



9M 2020 results

6 November 2020

1. 3Q 20 results

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2.1 Segment results

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2.3 La Scogliera: implications of CRD IV

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3Q 20 results

1 Confirmed our 2020 guidance. We expect a 2020 net income in the upper range of our €50-65mln guidance despite 2° wave of Covid-19

2 Resilient profitability: all 2020 quarters profitable

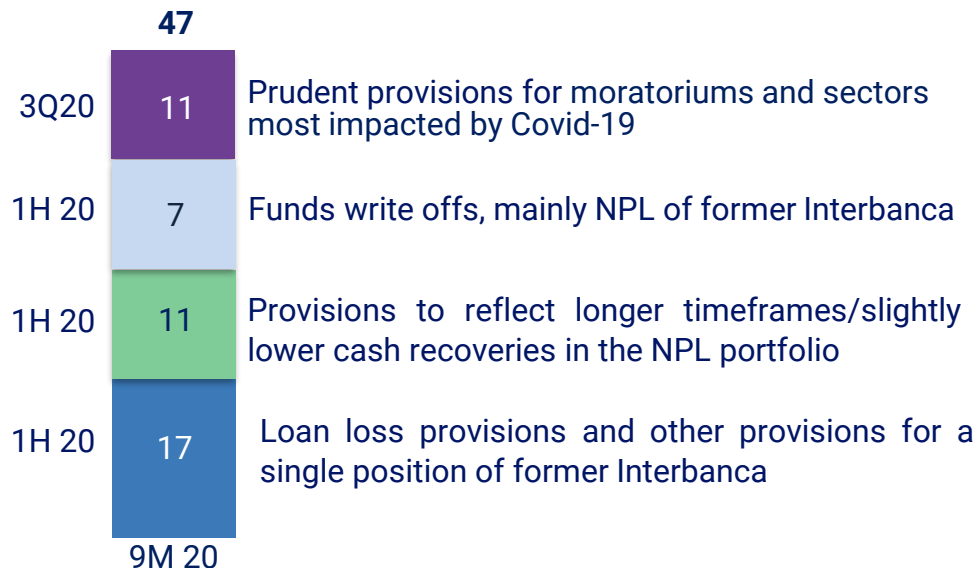
- 3Q20 net income of €16mln
- 9M20 net income of €52mln

3 Prudent provisions for Covid-19

- 3Q20 Covid-19 provisions for moratoriums of €11mln
- 9M20 Covid-19 total provisions of €47mln

4 CET1 at 11.7% (+0.7% since 31 Dec 2019) calculated excluding 2019 dividends suspended in accordance with the Bank of Italy's recommendations and prudently excluding 9M 20 net income. In 4Q 20, we expect a negative impact of ca. -21bps due to the acquisition of Farbanca

Prudent Covid-19 direct provisions



Illustrative impact of Covid-19

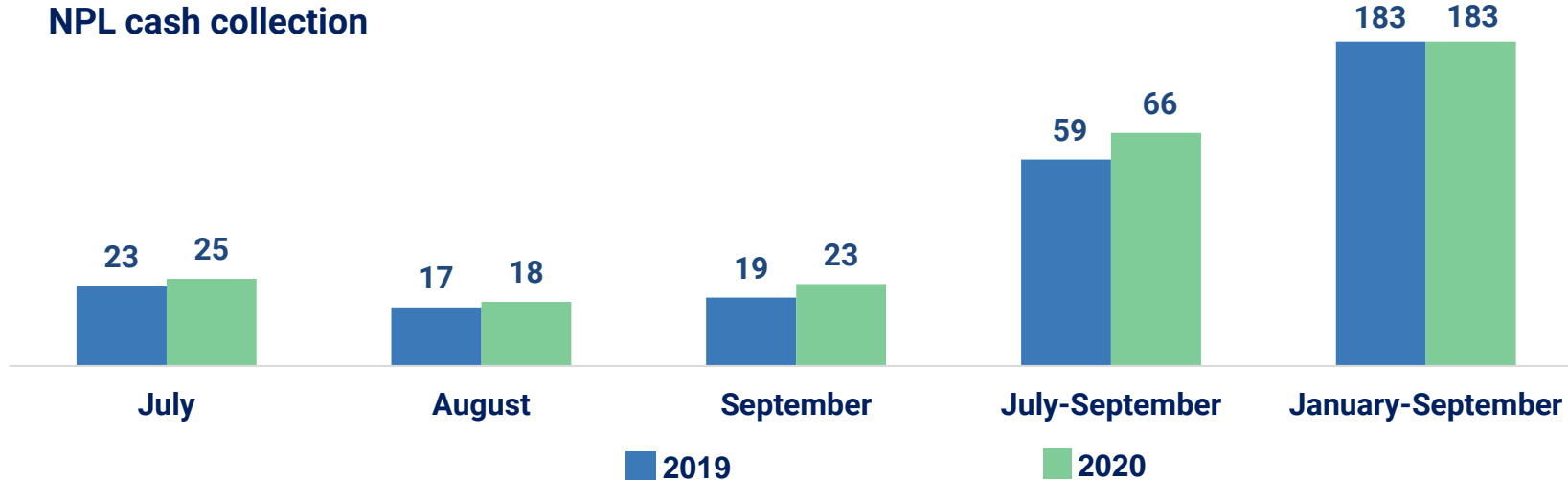
- In addition to €47mln provisions/write offs, there are other direct and indirect impacts of Covid-19 mainly due to the slowdown in judicial and extrajudicial Npl workouts driven by the lockdown and the court shut down
- **Including the other direct and indirect effects of Covid-19, the preliminary estimate of Covid19's impact in 9M 20 is ca. -€60mln (pre tax)**

