



1H 2020 results

6 August 2020

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1H 20 summary results and preliminary 2020 guidance

- 1 **1H 20 net income of €37mln, after 36mln (pre tax) provisions/write offs due to Covid 19**
 - In addition to €36mln provisions/write offs, there are other direct and indirect impacts of Covid-19 mainly due to the slowdown in judicial and extrajudicial NPL workouts. Including a preliminary estimate of these other direct and indirect effects, the impact of Covid19's in 1H 20 is ca. -€50mln (pre tax)
- 2 **CET1 at 11.58% (+0.62% since 31 Dec 2019) calculated excluding 2019 dividends** suspended in accordance with the Bank of Italy's recommendations and prudently excluding 1H 20 net income
- 3 **Funding:** retail deposit base proved to be resilient, started diversification into German deposits. Raised TLTRO to €2bn (80% of maximum allowed)
- 4 **Purchase of €1.3bn NPL (in terms of GBV)** as at 31 July 20 which will provide a solid contribution to the Bank's profitability next year

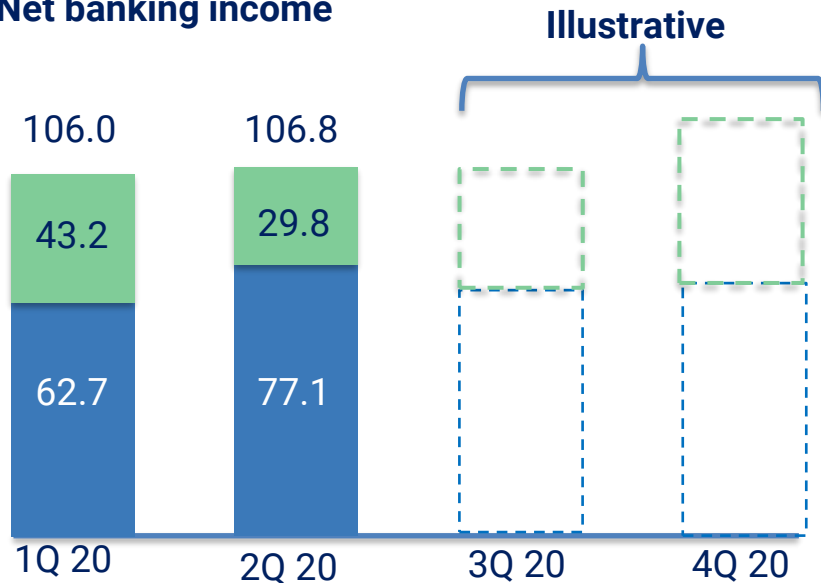
- The slowdown in commercial activity due to Covid-19 impacted all business units
- Prudently, the Board of Directors suspended the economic and financial objectives included in the 2020-22 Industrial Plan
- The updated preliminary guidance for 2020 assume the progressive improvement of the macroeconomic environment. We will update the Industrial Plan as soon as the situation stabilizes
- **Banca Ifis's economic, equity and financial position proved to be resilient**
- **During one of the worst crisis of the last decades Banca Ifis expected a 2020 net income in the range of €50-65mln**

| (€ mln) | Min | Max |
|----------------------------|------|-----|
| Net banking income | 420 | 440 |
| Loan loss provisions (LLP) | -100 | -85 |
| Net income | 50 | 65 |

Main assumptions underlying the guidance

- Progressive improvement and stabilization of the macroeconomic environment, excluding further worsening of the macroeconomic context
- No macroeconomic shocks triggered by new lockdowns in US/Europe or Italy involving the whole country or some regions. Proactive and effective management of new Covid-19 infections. No further major shutdown in courts
- Continuous macroeconomic support of the Governments and Central Banks
- Recognition of Farbanca's badwill in P&L

Net banking income

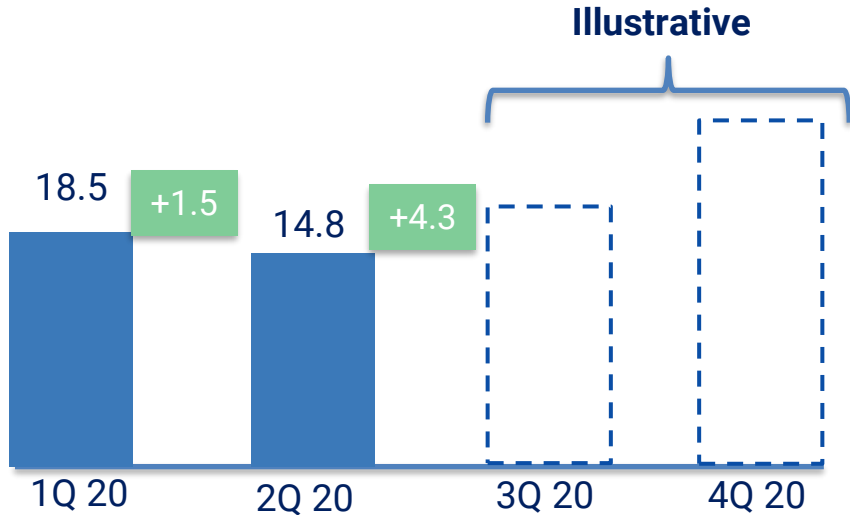


■ Commercial & Corporate Banking, Non core & G&S

■ Npl

- **Progressive improvement of workout in Npl**
 - In 4Q 20, courts open for the entire quarter, after having been hut down in March, April and May due to lockdown and in August due to seasonality
 - Cash collection in Npl portfolio estimates substantially stable vs. 2019
- **Net banking income in Commercial & Corporate Banking slightly declining due to lower volumes and margins**
 - Factoring loans are expected to slightly decline in 3Q 20 and pick up in 4Q 20 as market environment stabilizes

Loan loss provisions (Commercial & Corporate Banking, Non core & G&S)



■ Commercial & Corporate Banking, Non core & G&S

■ Further provisions to a single position booked in risks and charges (operating costs)

- In 4Q 20, potential asset quality deterioration in commercial, corporate and non core
 - Expiring of the moratoriums envisaged by Italian banking association and by Decree 18/2020 (Decreto Cura Italia)
 - Asset quality impact will be company/sector specific
- The Commercial & Corporate Banking portfolio is diversified in terms of borrower and sector
 - €0.8bn in the face of public administration, NHS and government entities
 - €0.2bn are loans guaranteed by MCC, €0.1bn factoring towards chemists, €0.6bn factoring for which the debtors are large corporations (revenues >€500mln)
 - €1.4bn factoring towards ca. 7k SMEs and €1.4bn leasing towards ca. 38k clients. Banca Ifis has remarketing agreements for repossessed leasing assets

Banca Ifis's Commercial & Corporate banking portfolio includes €0.8bn towards PA; the remaining portfolio is well diversified in terms of sector, geography and size to face the potential impact of the current macroeconomic slowdown

| (€ bn) | 2Q 20 | Description |
|---|------------|---|
| Lending to NHS/PA and large corporations | | |
| Factoring and other loans towards public administration | 0.8 | The asset quality risk is limited, while there are uncertainties on the the timeframe of payment |
| Loans 80% guaranteed by State (MCC) | 0.2 | Loans to SMEs 80% guaranteed by MCC/State |
| Factoring towards chemists | 0.1 | Factoring towards chemists (Credifarma) |
| Factoring towards large Italian Corporations (Revenue >€500mln) | 0.6 | The debtors are the large/top Italian corporations (revenue > €500mln) with a sound competitive advantage. Average duration of ca. 3-6 months |
| Lending to SMEs | | |
| Factoring towards SMEs | 1.4 | Strong sector and borrower diversification. Average duration of ca. 3-6 months. Exposures towards ca. 7.2k customers, with an average ticket of €200k. The exposures are towards debtors (usually medium corporate), with ratings well above the ones of the sellers of the credits |
| Leasing towards SMEs | 1.4 | Strong sector and borrower diversification. Average duration of ca. 4Y. Exposures towards 38k customers, with an average ticket of €30k. There are remarketing agreements for all the repossessed assets which mitigate asset quality risk |
| Lending towards chemists | 0.1 | Medium/long term lending towards chemists (Credifarma) |
| Structured finance | 0.6 | Lending towards Private equity consisting of ca. 50 exposures (average ticket of ca. €12mln) towards non-cyclical corporations. Strong track record, with no significant default in the last 10Y |
| Total customer loans | 5.2 | Total customer loans of Commercial & Corporate Banking |

