Just in Time

Vulnerability Analysis on Italian Banks during the Covid-19 Pandemic

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At a Glance

01

Introduction

Introduction 1/3

- Following the Covid-19 pandemic, the financial sector responded by **implementing support measures and adopting expansionary monetary and fiscal policies**, with the aim of maintaining an adequate flow of credit to the real economy, while **preserving financial stability**.
- Despite **comfortable capital and liquidity buffers and pandemic response measures**, the profound economic impact of the pandemic is **likely to undermine banks' solvency.** Authorities that regularly conduct stress tests on individual banks have adjusted their approach and carried out an ad hoc exercise to **assess the vulnerability of banking sectors** ("ECB - COVID-19 Vulnerability Analysis")
- These analyses can be useful to authorities in two ways:
    - In the short term, they can be used as a tool to **analyse and communicate how the pandemic can affect the banking sector;**
    - With more time and a greater understanding of the pandemic's impact on the economy, there might be helpful to **identify specific pockets of vulnerability and firm-specific supervisory action**.

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The effect of the pandemic on the economy (1/2)

- The Covid-19 pandemic and the measures taken to contain it have led to a recession of exceptional magnitude:
  - During the first phase of the pandemic, **the economic policy authorities intervened quickly to counteract its economic effects**: they ordered increases in spending, reductions in the tax levy, measures to support credit.
  - In parallel, **the ECB intervened with interest rate cuts, measures to support bank credit, purchases of public and private securities**. In addition, it has adopted a wide range of **monetary measures to counter the consequences of the pandemic.**
- Overall, the exceptional synergy of monetary and budgetary policies worldwide has significantly **contained the fall in demand**. Nonetheless, **the economic consequences of the pandemic are and will be very severe.**

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The effect of the pandemic on the economy (2/2)

- **The role of credit has been fundamental in supporting the liquidity needs of companies**. The ability of banks to expand funding benefited from the measures introduced by the government, in particular the moratoria, loan guarantees, the Euro-system's expansionary monetary policy measures and the interventions of the supervisory authorities. By stabilizing the financial conditions of households and businesses, the support measures have, at least temporarily, **strongly slowed down new insolvencies**.
- The banking system's ability to support the economy has also benefited from the **previous strengthening of their balance sheets**. In recent years, following the impetus of regulatory reforms and supervisory action, European and Italian banks have **improved their capital positions and disposed of substantial volumes of non-performing loans from their assets**.
- The crisis, however, has begun to affect bank balance sheets, with a **significant reduction in the return on capital and reserves**, mainly due to the increase in loan provisions, in anticipation of a possible increase in insolvencies.

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Vulnerability Analysis during the Covid-19 Pandemic

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Iason Vulnerability Analysis:

- **The analysis carried out in this document aims to assess the vulnerability of the Italian banking sector** (a sample of the 11 Italian banks under SSM was used), using the approach adopted by the ECB and EBA (as explained on this slide).
- The analyses carried out offer an overview of the aggregate results and the **impact on the capital positions of Italian banks** (divided into 3 different groups) **based on the scenario considered**.
- The main objectives are:
  - To **assess the impact of the Covid-19 pandemic on the financial and prudential position of banks in the Italian area;**
  - To **identify potential vulnerabilities at an early stage**.

Vulnerability Analysis during the Covid-19 Pandemic 2/3

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Some methodological notes (1/2):

- The **main challenges in conducting a vulnerability exercise during the Covid-19 pandemic** are:
  - The initial shock has already materialized;
  - The impact of the Covid-19 shock it originated outside the economy and the financial system, and its transmission channels are not well known.
- In this context, the analyses can be carried out in **two phases**:
  - Initially, adjustments will be more limited, allowing for a **system-wide assessment only*** (as done in this presentation and by the ECB - COVID-19 Vulnerability Analysis). This allows to obtain a timelier assessment of the impact on the financial sector and facilitates a rapid political response, as well as helping to free up bank resources.
  - Over time, adjustments can be more thorough and allow for an **assessment of the impact for each bank**.
- The hypothesis of a **static balance sheet** in the period 2019-2022 was included.

