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Oggetto : BANCA IMI: RESULTS AS AT 30
SEPTEMBER 2019 APPROVED

Testo del comunicato

Vedi allegato.

PRESS RELEASE

BANCA IMI: RESULTS AS AT 30 SEPTEMBER 2019 APPROVED

- **Profit well above the billion euro mark for the first nine months of the year; the first time ever since Banca IMI was established**
- **Consolidated total income of 2,089 million euro (+57.6% on 30 September 2018)**
- **Solid growth in net interest income (+48.2%) and profits from the management of financial assets which essentially doubled (+97%)**
- **Operating profit of 1,745 million euro (+78.2% on 30 September 2018)**
- **Consolidated profit for the year of 1,117 million euro, up 85.7% from 602 million euro as at 30 September 2018**
- **Total assets of more than 216 billion euro, up +31% from 165 billion euro as at 31 December 2018**
- **CET1 ratio at 10.6% and Total Capital Ratio at 15.4%, without taking account of the result of the period in any way**

Milan, 5 November 2019 - 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 30 September 2019 in a meeting held today and chaired by **Gaetano Miccichè**.

In the first nine months of this year, the Company significantly exceeded the one billion profit mark for the first time in its history. Net consolidated profit of **1,117 million** euro shows an increase of more than 85% compared to 602 million euro as at 30 September 2018 thanks to the rise in revenues, characterised by a robust level of net interest income - which has gradually increased since the start of the year (up +48.2% on the comparison period) - and profits from financial assets which have effectively doubled (+97%).

The revenues recorded in 3Q19 of 731 million euro are once again very high, bringing the **total income** for the first nine months of the year to **2,089 million** euro (+57.6%, an increase of 763 million euro). **Capital Markets** assets contributed **1,814 million** euro and **Investment Banking** and **Structured Finance** assets contributed **275 million** euro.

Thanks to a well-controlled operating cost structure (343 million euro in the first nine months, down -0.8%), the effect of higher revenues flowed entirely to **operating profit**, which rose to **1,745 million** euro (up +78.2% compared to 30 September 2018), bringing the **cost/income ratio** to a noteworthy **16.4%** from the previous 26.1%.

Impairment losses, provisions and other operating expenses accounted for a total of **77 million** euro. This amount includes 59 million euro for contributions paid for 2019 to the European and Italian Single Resolution Funds.

A factor contributing to the economic performance was the growth in **total assets**, which rose to 216 billion euro from 165 billion euro as at 31 December 2018. In addition to the organic growth of the securities portfolios in the banking book with more than 9 billion euro in new investments in 3Q19, there was also an increase in on-balance sheet structured finance loans with +1.5 billion in new net production since the end of the previous year. The growth in banking book assets together with the increase in market risk requirements brought the Risk-Weighted Assets to 34 billion euros at the end of the quarter.

Own funds for regulatory purposes equal **5,228 million** euro, and do not consider the financial result for the period in any way.

For the second year and in compliance with the approach adopted by the Intesa Sanpaolo Group, the calculation of own funds implements the option of mitigating the impact of first-time-adoption of the new IFRS 9 with regard to the impairment share accounted for (the “static” approach).

The **Common Equity Tier 1 Ratio**, **Total Capital Ratio** and **Leverage Ratio** so calculated reached **10.58%**, **15.37%** and **4.25%**, respectively. In compliance with the provisions set out in (EU) Regulation 2017/2395 of 12 December 2017, information regarding own funds for regulatory purposes 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)