* Source: management accounting data



Focus on 2Q 20 results

- ✓ **2Q 20 net income of €10.3mln:**
 - ~ -€21mln (pre tax) provisions/write offs due to the Covid 19 in 2Q 20. Further direct and indirect impacts of Covid-19 mainly due the slowdown in judicial and extrajudicial NPL workouts
 - ~ -€7mln (pre tax) provisions to solidarity fund for voluntary exits
 - ~ +€11mln (pre-tax) reversal of PPA ex-IB (~ +€9mln in 1Q 20)
- ✓ **CET1 at 11.58% (+0.46% QoQ) calculated excluding 2019 dividends** suspended in accordance with the Bank of Italy's recommendations and prudently excluding 1H 20 net income
- ✓ **In 2Q 20, purchase of €0.6bn GBV of Npl** which will provide a solid contribution to the Bank's profitability next year
- ✓ **Ongoing recovery in NPL business:** in July, cash recovery came in at ~ €25mln, well above the monthly average of 2Q of ~€17mln
- ✓ **In 2Q 20, Banca Ifis completed the acquisition of the 70.77% stake in Farbanca**, which will be integrated with Credifarma, creating the leading player in financial services for pharmacies

Quarterly and half year results

| (€ mln) | 1Q 20 | 2Q 20 | 1H 19 | 1H 20 |
|---|--------------------|---------------------|----------------|---------------------|
| Net interest income | 91.4 | 78.3 | 233.6 | 169.7 |
| Net commission income | 21.1 | 18.7 | 46.5 | 39.8 |
| Trading and other revenues | (6.6) ² | 9.9 ³ | (0.9) | 3.3 |
| Net banking income ¹ | 106.0 | 106.8 | 279.2 | 212.8 |
| Loan loss provisions (LLP) | (18.5) | (14.8) | (35.0) | (33.3) |
| Net banking income – LLP | 87.4 | 92.0 | 244.2 | 179.5 |
| Personnel expenses | (32.0) | (28.7) | (64.2) | (60.7) |
| Other administrative expenses | (40.5) | (41.5) | (114.4) | (82.1) |
| Other net income/expenses | (0.9) | (11.8) ⁴ | 39.3 | (12.7) |
| Operating costs | (73.5) | (82.0) | (139.3) | (155.5) |
| Gains (Losses) on disposal of investments | 24.2 ⁵ | - | (0.4) | 24.2 |
| Pre tax profit | 38.1 | 10.1 | 104.5 | 48.2 |
| Taxes | (11.7) | 0.3 | (36.2) | (11.3) ⁶ |
| Net income | 26.4 | 10.3 | 68.3 | 36.8 |
| Customer loans | 7,601 | 8,034 | 7,344 | 8,034 |
| - of which Npl Business | 1,271 | 1,307 | 1,174 | 1,307 |
| Total assets | 10,493 | 11,252 | 9,888 | 11,252 |
| Total funding | 8,468 | 9,171 | 7,953 | 9,171 |
| - of which customer deposits | 4,894 | 4,864 | 5,069 | 4,864 |
| - of which TLTRO | 791 | 2,000 | 694 | 2,000 |
| Shareholders Equity | 1,542 | 1,497 | 1,472 | 1,497 |

- ¹ Net banking income impacted by the slowdown in judicial and extrajudicial Npl workout and lower volumes/net banking income in Commercial & Corporate Banking. 2Q 20 results include €11mln lower net banking income to prudently reflect longer timeframe/slightly lower cash recovery in the Npl portfolio
- ² ~€7mln of write offs mainly on ex Interbanca funds
- ³ ~Includes trading gains mainly on Government bonds
- ⁴ ~€7mln provisions to solidarity fund for voluntary exits and ~ 4.3mln in other administrative expenses mainly due to provisions to a single position on a financial guarantee of former Interbanca
- ⁵ Capital gain due to the disposal of real estate in Milan
- ⁶ Due to tax benefits (ACE/accelerated depreciation)

Illustrative impact due to Covid-19 in 1H 20*

Provisions/write offs due to Covid19: -€36mln (pre tax)

| Provisions/write offs due to Covid-19 (€ mln) | 1H20 |
|---|------------|
| 1 Lower net baking income to NPL portfolio | -11 |
| 2 Fund write offs (mainly NPL ex Interbanca) | -7 |
| 3 Loan loss provisions (LLP) on a single ex-Interbanca position | -11 |
| 4 Provisions to a single position on a financial guarantee of ex-Interbanca | -6 |
| Total provisions/write offs due to Covid-19 | -36 |

- 1 Lower net baking income to prudently reflect longer recovery timeframe and slightly lower cash recovery in 2020 in Npl portfolio
- 2 Fund write offs, mainly Npl funds of former Interbanca
- 3 Loan loss provision of €11mln due to a single position of ex-Interbanca
- 4 Provisions booked in operating costs due to a single position of ex-Interbanca (same position as point 3)

Covid19 impact including provisions/write offs and other direct and indirect effects: ca. -€50mln (pre tax)

- In addition to €36mln provisions/write offs, there are other direct and indirect impacts of Covid-19 mainly due to the slowdown in judicial and extrajudicial Npl workouts driven by the lockdown and the court shut down
- **Including the other direct and indirect effects of Covid-19, the preliminary estimate of Covid19's impact in 1H 20 is ca. -€50mln (pre tax)**

2Q 20 Results: P&L break-down by business unit*

| Data in € mln | Npl | Commercial & Corporate banking | | | Non core & G&S | Consolidated |
|---|------------------------|--------------------------------|--------------|-------------------------|---------------------------|--------------|
| | | Factoring | Leasing | Corp. Banking & Lending | | |
| Net interest income | 27 | 22 | 10 | 5 | 15 | 78 |
| Net commission income | 1 | 13 | 3 | 1 | 0 | 19 |
| Trading & other revenues | 1 | 0 | 0 | (1) | 10 | 10 |
| Net banking income | 30 ¹ | 35 | 13 | 5 | 25 ² | 107 |
| -Of which PPA | - | - | - | - | 10 | 11 |
| Loan loss provisions | - | (1) | (4) | (3) | (6) | (15) |
| Operating costs | (32) | (19) | (8) | (2) | (21) | (82) |
| Gains (Losses) on disposal of investments | - | - | - | - | - | - |
| Net income | (1) | 12 | 0 | (1) | 0 | 10 |
| Net income (%) | (11)% | 112% | 2% | (6)% | 3% | 100% |
| Customer Loans | 1,307 | 2,862 | 1,397 | 906 | 1,562 ⁴ | 8,034 |
| RWA ¹ | 1,987 | 2,395 | 1,284 | 976 | 959 | 7,601 |
| Allocated capital ² | 230 | 277 | 149 | 113 | 111 | 880 |

