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PRESS RELEASE

BANCA IMI: FINAL RESULTS AS AT 31 MARCH 2018 APPROVED

- **Consolidated total income of 436 million euro (+26.5% on 31 March 2017)**
- **Operating profit of 318 million euro (+37.8% on 31 March 2017)**
- **Consolidated profit for the period of 188 million euro compared to 129 million euro as at 31 March 2017 (+46.3%)**
- **Increased net interest income and profits from financial transactions during the quarter**
- **Total Capital Ratio of 17.9% both with and without the transitional model for mitigating the impact of FTA of IFRS 9**

Milan, 08 May 2018 - The Board of Directors of Banca IMI, the investment bank within the Intesa Sanpaolo Group, led by CEO **Mauro Micillo** and General Manager **Massimo Mocio**, has approved the separate and consolidated financial statements as at 31 March 2018 in a meeting held today and chaired by **Gaetano Miccichè**.

The final consolidated result for the first quarter was a net profit of **188 million** euro. Profit increased by 46.3% compared to **129 million** euro as at 31 March 2017 thanks to improved revenues (+26.5%), supported by strong profits from trading and gains from the sale of securities held for investment, as well as from the growth in net interest income with respect to both the first and fourth quarters of 2017.

Total income was **436 million** euro (+26.5%), of which **368 million** euro attributable to the **Capital Markets** area, **47 million** euro to the **Structured Finance** area, and **21 million** euro to **Investment Banking**.

Operating profit reached 318 million euro (+37.8% compared to the first quarter of 2017) thanks to the total income's performance. The increase in operating costs to 117 million euro (+3.4%) is not the result of structural changes, but reflects a different distribution of cost items that are directly correlated to the business and human resources between comparable periods.

The **cost/income ratio** was **26.9%** compared to the previous 32.9%.

Impairment losses, provisions and other operating expenses accounted for **43 million** euro. This amount includes ordinary contributions to the Single Resolution Fund 37 million euro.

Total assets increased to more than **159 billion** euro compared to 148.5 billion euro at 31 December 2017 as a result of new investments in debt securities and repurchase agreements for investment purposes, in addition to higher interbank loans to the Intesa Sanpaolo treasury.

Risk Weighted Assets fell to 23.2 billion euro, from 25.3 billion euro as at 31 December 2017. The decrease derives from lower requirements for market risk as indicated by the internal models.

Own funds at 31 March 2018 reached **4,163 million** euro and included the share of 2017 profit that was not allocated to dividends. In compliance with the approach adopted by the Intesa Sanpaolo Group, their calculation implements the option of mitigating the impact of first-time-adoption of the new IFRS 9 principle (the “static” approach). Thus, the **Total Capital Ratio** reached **17.9%**.

In compliance with the provisions set out in (EU) Regulation 2017/2395 of 12 December 2017, information regarding own funds and prudential ratios of Banca IMI, both with and without application of the transitional rules set out in the regulation, are provided below.

Banca IMI Group

Reclassified Income Statement

(in millions of euro)

	31/03/2018	31/03/2017	changes	
			amount	%
Net interest income	137,9	112,3	25,6	22,8
Net fee and commission income	84,2	99,5	(15,3)	-15,4
Profits from financial transactions	210,8	128,9	81,9	63,5
Core business profit	432,9	340,7	92,2	27,1
Net non-recurring income (expense)	2,7	3,6	(0,9)	
Total income	435,6	344,3	91,3	26,5
Net administrative expenses:	(117,0)	(113,0)	(4,0)	3,5
<i>of which: - personnel expenses</i>	<i>(41,2)</i>	<i>(37,3)</i>	<i>(3,9)</i>	<i>10,5</i>
<i>- other administrative expenses</i>	<i>(75,8)</i>	<i>(75,7)</i>	<i>(0,1)</i>	<i>0,1</i>
Amortisation and depreciation	(0,1)	(0,2)	0,1	
Operating costs	(117,1)	(113,2)	(3,9)	3,4
Operating profit	318,5	231,1	87,4	37,8
Impairment losses, provisions, other operating income (expenses)	(42,5)	(60,7)	18,2	-30,0
Profits from continuing operations	276,0	170,4	105,6	62,0
Income tax expense	(88,0)	(41,9)	(46,1)	
Profit for the period	188,0	128,5	59,5	46,3

Banca IMI Group

Quarterly reclassified Income Statement

(in millions of euro)