	30/09/2019	30/09/2018	changes	
			amount	%
Net interest income	629.0	424.4	204.6	48.2
Net fee and commission income	273.6	293.8	(20.2)	-6.9
Profits from financial transactions	1,181.9	599.8	582.1	97.0
Core business profit	2,084.5	1,318.0	766.5	58.2
Net non-recurring income (expense)	4.2	7.7	(3.5)	
Total income	2,088.7	1,325.7	763.0	57.6
Net administrative expenses:	(337.9)	(345.7)	7.8	2.3
<i>of which: - personnel expenses</i>	<i>(116.9)</i>	<i>(120.0)</i>	<i>3.1</i>	<i>2.6</i>
<i>- other administrative expenses</i>	<i>(221.0)</i>	<i>(225.7)</i>	<i>4.7</i>	<i>-2.1</i>
Amortisation and depreciation	(5.4)	(0.3)	(5.1)	
Operating costs	(343.3)	(346.0)	2.7	-0.8
Operating profit	1,745.4	979.7	765.7	78.2
Impairment losses, provisions, other operating income (expenses)	(77.0)	(84.5)	7.5	8.9
Profits from continuing operations	1,668.4	895.2	773.2	86.4
Income tax expense	(551.5)	(293.7)	(257.8)	87.8
Profit for the period	1,116.9	601.5	515.4	85.7

Quarterly reclassified Income Statement

(in millions of euro)

	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Net interest income	218.2	221.8	189.0	150.0	138.6	147.9	137.9
Net fee and commission income	94.9	92.0	86.7	123.8	112.1	97.5	84.2
Profits from financial transactions	417.9	522.8	241.2	78.9	137.1	251.9	210.8
Core business profit	731.0	836.6	516.9	352.7	387.8	497.3	432.9
Net non-recurring income (expense)	0.0	4.1	0.1	3.2	2.5	2.5	2.7
Total income	731.0	840.7	517.0	355.9	390.3	499.8	435.6
Net administrative expenses:	(112.3)	(111.0)	(114.6)	(118.9)	(113.0)	(115.7)	(117.0)
<i>of which: - personnel expenses</i>	<i>(40.5)</i>	<i>(35.1)</i>	<i>(41.3)</i>	<i>(47.7)</i>	<i>(40.6)</i>	<i>(38.2)</i>	<i>(41.2)</i>
<i>- other administrative expenses</i>	<i>(71.8)</i>	<i>(75.9)</i>	<i>(73.3)</i>	<i>(71.2)</i>	<i>(72.4)</i>	<i>(77.5)</i>	<i>(75.8)</i>
Amortisation and depreciation	(1.8)	(1.8)	(1.8)	(0.1)	(0.1)	(0.1)	(0.1)
Operating costs	(114.1)	(112.8)	(116.4)	(119.0)	(113.1)	(115.8)	(117.1)
Operating profit	616.9	727.9	400.6	236.9	277.2	384.0	318.5
Impairment losses, provisions, other operating income (expenses)	(13.9)	(13.6)	(49.5)	61.8	(26.7)	(15.3)	(42.5)
Profits from continuing operations	603.0	714.3	351.1	298.7	250.5	368.7	276.0
Income tax expense	(196.4)	(244.1)	(111.0)	(97.1)	(81.5)	(124.2)	(88.0)
Profit for the period	406.6	470.2	240.1	201.6	169.0	244.5	188.0

Quarterly reclassified statement of financial position

(in millions of euro)

