1
- Loans and deposits	53.032,1	43.728,7	9.303,4	21,3
- Checking accounts and other accounts	2.087,3	778,1	1.309,2	
2. Financial liabilities held for trading				
- Measurement of off-balance sheet trading transactions	40.177,3	50.051,2	(9.873,9)	-19,7
- Short selling	7.898,8	3.500,4	4.398,4	
- Measurement of off-balance sheet hedging transactions	212,9	196,6	16,3	8,3
3. Issues				
- other	7.798,6	11.282,6	(3.484,0)	-30,9
4. Other provisions	31,2	39,6	(8,4)	-21,2
5. Other liabilities	680,4	874,9	(194,5)	-22,2
6. Equity				
- Share capital and reserves	3.030,4	3.013,3	17,1	0,6
- Equity instruments	1.200,0	-	1.200,0	
- Profit for the year	670,5	741,7	(71,2)	-9,6
<b>Total Liabilities and equity</b>	<b>148.511,8</b>	<b>149.406,8</b>	<b>(895,0)</b>	<b>-0,6</b>

(in millions of euro)

OFF-BALANCE SHEET TRANSACTIONS	31 December 2017	31 December 2016	Changes	
			amount	%
Guarantees given and commitments to lend	5.002,7	6.197,1	(1.194,4)	
Financial derivatives	3.168.048,5	2.968.600,9	199.447,6	6,7
Credit derivatives	82.464,7	106.906,7	(24.442,0)	-22,9

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 corresponds to what appears in the documentary entries, books and accounting entries.

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Banca IMI is the investment bank of Intesa Sanpaolo, a leading Banking Group in Italy with a strong international presence. Banca IMI has the main aim of assisting its clients - institutional investors, financial networks, corporations and public administrations - by offering products and services that aim for excellence. Backed by the professionalism and expertise of over 800 professionals, Banca IMI operates in investment banking, structured finance and capital markets on the main national and international markets via its offices in Milan, its branches in Rome and London, and the subsidiary Banca IMI Securities Corporation in New York (\*). It is a leader in investment banking in Italy and M&A Advisory activities, with a strong presence in the placement of shares and bonds. Banca IMI is the historical leader in the Italian structured finance market with a solid international track record, utilising the relationships built up by the Intesa Sanpaolo Group in Italy and the rest of the world. Banca IMI is one of the most important players in the brokerage of shares and securities, and has relations with listed companies, providing an efficient Corporate Broking service and specialist advisory services to customers for the management of financial risks. Banca IMI is known for its expertise in structuring and creating investment products for retail customers and, through its Market Hub, the innovative proprietary market access platform, dynamically searches for the best execution of MiFID-compliant orders, allowing over 350 Italian and international institutional customers to access more than 70 national and international markets (equity, bond and derivatives markets).

**Banca IMI has a Moody's rating of Baa1, an S&P rating of BBB and a Fitch rating of BBB.**

\* Entities operating in the United States are asked to contact Banca IMI Securities Corporation directly.

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