Prudent approach vs. Covid19: €47mln direct provisions in 9M 2020 +73bps CET1 vs. Dec. 2019

Resilient NPL cash collection

- +13% NPL cash collection in July-Sept. 2020 vs. July-Sept. 2019
- NPL cash collection flat in Jan-Sept. 2020 vs. Jan-Sept. 2019
- This reflects ~40% of order of assignments in the face of public employees and retirees and portfolio diversification of ~1.3m borrowers
- Since the beginning of the year, until the end of October, Banca Ifis has purchased 16 portfolios of NPLs for ca. €1.7bn (€1.4bn as at 30 Sept 2020), which will provide a contribution to the Bank's profitability next year

NPL cash collection



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)	3Q20	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)	0.3	Loans to SMEs 80% guaranteed by MCC/State
Factoring towards chemists	0.1	Factoring towards chemists (Credifarma)
Factoring towards large Italian Corporations (Revenue >€500mln)	0.5	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	1.3	Strong sector and borrower diversification. Average duration of ca. 3-6 months. Exposures towards ca. 7k 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. Leasing exposures (excluding rental) to 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	0.5	Lending towards Private equity consisting of ca. 55 exposures (average ticket of ca. €12mln) towards non-cyclical corporations. Strong track record, with no significant default in the last 10Y
Total customer loans	5.0	Total customer loans of Commercial & Corporate Banking

* Source: management accounting data

Quarterly and nine months results

(€ mln)	2Q 20	3Q 20	9M 19	9M 20
Net interest income	78.3	91.1	324.6	260.8
Net commission income	18.7	15.7	68.7	55.5
Trading and other revenues	² 9.9	2.1	(2.1)	5.4
Net banking income	¹ 106.8	108.9	¹ 391.2	321.7
Loan loss provisions (LLP)	(14.8)	(14.5)	(49.0)	(47.9)
Net banking income – LLP	92.0	94.4	342.2	273.8
Personnel expenses	(28.7)	(28.6)	(95.7)	(89.3)
Other administrative expenses	(41.5)	(40.9)	(158.1)	(123.0)
Other net income/expenses	³ (11.8)	(4.4)	40.6	(17.1)
Operating costs	(82.0)	(73.9)	(213.2)	(229.4)
Gains (Losses) on disposal of investments	-	-	(0.4)	⁴ 24.2
Pre tax profit	10.1	20.5	128.6	68.6
Taxes	⁵ 0.3	(4.8)	(44.5)	(16.1)
Net income	10.3	15.6	84.0	52.3
Customer loans	8,034	7,957	7,118	7,957
- of which Npl Business	1,307	1,325	1,189	1,325
Total assets	11,252	11,199	10,249	11,199
Total funding	9,171	9,153	8,233	9,153
- of which customer deposits	4,864	4,916	5,257	4,916
- of which TLTRO	2,000	1,997	694	1,997
Shareholders Equity	1,497	1,512	1,501	1,512