- 1 Npl workout was impacted by the courts shut down
- 2 Mainly trading gains on proprietary portfolio
- 3 Includes €4.3mln provision booked in risk and charges (operating costs) due to a single position on a financial guarantee of former Interbanca
- 4 Breakdown of customer loans in Non Core & G&S
 - G&S: includes €0.9bn of Italian Government bonds at amortized costs
 - Non Core: includes €0.3bn of performing loans mainly ex Interbanca, €0.1bn retail mortgages and €0.2bn of Npl (former Interbanca + Banca IFIS)

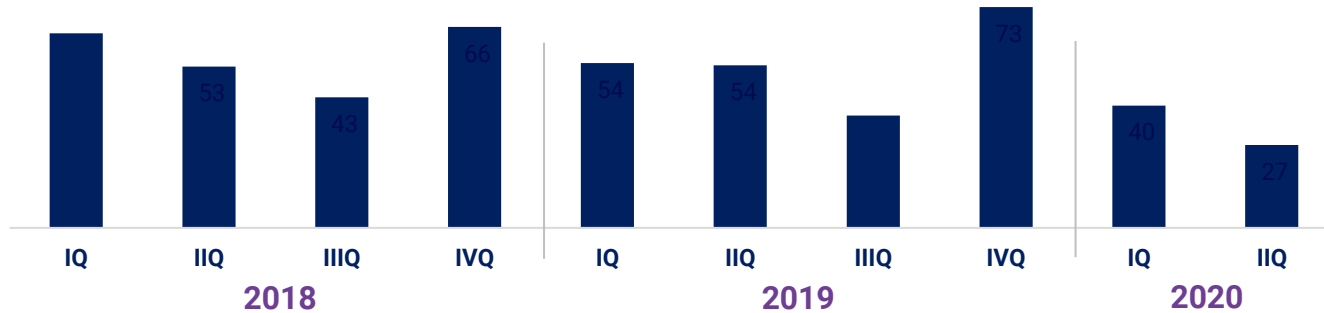
(1) RWA Credit risk only. It excludes RWA from operating, market risks and CVA (€1bn); (2) RWA (Credit risk only) x CET1 2Q20.

* Source: management accounting data

Seasonality in Npl and PPA and effect of Covid-19

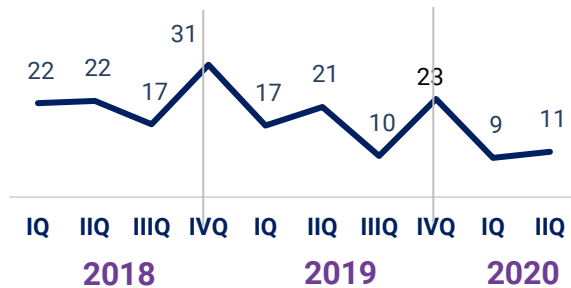
management accounting data

Net interest income in Npls*



2020 was impacted by court shutdown

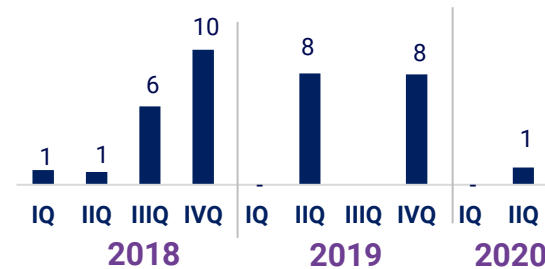
Reversal of PPA ex-IB (pre-tax)*



2Q 20 pre tax reversal PPA at €11mln

Variability due to reversal of PPA depending on the prepayment / disposal of ex-Interbanca's loans

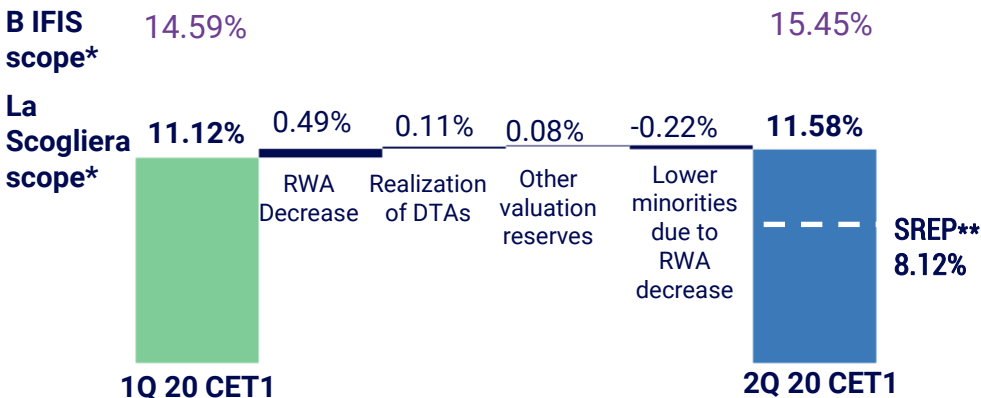
Capital gains from Npl disposal



2Q 20 gains at €1mln

Variability on the disposal of Npls already worked out by Ifis Npl to specialized operators

*Source: management accounting data



- CET1 +0.46% QoQ mainly due to RWA decrease driven by new SME supporting factor (+0.29%) and lower commercial activity

• CET1 of 11.58% and other capital ratios calculated

- Excluding 2019 dividends suspended in accordance with the Bank of Italy's recommendations
- Prudentially excluding 1H 20 net income

Data in €bn

| Banca Ifis Group Scope | 1Q 20 | 2Q 20 |
|------------------------|--------|--------|
| RWA | 8.9 | 8.5 |
| CET1 | 1.3 | 1.3 |
| Total Capital | 1.7 | 1.7 |
| Total Capital % | 19.07% | 20.15% |

| La Scogliera Group scope | 1Q 20 | 2Q 20 |
|--------------------------------------|--------|--------|
| RWA | 8.9 | 8.6 |
| CET1 | 1.0 | 1.0 |
| Total Capital | 1.3 | 1.3 |
| Total Capital % | 14.80% | 15.33% |
| Excess CET1 not inc. in La Scogliera | 0.3 | 0.3 |

Capital generation in future quarters

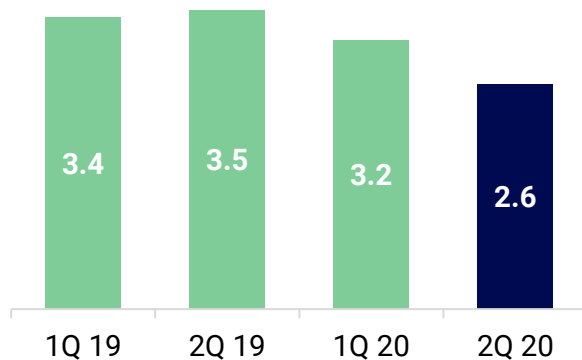
- Progressive use of DTAs against future profits (~€80mln as at 30 Jun 20) currently fully deducted from CET1 (~96bps)
- Ordinary winding down of former Interbanca customer loans (€0.3bn as at 30 Jun 20)

