



# SPAFID CONNECT

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Oggetto : BANCA IMI: RESULTS AS AT 31 MARCH  
2020 APPROVED

*Testo del comunicato*

Vedi allegato.

## PRESS RELEASE

### **BANCA IMI: RESULTS AS AT 31 MARCH 2020 APPROVED**

- **Consolidated profit for the year of 411 million euro (+71.1% compared to the results as at 31 March 2019)**
- **Consolidated total income of 766 million euro (+48.1% on 31 March 2019)**
- **Strong growth in net interest income (+23.7%) and profits from the management of financial assets almost doubled (+84.4%)**
- **Operating profit of 653 million euro (+63.1% on 31 March 2019)**
- **Total assets rose to 217 billion euro, up +13% from 192 billion euro as at 31 December 2019**
- **CET1 ratio at 11.96% and Total Capital Ratio at 17.95%, without taking account of the result of the period in any way**

*Milan, 5 May 2020* - 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 2020 in a meeting held today and chaired by **Gaetano Miccichè**.

The quarter ended with a consolidated profit of **411 million** euro, an increase of 71.1% compared to the 240 million euro as at 31 March 2019. Profits featured a robust level of net interest income (+23.7% over the same period last year) and profits from the management of financial assets.

In the challenging scenario of financial markets, triggered at the end of the quarter by the effects of the Covid-19 pandemic, asset management strategies focused on creating portfolios of investments in securities over the medium/long term, while at the same time taking targeted defensive actions to protect the economic value of trading assets and de-risking actions for those measured at fair value against equity.

Special diligence and caution were followed to determine the fair value of financial assets and liabilities, considering the potential forward-looking effects on securities values that could result from the continuing global economic and financial crisis.

**Total income** for the period stands at **766 million** euro (+48.1%, an increase of 249 million euro). **Capital Markets** assets contributed **676 million** euro and **Investment Banking** and **Structured Finance** assets contributed **90 million** euro.

Thanks to a well-controlled operating cost structure (112 million euro), the effect of higher revenues flowed entirely to **operating profit** which rose to **653 million** euro (up +63.1% compared to 31 March 2019), bringing the **cost/income ratio** to a noteworthy **14.7%** from the previous 22.5%.

**Impairment losses, provisions** and **other operating expenses** accounted for a total of **35 million** euro. This amount reflects estimated costs for 45 million euro as contribution to the European Single Resolution Fund for 2020. Reversals of impairment losses of 10 million euro recorded on loans to customers and other assets reflect, on the one hand, an improvement in the quality of lending and, on the other hand, the implementation of management actions during the quarter, designed to reduce the incidence of non-performing loans (down to 1.3% from 1.7% previously) and transfer the management of specialist lending to the Parent Company, in a synthetic manner and in line with the planned corporate integration process.

A factor contributing to the overall economic performance was the growth in **total assets**, which rose to 217 billion euro from 192 billion euro as at 31 December 2019. This increase is due to the prevalence of interest-bearing assets: repurchase agreements, securities, interbank assets. During the quarter, the new model for the production and distribution of guaranteed capital retail investment products was implemented. This is aimed at creating a stable funding base with designation at fair value; the stock of instruments issued as at 31 March 2020 exceeded 700 million euro.

All the strategies and the operating performance during the quarter took Risk Weighted Assets to 26.7 billion euro, down from the previous 34 billion euro, despite the aforementioned increase in total assets. **Own funds** for regulatory purposes are close to **4.8 billion** euro and do not currently consider the financial result for the period.

The **Common Equity Tier 1 Ratio**, **Total Capital Ratio** and **Leverage Ratio** so calculated reached **11.96%**, **17.95%** and **4.21%**, 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, is provided below.