- ¹ Net banking income impacted by the slowdown in judicial and extrajudicial Npl workout and lower volumes/net banking income in Commercial & Corporate Banking
- ² ~Includes trading gains mainly on Government bonds
- ³ ~€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
- ⁴ Capital gain due to the disposal of real estate in Milan
- ⁵ Due to tax benefits (ACE/accelerated depreciation)

3Q 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	41	22	9	5	13	91
Net commission income	1	13	2	0	0	16
Trading & other revenues	2	0	0	1	(1)	2
Net banking income	44	35	12	7	12	109
-Of which PPA	0	0	0	0	7	8
Loan loss provisions	0	(1)	(7) ¹	(2)	(4)	(15)
Operating costs	(34)	(19)	(6)	(2)	(12) ²	(74)
Gains (Losses) on disposal of investments	0	0	0	0	0	0
Net income	7	11	(1)	2	(4)	16
Net income (%)	46%	74%	(6%)	11%	(24%)	100%
Customer Loans	1,325	2,629	1,394	987	1,622 ³	7,957
RWA ¹	2,102	2,243	1,292	906	996	7,539
Allocated capital ²	246	262	151	106	116	882

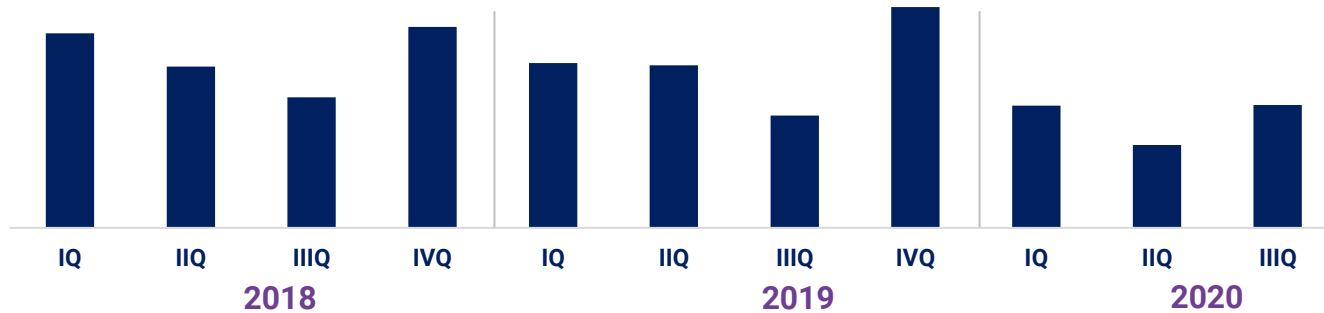
- 1 Provisions for moratoriums and sectors most impacted by Covid-19
- 2 Includes €4.5mln of accruals of Italian Central Fund on Deposits
- 3 Breakdown of customer loans in Non Core & G&S
 - G&S: includes €1.0bn of Italian Government bonds at amortized costs
 - Non Core: includes €0.3bn of performing loans mainly ex Interbanca, €0.1bn retail mortgages and €0.1bn of Npl (former Interbanca + Banca IFIS)

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

(2) RWA (Credit and counterparty risk only) x CET1 3Q20.