Appendices

3

3.1 Segment results

Turnover - €bn



Net customer loans - €mln

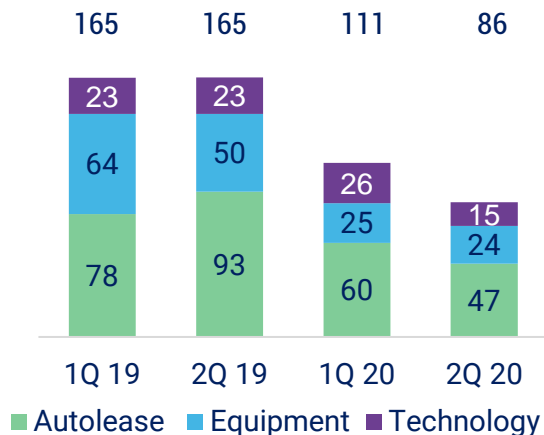
| Period | 1Q 19 | 2Q 19 | 1Q 20 | 2Q 20 |
|---------------------------|-------|-------|-------|-------|
| Net customer loans - €mln | 3,211 | 3,207 | 2,974 | 2,862 |

| Data in €mln | 1Q 19 | 2Q 19 | 1Q 20 | 2Q 20 |
|---|-------|-------|-------|-------|
| Net banking income | 39 | 42 | 38 | 35 |
| Net banking income / average customer loans | 4.9% | 5.2% | 4.9% | 4.6% |
| Loan loss provisions | (7) | (12) | (5) | (1) |

- Factoring net loans -3.7% QoQ and -10.8% YoY due to commercial activity slowdown driven by Covid-19 outbreak
 - Stripping out 2 positions whose businesses were temporarily stopped due to Covid-19, the factoring net loans would be down 6.4% YoY
 - Ca. 50% of Banca Ifis's clients were open in lockdown as operating in critical sectors as defined by Law
- Factoring loans of €2.9bn included €0.8bn exposure to the Public Administration
- Net banking income / average customer loans at 4.6%
- Loan loss provisions in 1Q 19 and 2Q 19 included write offs on a few large positions towards construction companies

* Data based on management accounting

New business - €mln



Net customer loans - €mln

| Period | 1Q 19 | 2Q 19 | 1Q 20 | 2Q 20 |
|---------------------------|-------|-------|-------|-------|
| Net customer loans - €mln | 1,412 | 1,430 | 1,404 | 1,397 |

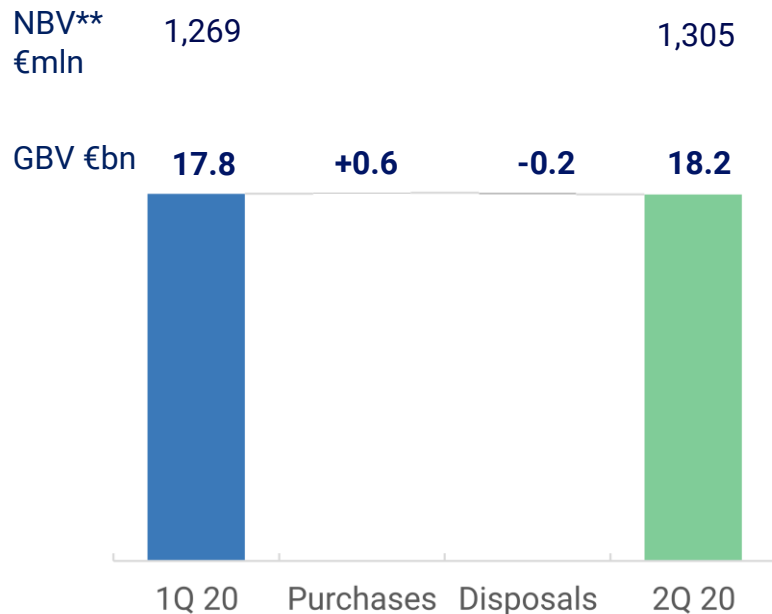
| Data in €mln | 1Q 19 | 2Q 19 | 1Q 20 | 2Q 20 |
|---|-------|-------|-------|-------|
| Net banking income | 13 | 14 | 12 | 13 |
| Net banking income / average customer loans | 3.8% | 3.9% | 3.3% | 3.7% |
| Loan loss provisions | (2) | (3) | (4) | (4) |

- New leasing -48% YoY due to commercial activity slowdown driven by Covid-19 outbreak
- In 2Q 20, customer loans amounted to €1,397mln (-0.5% QoQ) due to lower volumes
- The impact of Covid-19 on loan loss provisions is mitigated by strong sector and borrower diversification (ca. 38k customers, average ticket of ca. €30k) and by the remarketing agreements for repossessed assets
- Moratorium envisaged by Italian banking association and by Decree 18/2020 (Decreto Cura Italia):
 - ~17k** total moratoriums approved, on ~ €486mln** outstanding loans and ~ €83mln** instalments postponed
 - The vast majority is according to Decreto Cura Italia

*Data based on management accounting

** Data as at 29 July 2020

Npl portfolio evolution



Key numbers*

- 1.9mln tickets, #1.3mln borrowers
- Extensive portfolio diversification by location, type and age of borrower

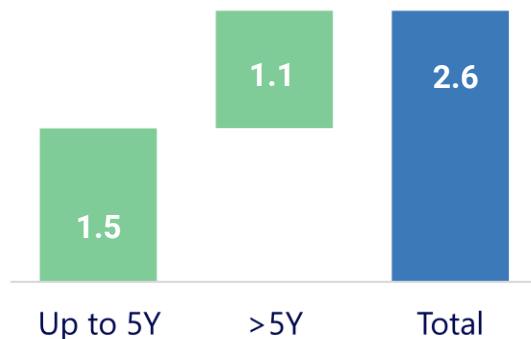
NPLs acquired in 2Q: €0.6bn GBV

- **In 2Q 20, Banca Ifis purchased €0.6bn** (mainly consumer and banking NPLs) which will provide a solid contribution to the Bank's profitability next year
- **Since the beginning of the year, until the end of July, Banca Ifis has purchased 11 portfolios of NPLs for approximately €1.3bn**, within a market that offers attractive income opportunities
- The Bank is currently participating in 15 sales processes for a total of ca. €1.9bn GBV

NPLs disposed in 2Q: €0.2bn GBV

- NPLs disposed in 2Q20: €0.2bn GBV (disposal price €2mln, capital gain €1.2mln)

ERC: €2.6bn



ERC breakdown

| Data in €mln | GBV | NBV | ERC |
|-------------------------------|-------------|------------|------------|
| Waiting for workout - At cost | 1.7 | 0.1 | 0.2 |
| Extrajudicial positions | 10.3 | 0.4 | 0.6 |
| Judicial positions | 6.3 | 0.9 | 1.7 |
| Total | 18.2 | 1.3 | 2.6 |

ERC assumptions

- ERC based proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
 - Type of borrower, location, age, amount due, employment status
 - Time frame of recovery
 - Probability of decay
- ERC represents Banca Ifis's expectation in terms of gross cash recovery. Internal and external costs of positions in non-judicial payment plans (GBV of €0.4bn in 2Q 20), court injunctions ["precetto"] issued and order of assignments (GBV of €1.3bn in 2Q 20) have already been expensed in P&L
- **€1.2bn cash recovery (including proceeds from disposals) in 2014 – 2Q20**

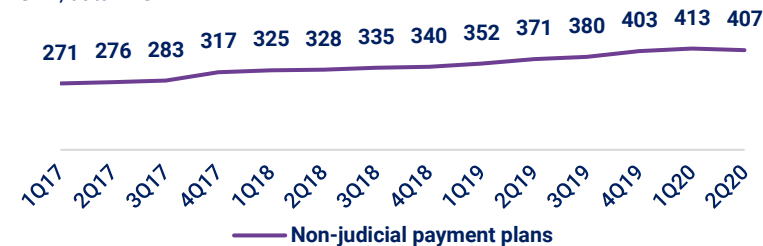
Judicial recovery

| Judicial recovery (€ mln) | GBV | % |
|---|--------------|-------------|
| Frozen** | 2,627 | 42% |
| Court injunctions ["precetto"] and foreclosures | 595 | 9% |
| Order of assignments | 672 | 11% |
| Secured and Corporate | 2,384 | 38% |
| Total | 6,278 | 100% |