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**Reclassified Income Statement**

(in millions of euro)

	31/03/2020	31/03/2019	changes	
			amount	%
Net interest income	233,7	189,0	44,7	23,7
Net fee and commission income	87,0	86,7	0,3	0,3
Profits from financial transactions	444,8	241,2	203,6	84,4
<b>Core business profit</b>	<b>765,5</b>	<b>516,9</b>	<b>248,6</b>	<b>48,1</b>
Net non-recurring income (expense)	0,0	0,1	(0,1)	
<b>Total income</b>	<b>765,5</b>	<b>517,0</b>	<b>248,5</b>	<b>48,1</b>
Net administrative expenses:	(110,4)	(114,6)	4,2	-3,7
of which: - personnel expenses	(36,0)	(41,3)	5,3	-12,8
- other administrative expenses	(74,4)	(73,3)	(1,1)	1,5
Amortisation and depreciation	(1,9)	(1,8)	(0,1)	5,6
<b>Operating costs</b>	<b>(112,3)</b>	<b>(116,4)</b>	<b>4,1</b>	<b>-3,5</b>
<b>Operating profit</b>	<b>653,2</b>	<b>400,6</b>	<b>252,6</b>	<b>63,1</b>
Impairment losses, provisions, other operating income (expenses)	(34,9)	(49,5)	14,6	29,5
<b>Profits from continuing operations</b>	<b>618,3</b>	<b>351,1</b>	<b>267,2</b>	<b>76,1</b>
Income tax expense	(207,4)	(111,0)	(96,4)	86,8
<b>Profit for the period</b>	<b>410,9</b>	<b>240,1</b>	<b>170,8</b>	<b>71,1</b>

**Quarterly reclassified Income Statement**

(in millions of euro)

	1Q20	4Q19	3Q19	2Q19	1Q19
Net interest income	233,7	243,6	218,2	221,8	189,0
Net fee and commission income	87,0	145,7	94,9	92,0	86,7
Profits from financial transactions	444,8	180,8	417,9	522,8	241,2
<b>Core business profit</b>	<b>765,5</b>	<b>570,1</b>	<b>731,0</b>	<b>836,6</b>	<b>516,9</b>
Net non-recurring income (expense)	-	-	-	4,1	0,1
<b>Total income</b>	<b>765,5</b>	<b>570,1</b>	<b>731,0</b>	<b>840,7</b>	<b>517,0</b>
Net administrative expenses:	(110,4)	(128,2)	(112,3)	(111,0)	(114,6)
<i>of which: - personnel expenses</i>	<i>(36,0)</i>	<i>(54,2)</i>	<i>(40,5)</i>	<i>(35,1)</i>	<i>(41,3)</i>
<i>- other administrative expenses</i>	<i>(74,4)</i>	<i>(74,0)</i>	<i>(71,8)</i>	<i>(75,9)</i>	<i>(73,3)</i>
Amortisation and depreciation	(1,9)	(1,8)	(1,8)	(1,8)	(1,8)
<b>Operating costs</b>	<b>(112,3)</b>	<b>(130,0)</b>	<b>(114,1)</b>	<b>(112,8)</b>	<b>(116,4)</b>
<b>Operating profit</b>	<b>653,2</b>	<b>440,1</b>	<b>616,9</b>	<b>727,9</b>	<b>400,6</b>
Impairment losses, provisions, other operating income (expenses)	(34,9)	(11,1)	(13,9)	(13,6)	(49,5)
<b>Profits from continuing operations</b>	<b>618,3</b>	<b>429,0</b>	<b>603,0</b>	<b>714,3</b>	<b>351,1</b>
Income tax expense	(207,4)	(130,9)	(196,4)	(244,1)	(111,0)
<b>Profit for the period</b>	<b>410,9</b>	<b>298,1</b>	<b>406,6</b>	<b>470,2</b>	<b>240,1</b>

**Quarterly reclassified statement of financial position**

(in millions of euro)