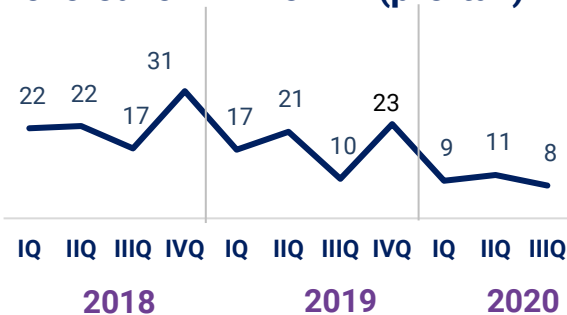
* Source: management accounting data

Net interest income in Npls*



2020 was impacted by court shutdown

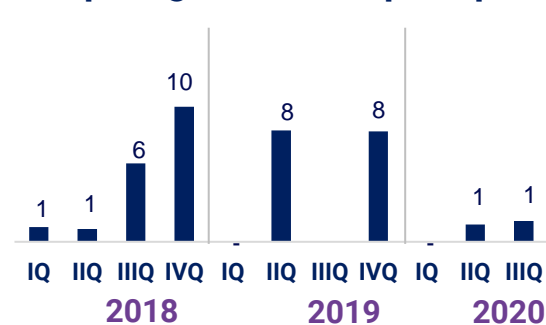
Reversal of PPA ex-IB (pre-tax)*



3Q 20 pre tax reversal PPA at €8m

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

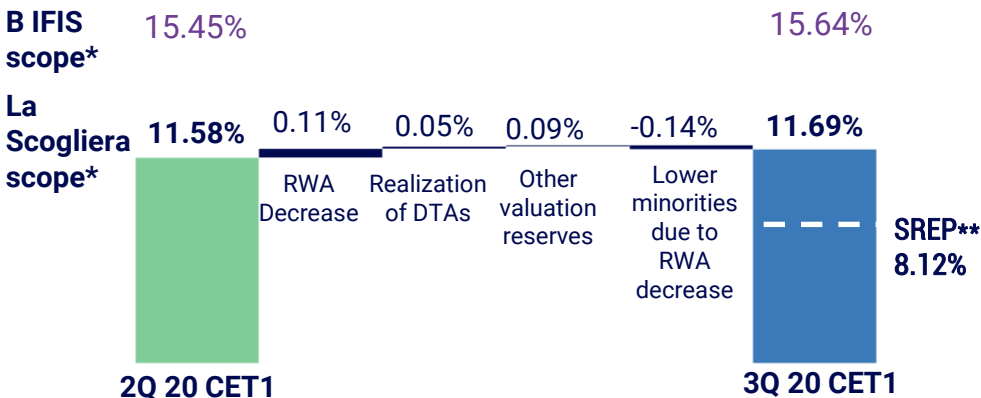
Capital gains from Npl disposal



3Q 20 gains at €1m

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

*Source: management accounting data



Data in €bn

Banca Ifis Group Scope	2Q 20	3Q 20
RWA	8.5	8.5
CET1	1.3	1.3
Total Capital	1.7	1.7
Total Capital %	20.15%	20.38%

La Scogliera Group scope	2Q 20	3Q 20
RWA	8.6	8.5
CET1	1.0	1.0
Total Capital	1.3	1.3
Total Capital %	15.33%	15.45%
Excess CET1 not inc. in La Scogliera	0.3	0.3

- CET1 of 11.69% (+0.12% QoQ and +0.73% since 31 Dec 2019) and other capital ratios calculated
 - Excluding 2019 dividends suspended in accordance with the Bank of Italy's recommendations
 - Prudentially excluding 9M 20 net income

Capital evolution in future quarters

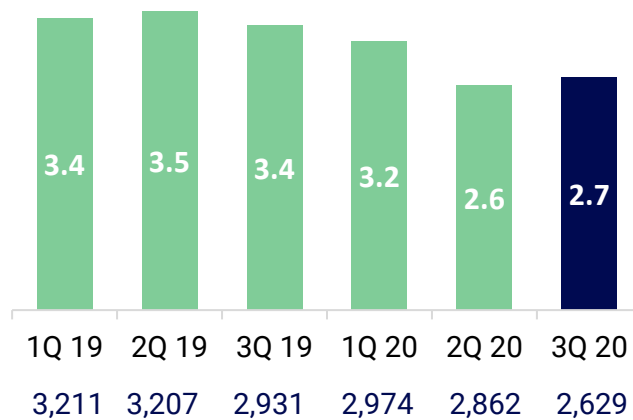
- Completion of the acquisition of Farbanca, expected in 4Q20 (negative ~21bps)
- Progressive use of DTAs against future profits (~€78mln as at 30 Sep 20) currently fully deducted from CET1 (~91bps)
- Ordinary winding down of former Interbanca customer loans (€0.3bn as at 30 Sep 20)

Appendices

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2.1 Segment results

Turnover - €bn

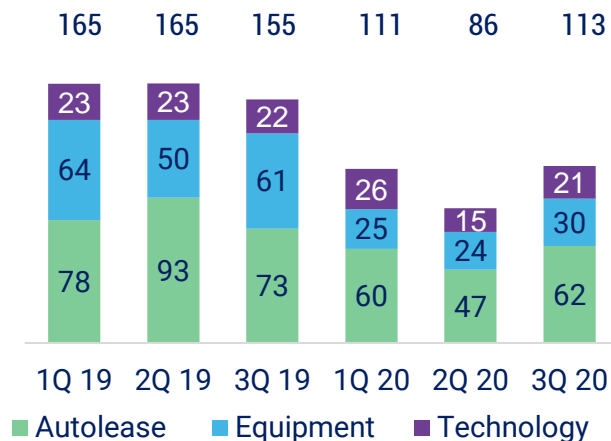


- Factoring net loans -8.2% QoQ and -10.3% YoY due to August seasonality. Banca Ifis was disciplined to factoring clients/debtors to meet payment deadlines
 - Ca. 50% of Banca Ifis's clients were open in lockdown as operating in critical sectors as defined by Law
- Factoring loans of €2.6bn included €0.8bn exposure to the Public Administration
- Net banking income / average customer loans at 4.8%
- Loan loss provisions in 1Q 19 and 2Q 19 included write offs on a few large positions towards construction companies