Ongoing processing
Towards ODA or secured and corporate / future cash flows

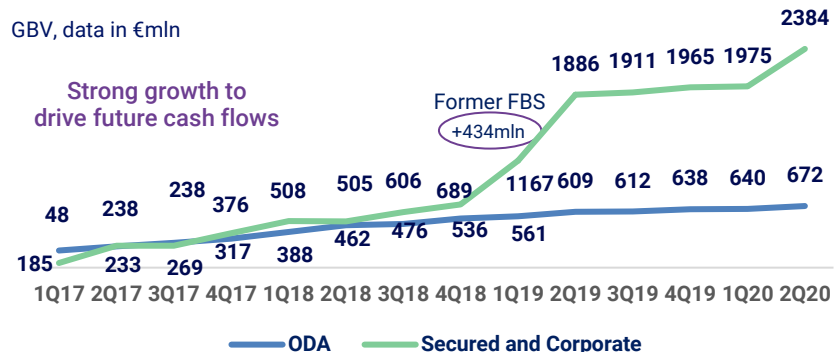
Non judicial recovery – Voluntary plans

GBV, data in €mln



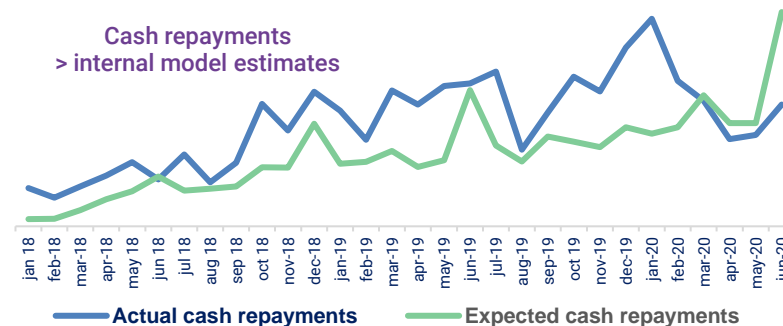
Judicial recovery – Diversification into secured

GBV, data in €mln



Actual vs. cash repayments

Judicial + non judicial recovery, data in €mln



*Source: management accounting data; **Other Judicial positions

P&L Contribution

- In 2Q 20, the new issues of court injunctions (“prechetto”), foreclosures (“pignoramento”) and order of assignments were temporarily stopped due to court shut down. During lockdown, judicial Npls did not increase in value, providing no P&L contribution

Cash collection

- In 2Q 20, cash collections were impacted by court shutdown mainly in corporate and secured

| Data in € mln (excluding disposals) | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | 3Q 19 | 4Q 19 | 1Q 20 | 2Q 20 | 2017 YE | 2018 YE | 2019 YE |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---------|---------|
| Cash collection | 40 | 41 | 45 | 55 | 57 | 67 | 59 | 76 | 65 | 52 | 128 | 181 | 258 |
| Contribution to P&L** | 67 | 56 | 46 | 69 | 66 | 60 | 44 | 78 | 50 | 34 | 162 | 238 | 248 |
| Cash collection / contribution to P&L | 60% | 73% | 98% | 79% | 87% | 112% | 132% | 97% | 132% | 153% | 79% | 76% | 104% |

*Source: management accounting data

** It includes only interest income, excludes cost of funding and some minor items (i.e. net commission income and the gains on sales of receivables)

Npl Business*: stock by recovery phase

| Cluster | GBV 2Q20 €mln | % total | Description | Average time frame** | Accounting valuation | Cash proceeds |
|---|------------------|-------------|--|----------------------------|---|------------------|
| Waiting for workout - Positions at cost | 1,709 | 9% | Recently acquired, under analysis to select the best recovery strategy, to be assigned either to extrajudicial or to judicial recovery | 6 months | Acquisition cost | |
| Extrajudicial positions | 10,257 | 56% | | | | |
| -Ongoing attempt at recovery | 9,850 | 54% | Managed by internal and external call centres and recovery networks. The purpose is the transformation into voluntary payment plans (or into judicial recovery if conditions arises) | NA | Statistical model (collective valuation) | No |
| - Non-judicial payment plans | 407 | 2% | Sustainable cash yields agreed with debtors through call centres and collection agents | 5 years | Increase in value (P&L), with valuation based on agreed plan, net of historical delinquency rate, discounted at the IRR used for acquisition | Yes |
| Judicial positions | 6,278 | 34% | | | | |
| - Frozen*** | 2,627 | 14% | Judicial process has started; but the court injunction ["precetto"] has not been issued | 6-12 months | Acquisition cost | No |
| - Court injunctions ["precetto"] issued and foreclosures ("pignoramento") | 595 | 3% | Court injunction ["precetto"] already issued; legal actions continue to get the order of assignment | 8-12 months | #1 increase in value at court injunction ["precetto"] and #2 increase in value at foreclosure ["Pignoramento"]. Part of the legal costs are expensed in P&L | No |
| - Order of assignments | 672 | 4% | Enforcement order already issued. The cash repayment plan is decided by the court and starts afterwards | 2-4 months | #3 increase in value. The remaining legal costs are expensed in P&L | Yes |
| - Secured and Corporate | 2,384 | 13% | Ongoing execution of real estate collaterals | 4 years | Analytical valuation (expected time frame and amount to be recovered) | Yes |
| Total | 18,244 | 100% | | | | |

Npl Business*: GBV and NBV evolution

| GBV - €mln | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | 3Q 19 | 4Q 19 | 1Q 20 | 2Q 20 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Waiting for workout - Positions at cost | 2,298 | 2,014 | 1,840 | 3,472 | 2,864 | 1,598 | 1,783 | 1,794 | 1,440 | 1,709 |
| Extrajudicial positions | 8,050 | 8,145 | 9,667 | 8,956 | 9,745 | 9,862 | 9,574 | 10,378 | 10,619 | 10,257 |
| - Ongoing attempt at recovery | 7,725 | 7,817 | 9,332 | 8,617 | 9,393 | 9,491 | 9,194 | 9,975 | 10,206 | 9,850 |
| - Non-judicial payment plans | 325 | 328 | 335 | 340 | 352 | 371 | 380 | 403 | 413 | 407 |
| Judicial positions | 2,664 | 2,738 | 3,170 | 3,327 | 4,015 | 4,913 | 5,226 | 5,669 | 5,720 | 6,278 |
| - Frozen** | 1,515 | 1,435 | 1,712 | 1,692 | 1,822 | 1,931 | 2,192 | 2,521 | 2,533 | 2,627 |
| - Court injunctions ["precetto"] issued and foreclosures | 253 | 336 | 376 | 411 | 464 | 487 | 511 | 543 | 571 | 595 |
| - Order of assignments | 388 | 462 | 476 | 536 | 561 | 609 | 612 | 639 | 640 | 672 |
| - Secured and Corporate | 508 | 505 | 606 | 689 | 1,167 | 1,886 | 1,911 | 1,965 | 1,975 | 2,384 |
| Total | 13,011 | 12,897 | 14,676 | 15,756 | 16,624 | 16,373 | 16,583 | 17,841 | 17,779 | 18,244 |