**The first step can be justified by the urgency to assess the possible implications of the pandemic for the flow of credit to the economy and to prepare for possible supervisory and, if needed, bank resolution responses.*

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Some methodological notes (2/2):

- For the definition of the impacts in P&L and RWAs, the **results proposed by the ECB and EBA in the following documents were considered**:
  - ECB - COVID-19 Vulnerability Analysis;
  - The EU Banking Sector: First Insights into the Covid-19 Impacts (hereinafter called "EBA - Thematic Note").
- The results of the above documents (referring to the European context) were subsequently **reclassified and adapted for the various clusters of Italian banks**.
- For these assessments and analyses, the **data as at 31/12/19** provided by the EBA during the 2020 EU-wide transparency exercise - Spring 2020 exercise were used. The analyses carried out were then confirmed by the EBA data as of 30/06/20 (EU-wide transparency exercise - Autumn 2020 exercise).
- In the following chapter there is a **drill-down** of the Vulnerability Analysis carried out by Iason.

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Vulnerability Analysis on Italian Banks

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Sample of bank s:

- The analysis assessed the impact of the economic shock caused by the Covid-19 outbreak on the **11 Italian banks under SSM;**
- These banks were divided in **3 different group** based on the relative **business models** and **total assets on 31/12/2019.**

1	2	3
G-SIBs (Intesa SanPaolo, Unicredit Banca)	**Retail Lenders and Small Domestic banks** (Pop. di Sondrio, Banca Monte dei Paschi di Siena, Banco BPM, BPER, CREDEM, UBI*)	**Other banks**** (Cassa Centrale Banca, MedioBanca, ICCREA)

** UBI Banca was considered as a separate entity despite the incorporation into Intesa SanPaolo which took place in 2020, as the pre-pandemic data at 31/12/2019 were considered.*
*** different banks from those of the other groups have been included in the "Other banks" group based on: their business model, their governance and their TIER1 level at 31/12/2019.*

Vulnerability Analysis on Italian Banks 2/17

Stressed Scenario:

- Scenario based on the expected evolution of the economy after the outbreak of covid-19. Forecasts are based on the following documents:
  - Bank of Italy: Proiezioni Macroeconomiche per l'Economia Italiana, December 2020;
  - European Commission: European Economic Forecast: Autumn 2020, November 2020.

Scenario forecast	2020		2021		2022	
	GDP	U.R.*	GDP	U.R.*	GDP	U.R.*
Bank of Italy	-9,0%	9,2%	3,5%	10,4%	3,8%	10,0%
European Commission	-9,9%	9,9%	4,1%	11,6%	2,8%	11,1%

- Both the forecasts of the European Commission and the Bank of Italy were considered in the subsequent analyses as they predicted the trend of GDP in the presence of a **second lockdown**, like that which occurred in March 2020, and considering the **unexpected increase in consumption in the third quarter 2020**.

** U.R.: Unemployment Rate*

Vulnerability Analysis on Italian Banks 3/17

CET1 Ratio Impact:

- The **impacts on the CET1 ratio** of the 3 different groups of Italian banks in the scenario considered are as follows:

Group	CET1 2019	CET1 2020	CET1 2021	CET1 2022
G-SIBs	**13,52%**	12,76%	9,10%	**8,06%**
Retail Lenders and Small Domestic banks	**13,97%**	11,86%	8,78%	**7,78%**
Other banks	**15,89%**	14,35%	10,82%	**9,32%**

- The **greatest impacts on the CET1 ratio will be seen in 2021** following the **end of the effect of the moratoria** and **other support measures** and the progressive **worsening of the credit quality of the exposures.**

Group	CET1 2020	CET1 2021	CET1 2022	Total
G-SIBs	-0,76%	-3,66%	-1,04%	**-5,46%**
Retail Lenders and Small Domestic banks	-2,11%	-3,08%	-1,00%	**-6,19%**
Other banks	-1,54%	-3,53%	-1,50%	**-6,57%**