Data in €mln	1Q 19	2Q 19	3Q 19	1Q 20	2Q 20	3Q 20
Net banking income	39	42	42	38	35	35
Net banking income / average customer loans	4.9%	5.2%	5.3%	4.9%	4.6%	4.8%
Loan loss provisions	(7)	(12)	(4)	(5)	(1)	(1)

* Data based on management accounting

New business - €mln



Net customer loans - €mln

Period	1Q 19	2Q 19	3Q 19	1Q 20	2Q 20	3Q 20
Net customer loans - €mln	1,412	1,430	1,425	1,404	1,397	1,394

Data in €mln	1Q 19	2Q 19	3Q 19	1Q 20	2Q 20	3Q 20
Net banking income	13	14	13	12	13	12
Net banking income / average customer loans	3.8%	3.9%	3.6%	3.3%	3.7%	3.3%
Loan loss provisions	(2)	(3)	(4)	(4)	(4)	(7)

*Data based on management accounting

** data for leasing excluding rental

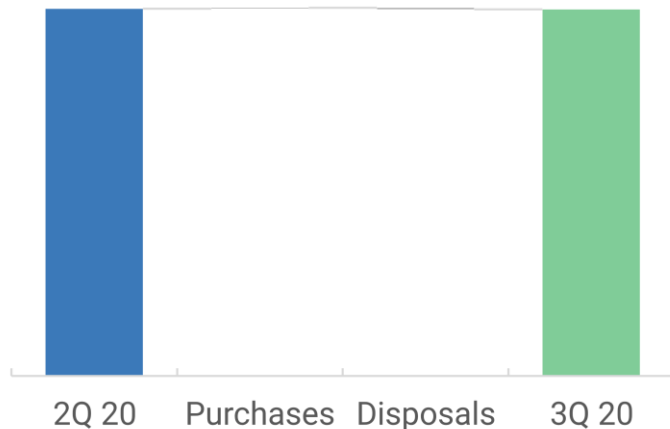
*** Data as at 30 September 2020

- New leasing -27% YoY due to commercial activity slowdown driven by Covid-19 outbreak
- In 3Q 20, customer loans amounted to € 1,394mln stable QoQ (-0.2% QoQ)
- 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 ~ €480mln*** outstanding loans and ~ €80mln*** instalments postponed
 - The vast majority is according to Decreto Cura Italia

Npl portfolio evolution

NBV** 1,305
€mln 1,324

GBV €bn 18.2 + 0.8 - 0.2 18.9



Key numbers*

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

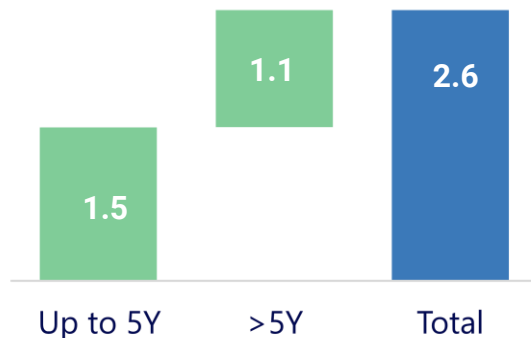
NPLs acquired in 3Q: €0.8bn GBV

- In 3Q 20, Banca Ifis purchased €0.8bn (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 October, Banca Ifis purchased 16 portfolios of NPLs for approximately €1.7bn (€1.4bn as at 30 Sept 20), within a market that offers attractive income opportunities
- The Bank is currently participating in sales processes for a total of ca. €2.4bn GBV

NPLs disposed in 3Q: €0.2bn GBV

- NPLs disposed in 3Q20: €0.2bn GBV (disposal price €3.6mln, capital gain €1.5mln)