<b>ASSETS</b>	<b>31/03/2020</b>	<b>31/12/2019</b>	<b>30/09/2019</b>	<b>30/06/2019</b>	<b>31/03/2019</b>
1. Financial assets measured at amortised cost					
- Repurchase agreements	<b>25.876,9</b>	20.458,9	26.219,4	31.526,3	28.609,9
- Securities lending	<b>1.526,1</b>	1.530,9	1.645,7	1.725,3	1.753,8
- Fixed income securities	<b>13.746,6</b>	11.698,5	11.313,3	7.163,3	9.119,3
- Collateral deposited	<b>19.227,2</b>	15.203,5	19.630,2	16.053,1	13.753,7
- Structured finance assets	<b>10.629,0</b>	10.100,1	9.539,5	8.947,9	8.391,5
- Interbank and other accounts	<b>51.694,7</b>	49.127,8	52.969,4	50.965,5	52.493,9
2. Financial assets at FVTPL					
- Fixed income securities	<b>20.944,8</b>	19.249,6	20.739,4	23.416,9	19.040,8
- Shares, quotas and loans	<b>1.269,6</b>	1.604,0	1.449,9	1.356,6	1.217,4
- Measurement of off-balance sheet transactions	<b>44.575,7</b>	36.508,4	44.809,5	39.129,2	36.217,2
3. Investments & financial assets at FV TOCI					
- Fixed income FV TOCI securities	<b>25.058,2</b>	25.291,9	27.084,6	21.889,8	24.197,1
- FV TOCI loans	<b>341,0</b>	117,4	21,1	52,5	14,4
- Equity investments, FV TOCI equities	<b>76,5</b>	135,0	202,3	109,2	118,2
4. Other assets					
- Property, equipment and intangible assets	<b>23,1</b>	24,3	25,5	27,0	24,8
- Other assets	<b>1.498,3</b>	813,2	730,4	850,1	1.026,8
5. Assets held for sale					
- Structured finance assets	<b>182,3</b>	-	40,2	-	-
<b>Total Assets</b>	<b>216.670,0</b>	<b>191.863,5</b>	<b>216.420,4</b>	<b>203.212,7</b>	<b>195.978,8</b>
<b>LIABILITIES</b>	<b>31/03/2020</b>	<b>31/12/2019</b>	<b>30/09/2019</b>	<b>30/06/2019</b>	<b>31/03/2019</b>
1. Financial liabilities measured at amortised cost					
- Repurchase agreements	<b>45.548,6</b>	42.534,9	49.654,1	49.705,6	48.384,5
- Securities lending	<b>1.263,7</b>	1.491,7	1.442,2	1.522,4	1.601,5
- Collateral received	<b>12.203,3</b>	9.550,3	11.914,2	10.095,5	8.664,4
- Loans and deposits	<b>75.795,4</b>	68.715,3	69.605,3	63.227,4	63.888,4
- Checking accounts and other accounts	<b>1.508,3</b>	1.784,4	2.661,3	2.450,6	2.234,6
2. Financial liabilities held for trading					
- Measurement of off-balance sheet transactions	<b>56.351,5</b>	48.443,0	57.926,0	51.917,6	47.858,5
- Short selling	<b>11.265,1</b>	6.634,2	9.936,3	11.164,6	10.475,4
3. Issues					
- other	<b>4.572,8</b>	4.788,5	5.584,9	6.059,1	6.364,1
4. Provisions	<b>48,2</b>	32,6	32,3	32,1	40,3
5. Other liabilities	<b>1.255,5</b>	1.217,0	1.138,5	1.093,1	959,2
6. Equity					
- Share capital and reserves	<b>4.089,1</b>	3.656,6	3.808,4	3.634,4	3.667,8
- Equity instruments	<b>1.600,0</b>	1.600,0	1.600,0	1.600,0	1.600,0
- Profit for the period	<b>410,9</b>	1.415,0	1.116,9	710,3	240,1
<b>Total Liabilities and equity</b>	<b>215.912,4</b>	<b>191.863,5</b>	<b>216.420,4</b>	<b>203.212,7</b>	<b>195.978,8</b>
<b>OFF-BALANCE SHEET TRANSACTIONS</b>	<b>31/03/2020</b>	<b>31/12/2019</b>	<b>30/09/2019</b>	<b>30/06/2019</b>	<b>31/03/2019</b>
Financial derivatives	<b>3.081.966,2</b>	2.820.389,3	2.829.296,0	2.818.682,3	3.140.636,4
Credit derivatives	<b>149.499,7</b>	113.776,1	143.086,4	122.397,5	95.499,5
Guarantees given and commitments to lend	<b>9.366,9</b>	7.637,3	9.152,8	11.739,9	9.475,2

**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
<b>Own funds (millions of euro)</b>		
Common Equity Tier 1 (CET1)	3.196,0	3.161,7
Additional Tier 1 (AT1)	1.600,0	1.600,0
Tier 2 (T2)	0,0	33,2
<b>Total capital</b>	<b>4.796,0</b>	<b>4.794,9</b>
<b>Capital ratios</b>		
- Common Equity Tier 1	11,96%	11,84%
- Tier 1	17,95%	17,82%
- Total capital	17,95%	17,95%
- Leverage ratio	4,21%	4,18%

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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