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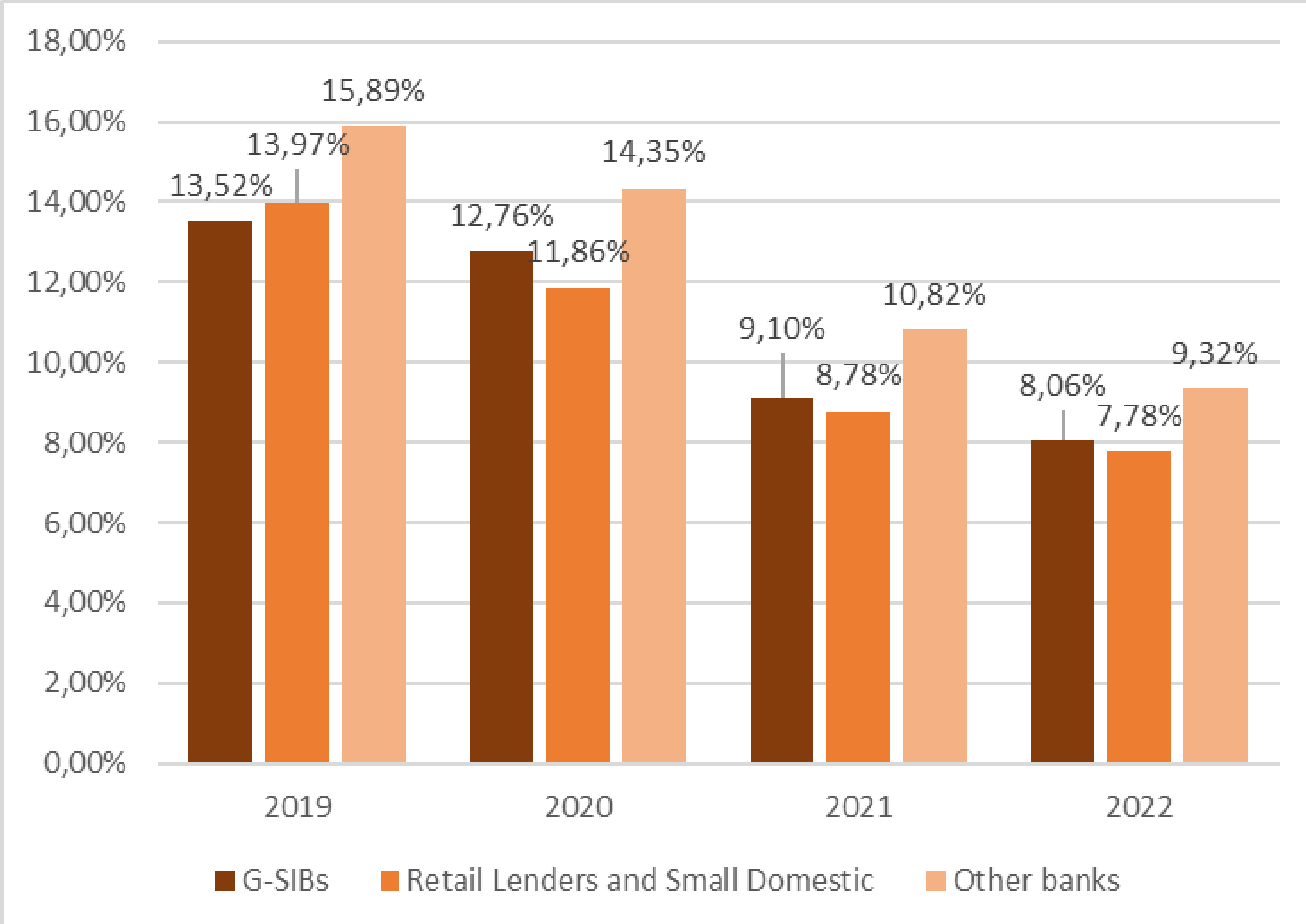
CET1 Ratio Impact:



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CET1 Ratio Impact:

- Below the CET1 Ratio depletion (2019-2022) compared with what is foreseen in the severe scenario of the ECB – Covid-19 Vulnerability Analysis:

Group	CET1 ratio depletion (Iason Vulnerability Analysis)	CET1 ratio depletion (ECB Vulnerability Analysis)
G-SIBs	-5,46%	-5,4%
Retail Lenders and Small Domestic banks	-6,19%	-6,2%
Other banks	-6,57%	n.a.*

- The impact on the CET1 Ratio between the different scenarios is very similar. The scenario considered in this presentation considers the **peculiarities and impact of Covid-19 in the Italian context**, while the ECB scenario is generalized to the European market.