ERC: €2.6bn



ERC breakdown

Data in €mln	GBV	NBV	ERC
Waiting for workout - At cost	1.9	0.1	0.2
Extrajudicial positions	10.6	0.4	0.6
Judicial positions	6.4	0.9	1.8
Total	18.9	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 3Q 20), court injunctions ["precetto"] issued and order of assignments (GBV of €1.3bn in 3Q 20) have already been expensed in P&L
- **€1.3bn cash recovery (including proceeds from disposals) in 2014 – 3Q20**

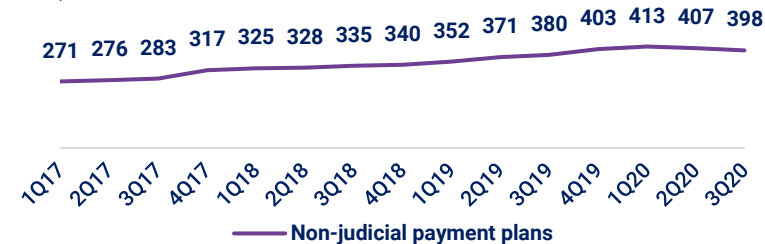
Judicial recovery

Judicial recovery (€ mln)	GBV	%
Freezed**	2,518	39%
Court injunctions ["precetto"] and foreclosures	642	10%
Order of assignments	677	11%
Secured and Corporate	2,590	40%
Total	6,428	100%

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

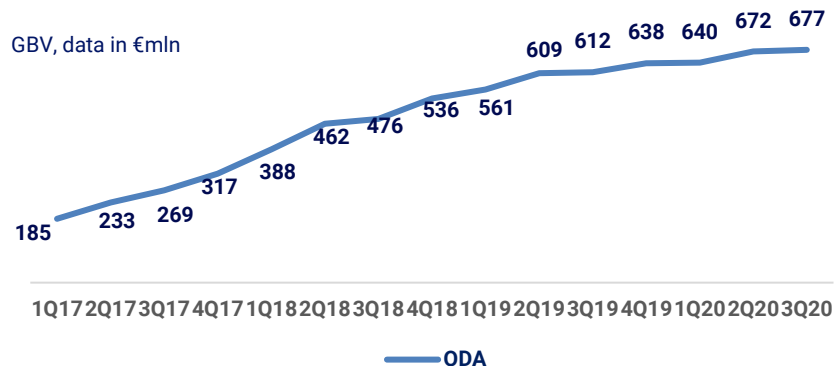
Non judicial recovery – Voluntary plans

GBV, data in €mln



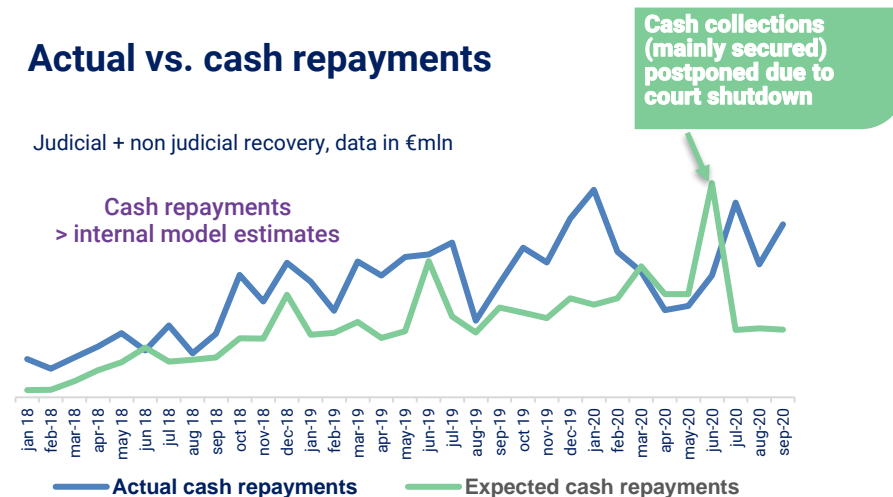
Judicial recovery – Order of Assignments

GBV, data in €mln



Actual vs. cash repayments

Judicial + non judicial recovery, data in €mln



*Source: management accounting data

P&L Contribution

- Significant increase in P&L contribution despite court shut down in August as Banca Ifis was efficient in capturing the effects of the court reopening after lockdown