| NBV - €mln | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | 3Q 19 | 4Q 19 | 1Q 20 | 2Q 20 |
|--|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Waiting for workout - Positions at cost | 61 | 57 | 96 | 225 | 174 | 148 | 160 | 109 | 65 | 96 *** |
| Extrajudicial positions | 287 | 285 | 302 | 291 | 306 | 313 | 308 | 356 | 364 | 355 |
| - Ongoing attempt at recovery | 160 | 154 | 167 | 153 | 162 | 164 | 154 | 190 | 193 | 184 |
| - Non-judicial payment plans | 127 | 131 | 135 | 138 | 144 | 149 | 154 | 166 | 171 | 171 |
| Judicial positions | 484 | 509 | 547 | 577 | 643 | 711 | 720 | 813 | 840 | 854 |
| - Frozen** | 222 | 194 | 203 | 188 | 205 | 207 | 215 | 274 | 298 | 304 |
| - Court injunctions ["precetto"] issued and foreclosures | 52 | 80 | 94 | 107 | 118 | 118 | 118 | 128 | 120 | 132 |
| - Order of assignments | 148 | 174 | 183 | 209 | 227 | 244 | 245 | 259 | 270 | 265 |
| - Secured and Corporate | 62 | 61 | 67 | 73 | 94 | 142 | 142 | 152 | 152 | 153 |
| Total | 832 | 851 | 945 | 1,093 | 1,123 | 1,172 | 1,188 | 1,278 | 1,269 | 1,305 |

*Source: management accounting. **Other Judicial positions ***Does not include customer loans (invoices to be issued) related to Ifis NPL Servicing third parties servicing activities

Npl Business*: P&L and cash evolution

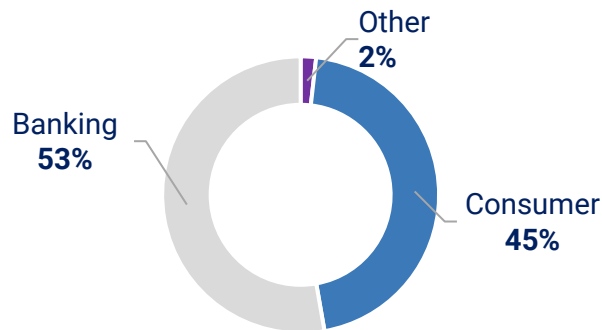
| P&L - €mln | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | 3Q 19 | 4Q 19 | 1Q 20 | 2Q 20 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Waiting for workout - Positions at cost | | | | | | | | | | |
| Extrajudicial positions | 21 | 13 | 13 | 17 | 19 | 19 | 19 | 20 | 17 | 10 |
| - Ongoing attempt at recovery | 2 | (3) | (3) | (4) | (3) | (2) | (1) | 4 | (4) | (3) |
| - Non-judicial payment plans | 19 | 16 | 16 | 21 | 22 | 21 | 20 | 17 | 21 | 13 |
| Judicial positions | 46 | 43 | 33 | 53 | 46 | 42 | 26 | 58 | 33 | 24 |
| - Frozen** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Court injunctions and foreclosures + Order of assignments | 44 | 41 | 26 | 42 | 37 | 28 | 18 | 40 | 26 | 24 |
| - Secured and Corporate | 3 | 2 | 7 | 11 | 9 | 14 | 7 | 18 | 6 | 0 |
| Total | 67 | 56 | 46 | 69 | 66 | 60 | 44 | 78 | 50 | 34 |

| Cash - €mln | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | 3Q 19 | 4Q 19 | 1Q 20 | 2Q 20 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Waiting for workout - Positions at cost | | | | | | | | | | |
| Extrajudicial positions | 21 | 21 | 22 | 26 | 27 | 32 | 27 | 38 | 30 | 23 |
| - Ongoing attempt at recovery | 4 | 4 | 3 | 3 | 4 | 6 | 4 | 10 | 4 | 3 |
| - Non-judicial payment plans | 17 | 17 | 19 | 23 | 23 | 26 | 23 | 28 | 26 | 20 |
| Judicial positions | 19 | 20 | 23 | 29 | 30 | 35 | 32 | 38 | 35 | 29 |
| - Frozen** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Court injunctions and foreclosures + Order of assignments | 15 | 17 | 19 | 22 | 24 | 25 | 25 | 27 | 29 | 23 |
| - Secured and Corporate | 4 | 3 | 4 | 7 | 6 | 11 | 7 | 11 | 7 | 5 |
| Total | 40 | 41 | 45 | 55 | 57 | 67 | 59 | 76 | 65 | 52 |

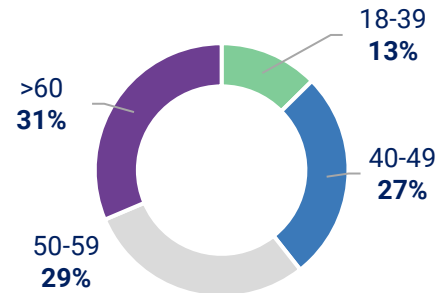
*Source: management accounting. **Other Judicial positions