** This data cannot be compared as the two reference clusters do not present homogeneous data*

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G-SIBs focus:

	2019	2020	2021	2022	Total
Starting CET1 Ratio		13,52%	12,76%	9,10%	13,52%
Credit risk		-0,63%	-2,76%	-0,88%	-4,27%
Market risk		-0,12%	-0,15%	0,06%	-0,21%
Operational risk		-0,07%	-0,35%	-0,14%	-0,56%
Other risk		-0,02%	-0,16%	-0,06%	-0,24%
P&L impact		-0,05%	0,02%	0,03%	0,01%
Other measures		0,08%	-0,11%	-0,07%	-0,10%
Dividend distribution		0,05%	-0,14%	0,00%	-0,09%
Ending CET1 Ratio	**13,52%**	**12,76%**	**9,10%**	**8,06%**	**8,06%**
		-0,76%	-3,66%	-1,04%	**-5,46%**

As for the other groups, **the greatest impact on TIER1 will be in 2021 and mainly caused by Credit Risk.**

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Retail Lenders and Small Domestic banks focus:

	2019	2020	2021	2022	Total
Starting CET1 Ratio		13,97%	11,86%	8,78%	13,97%
Credit risk		-1,60%	-2,48%	-0,90%	-4,98%
Market risk		-0,25%	-0,10%	0,03%	-0,31%
Operational risk		-0,21%	-0,33%	-0,10%	-0,64%
Other risk		-0,03%	-0,06%	-0,02%	-0,12%
P&L impact		-0,29%	0,01%	0,04%	-0,23%
Other measures		0,22%	-0,09%	-0,05%	0,08%
Dividend distribution		0,04%	-0,03%	0,00%	0,01%
Ending CET1 Ratio	**13,97%**	**11,86%**	**8,78%**	**7,78%**	**7,78%**
		-2,11%	-3,08%	-1,00%	**-6,19%**

As for the other groups, **the greatest impact on TIER1 will be in 2021 and mainly caused by Credit Risk.**

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Other banks focus:

	2019	2020	2021	2022	Total
Starting CET1 Ratio		15,89%	14,36%	10,82%	15,89%
Credit risk		-1,25%	-2,78%	-1,25%	-5,28%
Market risk		-0,16%	-0,12%	0,02%	-0,26%
Operational risk		-0,18%	-0,44%	-0,20%	-0,81%
Other risk		-0,02%	-0,06%	-0,03%	-0,11%
P&L impact		-0,12%	0,04%	0,02%	-0,05%
Other measures		0,14%	-0,11%	-0,07%	-0,05%
Dividend distribution		0,05%	-0,08%	0,00%	-0,03%
Ending CET1 Ratio	**15,89%**	**14,36%**	**10,82%**	**9,32%**	**9,32%**
		-1,54%	-3,53%	-1,50%	**-6,57%**

As for the other groups, **the greatest impact on TIER1 will be in 2021 and mainly caused by Credit Risk.**