	1Q18	4Q17	3Q17	2Q17	1Q17
Net interest income	137,9	121,1	119,7	150,8	112,3
Net fee and commission income	84,2	133,9	90,6	101,6	99,5
Profits from financial transactions	210,8	223,2	94,6	164,0	128,9
Core business profit	432,9	478,2	304,9	416,4	340,7
Net non-recurring income (expense)	2,7	17,4	4,0	3,7	3,6
Total income	435,6	495,6	308,9	420,1	344,3
Net administrative expenses:	(117,0)	(127,6)	(107,3)	(112,6)	(113,0)
<i>of which: - personnel expenses</i>	<i>(41,2)</i>	<i>(50,0)</i>	<i>(35,8)</i>	<i>(37,3)</i>	<i>(37,3)</i>
<i>- other administrative expenses</i>	<i>(75,8)</i>	<i>(77,6)</i>	<i>(71,5)</i>	<i>(75,3)</i>	<i>(75,7)</i>
Amortisation and depreciation	(0,1)	(0,1)	(0,2)	0,0	(0,2)
Operating costs	(117,1)	(127,7)	(107,5)	(112,6)	(113,2)
Operating profit	318,5	367,9	201,4	307,5	231,1
Impairment losses, provisions, other operating income (expenses)	(42,5)	(9,6)	(7,3)	(54,1)	(60,7)
Profits from continuing operations	276,0	358,3	194,1	253,4	170,4
Income tax expense	(88,0)	(109,4)	(62,9)	(91,5)	(41,9)
Profit for the period	188,0	248,9	131,2	161,9	128,5

Quarterly reclassified statement of financial position

(in millions of euro)

ASSETS	31/03/2018	31/12/2017	30/09/2017	30/06/2017	31/03/2017
1. Financial assets at amortised cost:					
- Repurchase agreements	23.346,8	21.705,9	21.774,2	22.643,0	21.210,9
- Securities lending	2.050,6	1.983,8	2.071,2	2.119,7	2.034,7
- Fixed income securities	3.322,3	301,4	339,7	386,6	385,3
- Collateral deposited	11.007,9	10.887,3	10.594,6	10.476,8	10.717,1
- Structured finance assets	7.055,6	7.287,3	5.988,8	7.073,4	5.797,9
- Interbank and other accounts	54.890,7	46.088,7	50.645,5	55.483,3	61.927,2
2. Financial assets FVTPL:					
- Fixed income securities	10.913,6	11.108,6	12.719,7	12.655,5	13.413,1
- Shares, quotas and loans	1.131,7	815,2	850,4	811,9	874,5
- OTC derivatives gross positive fair values	31.632,2	32.838,9	33.830,6	35.285,6	38.204,8
3. Investments					
- Fixed income FVOCI securities	13.130,8	14.249,0	15.216,9	13.680,9	15.227,3
- Equity investments and other FVOCI equities	37,4	277,9	179,5	163,3	156,1
4. Other assets					
- Property, equipment and intangible assets	0,6	0,6	0,8	0,9	1,0
- Other assets	841,5	967,2	865,9	940,8	867,7
Total Assets	159.361,7	148.511,8	155.077,8	161.721,7	170.817,6

LIABILITIES	31/03/2018	31/12/2017	30/09/2017	30/06/2017	31/03/2017
1. Due to banks and customers					
- Repurchase agreements	27.191,3	23.884,6	25.397,4	25.322,9	27.892,3
- Securities lending	2.010,8	1.974,2	2.081,5	2.125,4	2.264,2
- Collateral received	5.839,4	5.833,5	6.240,3	6.646,0	7.055,5
- Loans and deposits	62.970,1	53.032,1	56.651,9	62.325,5	64.423,8
- Checking accounts and other accounts	1.398,4	2.087,3	1.117,1	1.253,2	893,5
2. Financial liabilities held for trading					
- Measurement of off-balance sheet transactions	38.902,5	40.390,2	41.497,5	42.925,7	46.316,6
- Short selling	7.455,2	7.898,8	7.922,3	5.842,5	5.856,6
3. Issues					
- other	7.415,2	7.798,6	8.965,6	9.965,9	10.491,8
4. Other provisions					
	66,1	63,5	55,3	91,0	81,2
5. Other liabilities					
	1.000,0	648,1	479,3	673,1	766,7
6. Equity					
- Share capital and reserves	3.724,7	3.030,4	3.048,0	3.060,1	3.646,9
- Equity instruments	1.200,0	1.200,0	1.200,0	1.200,0	1.000,0
- Profit for the period	188,0	670,5	421,6	290,4	128,5
Total Liabilities and equity	159.361,7	148.511,8	155.077,8	161.721,7	170.817,6

OFF-BALANCE SHEET TRANSACTIONS	31/03/2018	31/12/2017	30/09/2017	30/06/2017	31/03/2017
Financial derivatives	3.243.051,4	3.168.048,5	3.167.929,7	3.197.504,7	3.044.218,7
Credit derivatives	91.684,3	82.464,7	96.065,6	99.216,7	104.516,2
Guarantees given and commitments to lend	6.053,6	5.002,7	8.836,4	6.440,8	6.328,1

BANCA IMI S.p.A.

Selected informations on own funds and capital ratios - pursuant to Regulation (EU) 2017/2395 of 12 december 2017 (consistent with guidelines EBA on Pillar III)

	with transitional arrangements	without transitional arrangements
Own Funds (million euros)		
Common Equity Tier 1	2.963,6	2.906,3
Tier 1 Capital	1.200,0	1.200,0
Tier 2 Capital	0,0	49,5
Total Capital	4.163,6	4.155,8
Capital ratio		
- Common Equity Tier 1 capital ratio	12,77%	12,52%
- Tier 1 Capital ratio	17,94%	17,70%
- Total Capital ratio	17,94%	17,91%
- Leverage ratio	5,11	5,10

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 customers - 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, S&P rating of BBB and Fitch rating of BBB.

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

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