Npl Business*: portfolio diversification

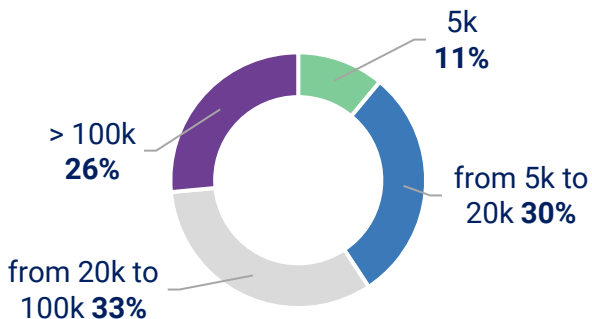
Breakdown of GBV by type



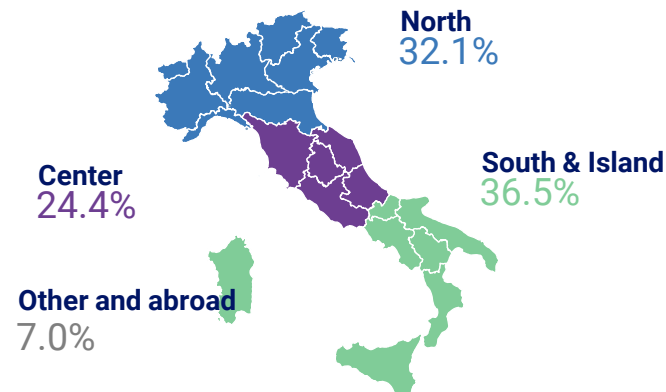
Breakdown of GBV by borrower age



Breakdown of GBV by ticket size



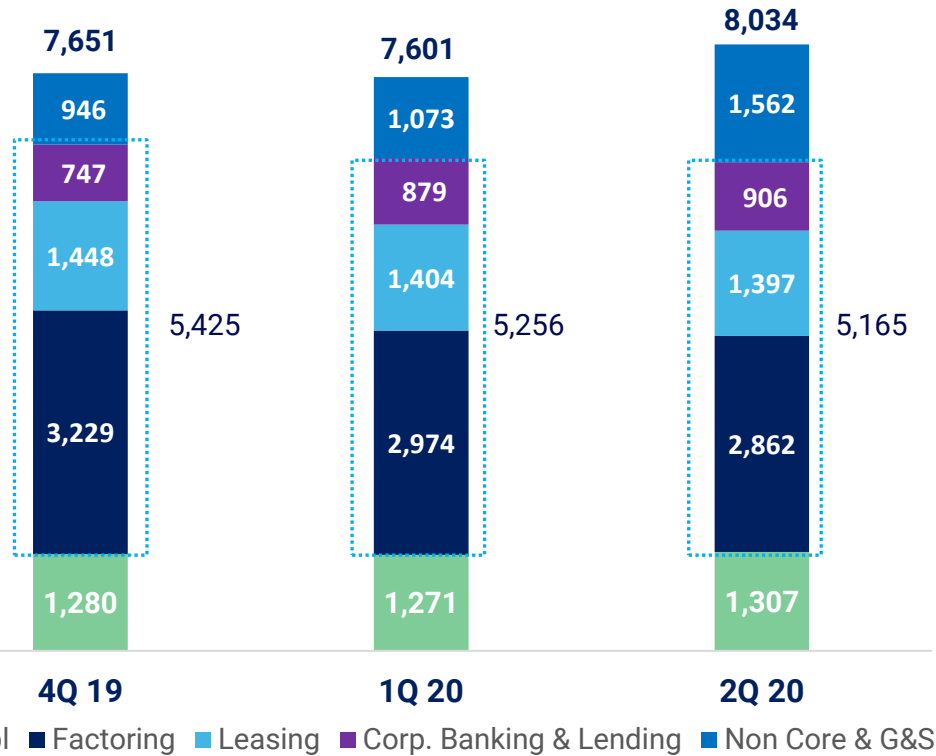
Breakdown of GBV by region



*Source: management accounting, risk management data (i.e. data refer only to property portfolio)

3.2 Consolidated financial data

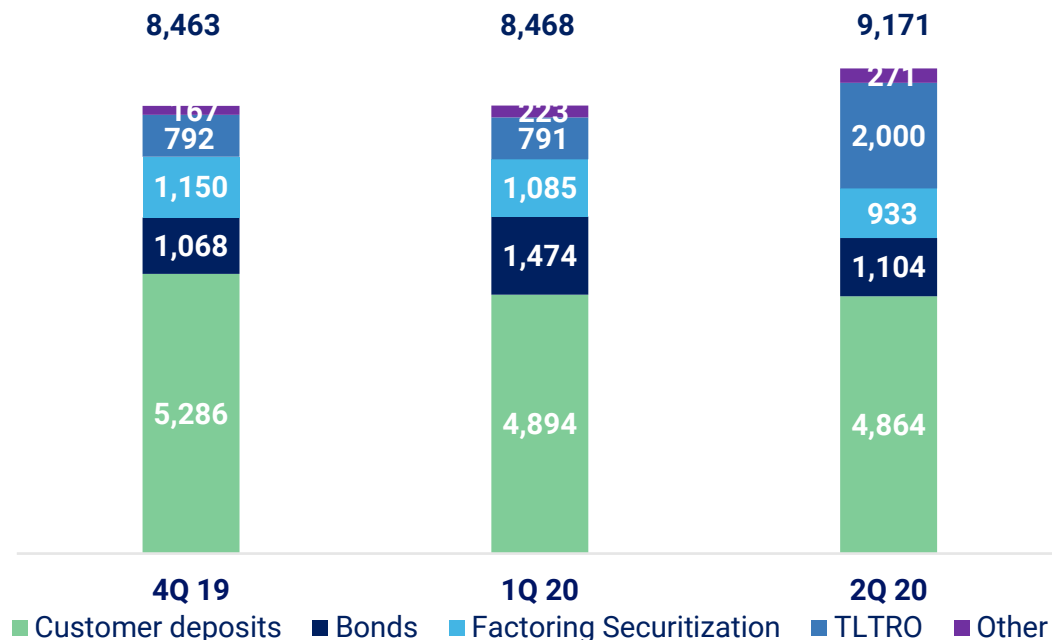
Customer loans (€ mln)



- In 2Q 20 customer loans in G&S increased by ca. €0.5bn due to the purchase of short term Government bonds booked at amortized cost
- In 2Q 20, Commercial and Corporate banking loans were down 1.7% QoQ due to the slowdown in commercial activity driven by Covid-19 outbreak. However, the decrease is mainly driven by a few clients which businesses were temporarily stopped due to Covid-19

Commercial and Corporate banking

Funding (€mln)



| | 4Q 19 | 1Q 20 | 2Q 20 |
|--------------|---------|---------|---------|
| LCR* | >1,100% | >1,900% | >1,600% |
| NSFR* | >100% | >100% | >100% |

* Source: management accounting data

- Retail deposit base proved to be resilient. Ongoing diversification into German deposits. Lengthened the duration of Rendimax deposits: more than 80% of total term deposits with duration >2Y
- Reached the target of 50% balance between retail customer deposits vs wholesale funding
- Banca Ifis has €2bn TLTRO (of which €1.9bn expiring in June 2023) out of a maximum capacity of €2.5bn (80% of maximum allowed)
- The factoring securitization decreased reflecting lower factoring volumes
- The bond decreased mainly due to the repayment of €0.3bn bond in May 2020 (replacement of €0.4bn already issued in February 2020)
- In July, Banca Ifis appointed Equita Sim as specialist/liquidity provider for the quotation of the senior preferred bonds issued by the Bank on the secondary market
- **Significant decrease in average cost of funding to 1.15% in 2Q 20**

Strategy

- Long term «fundamental» view with opportunistic trading approach
- Efficient management of excess cash (ECB deposits)
- Use of enhancing and hedging strategies coupled with both risk and expected credit loss control
- Low cumulative RWA level and ECB / funding eligibility

2Q 20 results

- In 2Q 20, the proprietary portfolio reported a net banking income of €6.6mln

| Type of asset - Data in €mln as at 30/6/20 | Bonds | | | Equity | Securitization | Total |
|---|-------------|------------|------------|-----------|----------------|-------------|
| | Government | Financial | Corporate | | | |
| Held to collect/amortized cost | 899 | 62 | 7 | | 45 | 1013 |
| Held to collect and sell (FVOCI) | 1078 | 25 | 1 | 42 | | 1146 |
| Total (HTC and HTC&S) | 1977 | 87 | 8 | 42 | 45 | 2159 |
| Held for trading | | | | | | 3 |
| Total portfolio at market value | 1977 | 87 | 8 | 42 | 45 | 2162 |
| Percentage of total | 91% | 4% | 0% | 2% | 2% | 100% |
| Average duration (HTC and HTC&S) - YEARS | 2.4 | 4.1 | 2.7 | NA | 0.1 | 2.5 |

* Source: management accounting data

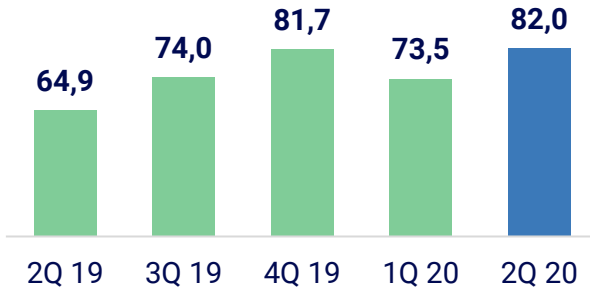
Asset quality (€ mln)

| Commercial & Corporate Banking | Gross | Coverage % | Net |
|--------------------------------|------------|------------|------------|
| Bad loans | 203 | 80% | 40 |
| UTPs | 193 | 49% | 98 |
| Past dues | 102 | 10% | 92 |
| Total NPEs | 498 | 54% | 230 |

| Non core & G&S | Gross | Coverage % | Net |
|-------------------|------------|------------|-----------|
| Bad loans | 53 | 19% | 43 |
| UTPs | 97 | 51% | 48 |
| Past dues | 3 | 25% | 3 |
| Total NPEs | 154 | 39% | 93 |