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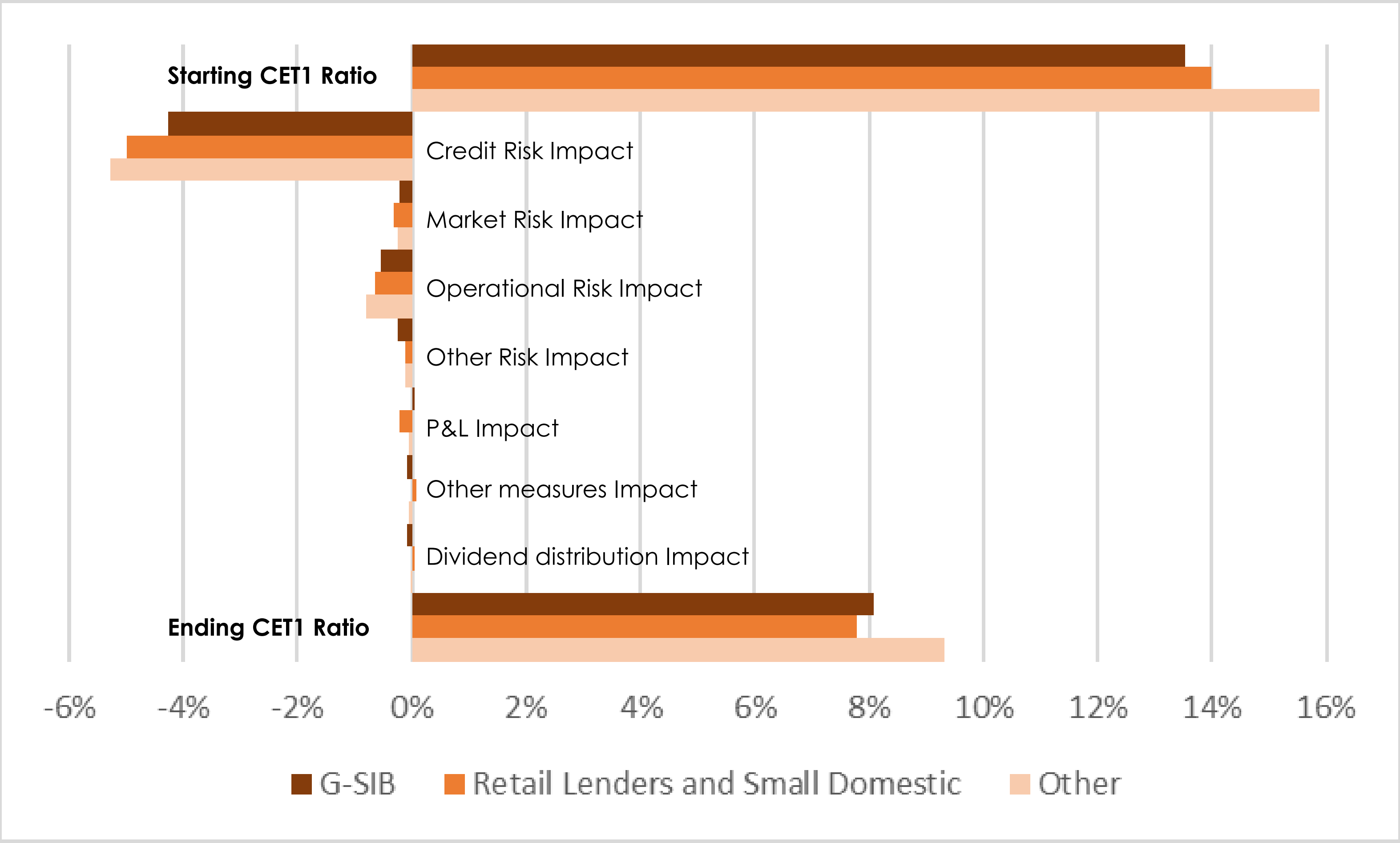
CET1 Ratio 2019-2022 impact:



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Credit Risk:

	RWA 2019		RWA 2020		RWA 2021		RWA 2022
G-SIBs	556.264	*+18%*	656.392	*+23%*	807.362	*+10%*	888.098
Retail Lenders and Small Domestic banks	208.608	*+15%*	239.899	*+25%*	299.874	*+12%*	335.859
Other banks	130.137	*+15%*	149.658	*+23%*	184.079	*+12%*	206.168

these data are expressed in EUR mln.

For **Credit Risk RWAs**, the following assumptions were considered:

- **Gradual worsening of the credit quality of banks' exposures**, with increasingly worse effects (also considering what is established in the following Iason paper of March 2020 and EBA - Thematic Note);
- The **impacts of the measures on legislative and non-legislative moratoria** and **loan guarantees** are considered (EBA - Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis) for the whole of 2020 and partially for 2021.

The **greatest impact will be in 2021 and 2022**, when many exposures will become non-performing, with slightly **worse and delayed effects for smaller banks** with standardized credit risk models.

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Market Risk:

	RWA 2019	Change	RWA 2020	Change	RWA 2021	Change	RWA 2022
G-SIBs	28.051	*+67%*	46.761	*+18%*	55.178	*-10%*	49.660
Retail Lenders and Small Domestic banks	6.857	*+70%*	11.657	*+20%*	13.988	*-10%*	12.589
Other banks	3.213	*+80%*	5.783	*+25%*	7.229	*-5%*	6.868

these data are expressed in EUR mln.

For the definition of the **Market Risk RWAs**, the following assumptions were considered:

- **Increasing in RWAs caused by volatility is considered in 2020 and 2021** (mainly due to the Covid-19 pandemic and uncertainty about the efficacy of a vaccine), while a decline in it in 2022. For the RWA 2020 calculation of the G-SIBs, the information reported in the EBA - Thematic Note was used as a proxy.
- The **impacts of the measures on market risk RWA with IMA Approach** are considered (EBA - Statement on the application of the prudential framework on targeted aspects in the area of market risk in the COVID-19 outbreak).

The greatest impact will be in 2020 and 2021, caused by high level of volatility and with **greater effects for Other banks** (in particular, banks with business models focused on investment banking financial markets) than other clusters.