ASSETS	30/09/2019	30/06/2019	31/03/2019	31/12/2018	30/09/2018	30/06/2018	31/03/2018
1. Financial assets measured at amortised cost							
- Repurchase agreements	26,219.4	31,526.3	28,609.9	25,165.3	24,950.3	23,718.5	23,346.8
- Securities lending	1,645.7	1,725.3	1,753.8	1,833.0	1,817.8	1,789.9	2,050.6
- Fixed income securities	11,313.3	7,163.3	9,119.3	3,954.1	3,500.1	3,208.8	3,322.3
- Collateral deposited	19,630.2	16,053.1	13,753.7	11,076.0	10,333.1	10,972.9	11,007.9
- Structured finance assets	9,539.5	8,947.9	8,391.5	7,964.3	7,542.8	7,312.6	7,055.6
- Interbank and other accounts	52,969.4	50,965.5	52,493.9	50,929.3	59,054.6	56,579.4	54,890.7
2. Financial assets at FVTPL							
- Fixed income securities	20,739.4	23,416.9	19,040.8	11,667.0	12,955.8	10,662.0	10,913.6
- Shares, quotas and loans	1,449.9	1,356.6	1,217.4	1,047.9	1,212.5	1,243.8	1,131.7
- Measurement of off-balance sheet transactions	44,809.5	39,129.2	36,217.2	33,491.0	30,162.2	31,897.7	31,632.2
3. Investments & financial assets at FVTOCI							
- Fixed income FVTOCI securities	27,084.6	21,889.8	24,197.1	17,129.3	14,514.5	14,228.4	13,130.8
- FVTOCI loans	21.1	52.5	14.4	9.0	78.4	-	-
- Equity investments, FVTOCI equities	202.3	109.2	118.2	51.9	42.0	39.5	37.4
4. Other assets							
- Property, equipment and intangible assets	25.5	27.0	24.8	0.5	0.6	0.6	0.6
- Other assets	730.4	850.1	1,026.8	896.7	1,143.4	668.8	841.5
5. Assets held for sale							
- Structured finance assets	40.2	-	-	32.8	-	-	-
Total Assets	216,420.4	203,212.7	195,978.8	165,248.1	167,308.1	162,322.9	159,361.7
LIABILITIES							
1. Financial liabilities measured at amortised cost							
- Repurchase agreements	49,654.1	49,705.6	48,384.5	31,963.6	30,478.9	28,299.2	27,191.3
- Securities lending	1,442.2	1,522.4	1,601.5	1,653.8	1,694.4	1,768.1	2,010.8
- Collateral received	11,914.2	10,095.5	8,664.4	6,592.0	5,724.1	6,252.3	5,839.4
- Loans and deposits	69,605.3	63,227.4	63,888.4	62,479.6	68,027.3	66,250.9	62,970.1
- Checking accounts and other accounts	2,661.3	2,450.6	2,234.6	1,821.0	3,063.9	1,542.9	1,398.4
2. Financial liabilities held for trading							
- Measurement of off-balance sheet transactions	57,926.0	51,917.6	47,858.5	43,929.0	38,711.4	39,538.2	38,902.5
- Short selling	9,936.3	11,164.6	10,475.4	4,816.3	6,969.7	6,340.5	7,455.2
3. Issues							
- other	5,584.9	6,059.1	6,364.1	6,365.8	7,324.3	7,261.5	7,415.2
4. Provisions	32.3	32.1	40.3	38.0	65.9	69.0	66.1
5. Other liabilities	1,138.5	1,093.1	959.2	703.3	572.6	415.0	1,000.0
6. Equity							
- Share capital and reserves	3,808.4	3,634.4	3,667.8	2,882.6	2,874.1	2,952.8	3,724.7
- Equity instruments	1,600.0	1,600.0	1,600.0	1,200.0	1,200.0	1,200.0	1,200.0
- Profit for the period	1,116.9	710.3	240.1	803.1	601.5	432.5	188.0
Total Liabilities and equity	216,420.4	203,212.7	195,978.8	165,248.1	167,308.1	162,322.9	159,361.7
OFF-BALANCE SHEET TRANSACTIONS							
Financial derivatives	2,829,296.0	2,818,682.3	3,140,636.4	3,027,253.2	3,280,139.0	3,310,483.0	3,243,051.4
Credit derivatives	143,086.4	122,397.5	95,499.5	94,324.9	95,131.9	98,437.6	91,684.3
Guarantees given and commitments to lend	9,152.8	11,739.9	9,475.2	6,494.0	6,416.1	4,975.5	6,053.6

BANCA IMI S.p.A.

Disclosure on own funds and ratios according to Regulation (EU) no. 2017/2395 of 12 December 2017

(in accordance with EBA Guidelines on Pillar 3)

	Based on the transitional rules	Full phase in
Own funds (millions of euro)		
Common Equity Tier 1 (CET1)	3.598,7	3.557,0
Additional Tier 1 (AT1)	1.600,0	1.600,0
Tier 2 (T2)	29,0	70,7
Total capital	5.227,7	5.227,7
Capital ratios		
- Common Equity Tier 1	10,58%	10,46%
- Tier 1	15,28%	15,16%
- Total capital	15,37%	15,37%
- Leverage ratio	4,25%	4,21%

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 bonds, 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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