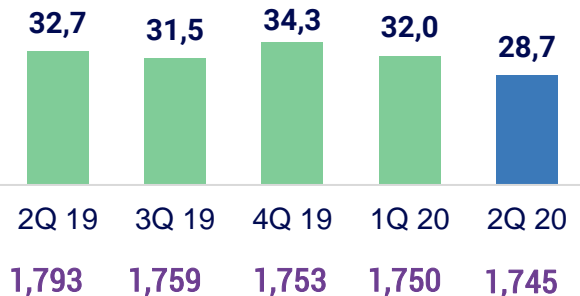
- Npl Business not included in this analysis
- NPE ratios in Commercial & Corporate Banking reported a slight decrease QoQ, due to the increase in customer loans:
 - Gross NPE: 9.1% (9.3% as at 31 Mar 2020)
 - Net NPE: 4.5% (4.8% as at 31 Mar 2020)
- Gross NPEs in Commercial and Corporate Banking include ~€45mln factoring technical past due mainly from the PA which does not represent a significant asset quality risk
- NPEs in Non Core & G&S that arose from the acquisition of former Interbanca, in accordance with IFRS 9 are qualified as POCI (“purchased or originated credit-impaired”) and are booked net of provisions

Operating costs (€mln)



- 2Q 20 operating costs ~ +€8.5mln vs. 1Q 20, mainly driven by:
 - ~ -3.4mln in cost of personnel due to lower expected variable compensations
 - ~ +11.8mln in other operating costs mainly due to ~€7mln provisions to solidarity fund for voluntary exists and ~ 4.3mln on risk provisions due to a single position on a financial guarantee of former Interbanca

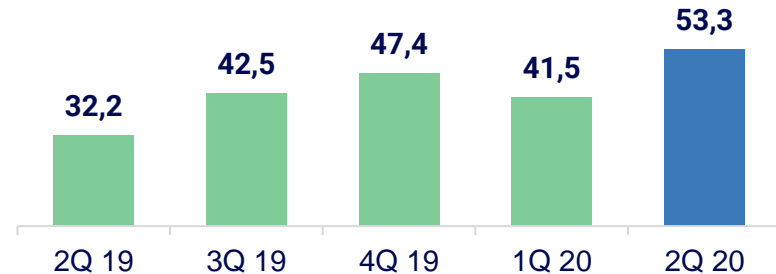
Personnel expenses (€mln)



1,793 1,759 1,753 1,750 1,745

Banca Ifis
employees

Other adm. expenses and other income / expenses (€mln)



3.3 La Scogliera: implications of CRD IV

- The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that 49.2% of the excess capital of the Banca Ifis Group Scope is not included in the CET1 of La Scogliera Group Scope. CET1 excess capital of €0.4bn is not included in La Scogliera Group Scope

La Scogliera S.p.A.
Consolidating Group entity

50.8%**
Banca Ifis S.p.A.

Data in €billion

| Data as at 30 Jun 2020 | Banca Ifis Group Scope | Capital requirements* | Excess Capital | Minority stake of La Scogliera | Excess capital not included | La Scogliera Group Scope |
|------------------------|------------------------|-----------------------|----------------|--------------------------------|-----------------------------|--------------------------|
| CET1 | 1.3 | | 0.7 | 49.2% | 0.4 | 1.0 |
| Total Capital | 1.7 | | 0.8 | 49.2% | 0.4 | 1.3 |
| CET1 % | 15.5% | 7.0% | | 49.2% | | 11.6% |
| Total Capital % | 20.1% | 10.5% | | 49.2% | | 15.3% |
| RWA | 8.5 | | | | | 8.6 |

*Capital requirements at parent company level. At group level capital requirements are: CET1 8.12%, Total Capital 12.5%

**Net of Treasury shares

La scogliera: Focus on DTA regulatory implications

Convertible DTAs

- DTAs related to write downs of loans convertible into tax credits (under Law 214/2011)
- Their recovery is certain regardless of the presence of future taxable income and is defined by fiscal law (range ca. 5%-12% per annum, with full release by 2026)
- No time and amount limit in the utilization of converted DTA
- Capital requirements: 100% weight on RWA

Data in €/mln

218.4

DTAs due to tax losses (non - convertible)

- DTAs on losses carried forward (non-convertible) and DTAs on ACE (Allowance for Corporate Equity) deductions can be recovered in subsequent years only if there is positive taxable income
- No time limit to the use of fiscal losses against taxable income of subsequent years
- Capital requirements: 100% deduction from CET1

82.0

Other non-convertible DTAs

- DTAs generated due to negative valuation reserves and provisions for risks and charges
- Capital requirements: deduction from CET1 or weighted in RWA depending on certain thresholds. For Banca Ifis they would be weighted at 250% but they are partially offset by DTL (~€33.9mln as of 30 June 2020)

48.0*

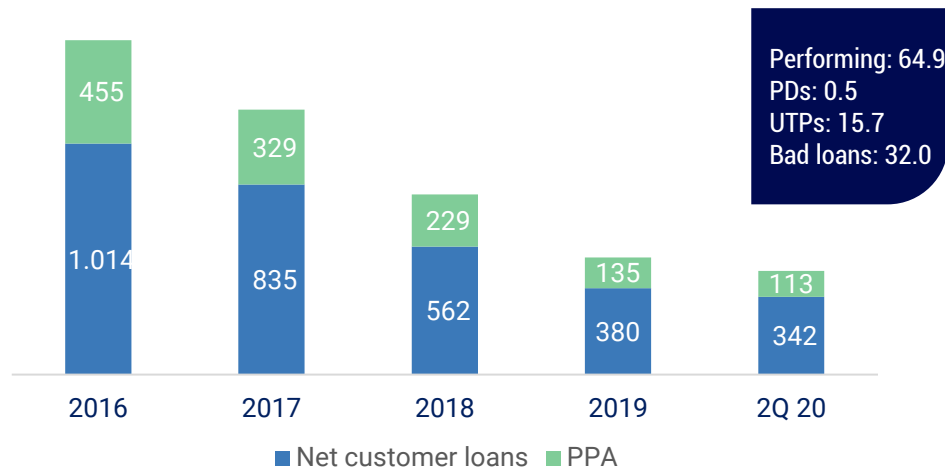
* Includes prudentially €5.9mln of DTAs related to Ifis Rental and Ifis Real Estate not included in the Banking Group as not a regulated entity

3.4 Focus on PPA

- In 2016, following the acquisition of former Interbanca, Banca Ifis valued the performing and non performing loans of Interbanca by applying a market discount and a liquidity discount to reflect purchase price
- The purchase price allocation (PPA) is written back with the progressive maturity or the disposal of Interbanca's loans

As at 30 Jun 20, the residual amount of pre-tax PPA was €113mIn

Net customer loans and PPA - €mIn



PPA reversal in P&L- €mIn

| 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | 3Q 19 | 4Q 19 | 1Q 20 | 2Q 20 | Outstanding 2Q 20 | |
|---------------|-------|-------|-------|---|-------|-------|-------|---|-------|---|--|
| 22 | 22 | 17 | 31 | 17 | 21 | 10 | 23 | 9 | 11 | 113 | |
| FY 18: €92mIn | | | | FY 19: €70mIn. o/w: - €3mIn Corp. Banking & Lending - €67mIn Non core & G&S | | | | 1H 20: €20mIn. o/w: -€1mIn Corp. Banking & Lending -€19mIn Non core & G&S | | 2Q 20 Outstanding, o/w: - €5mIn Corp. Banking & Lending - €109mIn Non core & G&S | |

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