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Operational Risk:

	RWA 2019		RWA 2020		RWA 2021		RWA 2022
G-SIBs	53.902	*+20%*	64.682	*+30%*	84.087	*+15%*	96.700
Retail Lenders and Small Domestic banks	27.425	*+15%*	31.539	*+25%*	39.423	*+10%*	43.366
Other banks	15.290	*+18%*	18.042	*+30%*	23.455	*+15%*	26.973

these data are expressed in EUR mln.

For the definition of the **Operational Risk RWAs**, the following assumptions were considered:

- An impact in the RWAs of Operational Risk is estimated at around **10-11% for Retail Lenders and Small Domestic and Other banks** and around **8-8,5% for G-SIBs;**
- **Progressive increase in risk-weighted assets** considering what is established in the following EBA - report and EBA - Thematic Note for example, due to:
  - Business continuity
  - Cyber crimes
  - Smart working

The greatest impact will be for **G-SIBs** banks also considering the greater operational complexity.

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Other Risks:

	RWA 2019		RWA 2020		RWA 2021		RWA 2022
G-SIBs	39.025	*+10%*	42.928	*+20%*	51.513	*+10%*	56.664
Retail Lenders and Small Domestic banks	6.595	*+10%*	7.255	*+20%*	8.705	*+10%*	9.576
Other banks	3.381	*+10%*	3.719	*+20%*	4.463	*+10%*	4.909

these data are expressed in EUR mln.

For the definition of the **Other Risks RWAs**, the following assumptions were considered:

- An impact in the RWAs of Other Risks is estimated at around **2-2,5% for Retail Lenders and Small Domestic and Other banks** and around **5-6% for G-SIBs;**
- **Progressive increase in 2020-2021-2022 risk-weighted assets** calculation of the different Italian banks, using the information reported in the EBA - Thematic Note as a proxy.

For Other Risks an identical effect was estimated for the different clusters, with a more consistent impact on RWAs in 2021, as is the case with most other RWAs.

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P&L impact:

	impact 2019	impact 2020		Impact 2021		impact 2022
G-SIBs	-	-8.046	*-15%*	-6.830	*-50%*	-3.631
Retail Lenders and Small Domestic banks	-	-5.565	*-5%*	-5.257	*-32%*	-3.616
Other banks	-	-2.316	*-25%*	-1.771	*-15%*	-1.336

these data are expressed in EUR mln.

For the **Profit & Loss impact** used for the CET1 Capital, the following assumptions were considered (based on EBA - Thematic Note and the different peculiarities of the Italian banks compared to the respective European ones):

- Gradual **decrease of NII** (5-20%), **Div. Income** (40%), **NFCI** (5-16%) **and Gain/Losses on Financial Asset** (50-130%);
- Strong **increase in Impairments** (100-150%), considering the end of the effect of the moratoria in 2021 and the progressive worsening of the credit quality of the exposures).

The **greatest impact will be for Retail Lenders and Small Domestic banks** mainly caused by the P&L data as at 31/12/2019, where there were already banks with negative balances or close to breakeven. For further details on P&L forecasts, please refer to the Annexes.

Other measures impact:

	impact 2019	impact 2020	impact 2021	impact 2022
G-SIBs	-	12.161	*-50%* 6.081	-
Retail Lenders and Small Domestic banks	-	4.335	*-50%* 2.178	-
Other banks	-	2.658	*-50%* 1.329	-

these data are expressed in EUR mln.

For the **Other measures impact,** other than those relating to credit and market risk, used for the CET1 Capital, the following assumptions were considered (based on EBA - Thematic Note and the different measures implemented by EBA, ECB and ESRB):

- The total estimated impact of the measures in 2020 is estimated to be **1.5% of the total RWAs**, based on estimate of the EBA - Thematic Note;
- On the other hand, a **lower impact on CET1 Capital was estimated in 2021** (equal to 50% of the benefit of the previous year) and no benefit has been estimated for 2022.

For this impact, an identical effect was estimated for the different clusters of Italian banks.

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Dividend distribution impact:

	impact 2019	impact 2020	impact 2021	impact 2022
G-SIBs	-	7.705	-	-
Retail Lenders and Small Domestic banks	-	772	-	-
Other banks	-	941	-	-

these data are expressed in EUR mln.

For the **dividend distribution impact** used for the CET1 Capital, the following assumptions were considered (based on the EBA - Statement on dividends distribution, share buybacks and variable remuneration):

- The total estimated impact of this measure in 2020 is estimated equal to the total earnings of 2019;
- It is assumed that this measure is **limited only until September 2021** (ECB - Remuneration policies in the context of the Covid-19 pandemic) **and it is assumed that dividends for the years 2019-2022 will not be distributed in the future.** In any case, even if the 2019 profits were distributed, the impact on 2019-2022 CET1 would be marginal.

The **greatest impact of this measure in terms of retention is attributable to G-SIBs**, also considering the low 2019 earnings level of the other clusters.

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Bibliography:

- The analyzes carried out in the previous slides consider what is reported in the **main following documents**, used both as data and assumptions sources:

Regulator	Date	Documents
EBA	05/2020	The EU Banking Sector: First Insights into the Covid-19 Impacts
EBA	06/2020	2020 EU-wide transparency exercise (Spring 2020 exercise)
EBA	07/2020	EBA Report on the Implementation of Selected Covid-19 Policies
EBA	12/2020	2020 EU-wide transparency exercise (Autumn 2020 exercise)
ECB	07/2020	ECB - COVID-19 Vulnerability Analysis

04

Final Remarks

Final Remarks 1/5

Results on Vulnerability Analysis on Italian banks:

- Overall, the results show that the banking sector is fairly positioned to take on the pandemic-induced stress impact, but **capital depletion in this scenario could be material**:
  - **G-SIBs banks** have a lower CET1 impact than the other groups considered, but still require a capital increase by 2022 to comply with the prudential capital ratios set by the Supervisor.
  - **Retail Lenders and Small Domestic banks** have the greatest CET1 impact and absolutely need a capital increase between 2021 and 2022 to comply with the prudential capital ratios set by the Supervisor.
  - **Other banks** have a significant CET1 impact but have a very consistent 2019 CET1 Ratio, also given their different business model, which allows them to face the pandemic crisis with a substantial capital buffer. However, it remains desirable that these banks also increase their capital ratios.
- The most significant effects on banks' capital requirements are given by the credit component, since the effect of the credit support measures (moratoria and loan guarantees) does not reveal the real risk of credit exposures thus increasing the risk of "cliff effect".

Final Remarks 2/5

Final remarks (1/4):

- Banks have built substantial capital buffers, despite low profitability and high level of NPLs. **Capital levels built before the pandemic should help banks resist the impact of Covid-19**. Although banks can face significant losses, existing capital buffers and the relief provided by regulators and supervisors allow banks to provide **relevant coverage for the rising cost of risk** and maintain their important funding to the real economy. Once this crisis has been overcome or during it, the banks will have to **rebuild capital reserves**.
- Particular attention must be paid to **banks that have a significant concentration of exposures to economic sectors hard hit by the pandemic** (include the hospitality, retail trade and transport sectors as well as some manufacturing subsectors).
- The Covid-19 pandemic could cause banks to **over-exposure in the domestic government sector**, with poor diversification that may indicate that some banks lack alternative business opportunities. In any case, banks in this position are **vulnerable to potential tensions in their domestic government bond market**.

Final Remarks 3/5

Final remarks (2/4):

- As early as 2021, the **asset quality is expected to deteriorate significantly**.
  - The **cost of risk** has already started to rise and **NPLs** are **expected to rise** more consistently. Furthermore, banks have already started posting **higher provisions** in their 2020 balance sheet (data as of 30/06/2020*).
  - Banks will need to **carefully monitor the quality of assets**, particularly those emerging from the **moratoria and loan guarantees**, identifying any forbearance measures as quickly as possible and preventing unnecessary shifts of performing exposures to the impaired state. This also help to contain the build-up of problem assets at banks thus **minimising and mitigating any "cliff effects"** where possible.
- It is crucial that institutions strike the **right balance between avoiding excessive pro-cyclicality and ensuring that the risks they are facing are adequately reflected** in their internal risk measurement and management processes, financial statements and regulatory reporting.

** Considering what is reported in 2020 - EU Wide Trasparency Exercise (December 2020).*

Final Remarks 4/5

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Final remarks (3/4):

- Banks should use **well-structured and sound creditworthiness assessment procedures** so they can differentiate, in a timely and effective manner and on a case-by-case basis where appropriate, viable from non-viable debtors:
  - **predict the most likely impact of the crisis in terms of allocations, provisions and capital**.
  - improve procedures so that all contractual changes that qualify as concessions and are provided to troubled borrowers are **correctly classified as "forborne"**;
  - regular **assessment of debtors' unlikeliness to paying** using all relevant and available information;
  - identify and record any significant **increases in credit risk at an early stage**;
  - **correctly estimate their provisions** using realistic parameters and assumptions appropriate to the current context;
  - **collateral valuations** on a frequent basis or when is necessary;
  - **adequate control by the management bodies and control functions** on the critical elements of credit risk management;

"Identification and measurement of credit risk in the context of the coronavirus (COVID-19) pandemic", ECB – Andrea Enria, 04/12/2020.

Final Remarks 5/5

Final remarks (4/4):

- **Profitability could remain subdued** for a long period, even caused by **lending margins are expected to remain low**. The expected deterioration in credit quality will lead to an **increase in depreciation**.
- Given the low profitability, banks could undertake even more ambitious digitization transformation, also favored by the recent regulations to anticipate the non-deduction of software resources evaluated in a prudent way.
- However, Covid-19 could be the **catalyst for many customers to become digital customers**. Even after the full reopening of the economy, banks will need to make further progress to adapt their systems to an environment that could also increase operational risks.

05

Annex

Annex 1/3

G-SIBs P&L forecast (aggregate):

	2019	2020	2021	2022
Net Interest Income (NII)	18.078	16.270	16.270	15.909
Dividend Income	401	241	241	241
Net Fee and Commission Income (NFCI)	14.454	12.286	13.009	13.298
Gain or Losses on Financial Asset	3.457	-1.037	1.729	1.729
Other	1.431	-429	716	716
Total Operating Income Net	**37.821**	**27.330**	**31.963**	**31.891**
Administrative Expenses	-20.473	-20.064	-20.064	-20.064
Depreciation	-2.358	-1.886	-1.886	-1.886
Impairment	-6.858	-13.716	-17.145	-13.716
Other	527	369	369	369
P&L Before Tax	**8.659**	**-7.967**	**-6.763**	**-3.406**
Taxes	-954	-80	-68	-225
P&L After Tax	**7.705**	**-8.046**	**-6.830**	**-3.631**

these data are expressed in EUR mln.

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Retail Lenders and Small Domestic banks P&L forecast (aggregate):

	2019	**2020**	**2021**	**2022**
Net Interest Income (NII)	7.344	6.756	6.683	6.610
Dividend Income	110	66	66	66
Net Fee and Commission Income (NFCI)	6.725	5.649	5.918	6.187
Gain or Losses on Financial Asset	839	-252	420	420
Other	1.100	-330	550	550
Total Operating Income Net	**16.118**	**11.890**	**13.637**	**13.832**
Administrative Expenses	-10.732	-10.517	-10.517	-10.517
Depreciation	-1.080	-864	-864	-864
Impairment	-2.882	-5.764	-7.205	-5.764
Other	-364	-255	-255	-255
P&L Before Tax	**1.100**	**-5.510**	**-5.205**	**-3.568**
Taxes	-328	-55	-52	-48
P&L After Tax	**772**	**-5.565**	**-5.257**	**-3.616**

these data are expressed in EUR mln.

Annex 3/3

Other banks P&L forecast (aggregate):

	2019	2020	2021	2022
Net Interest Income (NII)	4.269	3.629	3.629	3.543
Dividend Income	46	28	28	28
Net Fee and Commission Income (NFCI)	2.154	1.896	1,982	2.046
Gain or Losses on Financial Asset	801	-240	401	401
Other	376	-113	188	188
Total Operating Income Net	**7.646**	**5.199**	**6.226**	**6.206**
Administrative Expenses	-5.057	-4.956	-4.956	-4.956
Depreciation	-340	-272	-272	-272
Impairment	-1.166	-2.332	-2.798	-2.332
Other	145	102	102	102
P&L Before Tax	**1.228**	**-2.260**	**-1.698**	**-1.253**
Taxes	-287	-56	-73	-83
P&L After Tax	**941**	**-2.316**	**-1.771**	**-1.336**

these data are expressed in EUR mln.

Company Profile

Iason is an international firm that consults Financial Institutions on Risk Management. Iason integrates deep industry knowledge with specialised expertise in Market, Liquidity, Funding, Credit and Counterparty Risk, in Organisational Set-Up and in Strategic Planning

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