Cash collection

- In 3Q 20, cash collections revamped after court shutdown in 2Q20

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	3Q 20	2017 YE	2018 YE	2019 YE
Cash collection	40	41	45	55	57	67	59	76	65	52	66	128	181	258
Contribution to P&L**	67	56	46	69	66	60	44	78	50	34	48	162	238	248
Cash collection / contribution to P&L	60%	73%	98%	79%	87%	112%	132%	97%	132%	153%	137%	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 3Q20 €mln	% total	Description	Average time frame**	Accounting valuation	Cash proceeds
Waiting for workout - Positions at cost	1,885	10%	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	10,579	56%				
-Ongoing attempt at recovery	10,182	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	398	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	6,428	34%				
- Frozen***	2,518	13%	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")	642	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	677	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	2,590	14%	Ongoing execution of real estate collaterals	4 years	Analytical valuation (expected time frame and amount to be recovered)	Yes
Total	18,893	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	3Q 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	1,885
Extrajudicial positions	8,050	8,145	9,667	8,956	9,745	9,862	9,574	10,378	10,619	10,257	10,579
- Ongoing attempt at recovery	7,725	7,817	9,332	8,617	9,393	9,491	9,194	9,975	10,206	9,850	10,182
- Non-judicial payment plans	325	328	335	340	352	371	380	403	413	407	398
Judicial positions	2,664	2,738	3,170	3,327	4,015	4,913	5,226	5,669	5,720	6,278	6,428
- Frozen**	1,515	1,435	1,712	1,692	1,822	1,931	2,192	2,521	2,533	2,627	2,518
- Court injunctions ["precetto"] issued and foreclosures	253	336	376	411	464	487	511	543	571	595	642
- Order of assignments	388	462	476	536	561	609	612	639	640	672	677
- Secured and Corporate	508	505	606	689	1,167	1,886	1,911	1,965	1,975	2,384	2,590
Total	13,011	12,897	14,676	15,756	16,624	16,373	16,583	17,841	17,779	18,244	18,893

NBV - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
Waiting for workout - Positions at cost	61	57	96	225	174	148	160	109	65	96	104 ***
Extrajudicial positions	287	285	302	291	306	313	308	356	364	355	353
- Ongoing attempt at recovery	160	154	167	153	162	164	154	190	193	184	185
- Non-judicial payment plans	127	131	135	138	144	149	154	166	171	171	169
Judicial positions	484	509	547	577	643	711	720	813	840	854	867
- Frozen**	222	194	203	188	205	207	215	274	298	304	292
- Court injunctions ["precetto"] issued and foreclosures	52	80	94	107	118	118	118	128	120	132	148
- Order of assignments	148	174	183	209	227	244	245	259	270	265	264
- Secured and Corporate	62	61	67	73	94	142	142	152	152	153	162
Total	832	851	945	1,093	1,123	1,172	1,188	1,278	1,269	1,305	1,324

*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

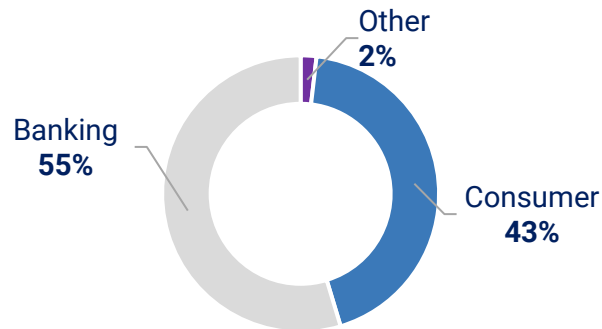
P&L - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
Waiting for workout - Positions at cost											
Extrajudicial positions	21	13	13	17	19	19	19	20	17	10	11
- Ongoing attempt at recovery	2	(3)	(3)	(4)	(3)	(2)	(1)	4	(4)	(3)	(5)
- Non-judicial payment plans	19	16	16	21	22	21	20	17	21	13	15
Judicial positions	46	43	33	53	46	42	26	58	33	24	37
- Frozen**	0	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	32
- Secured and Corporate	3	2	7	11	9	14	7	18	6	0	6
Total	67	56	46	69	66	60	44	78	50	34	48

Cash - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
Waiting for workout - Positions at cost											
Extrajudicial positions	21	21	22	26	27	32	27	38	30	23	33
- Ongoing attempt at recovery	4	4	3	3	4	6	4	10	4	3	4
- Non-judicial payment plans	17	17	19	23	23	26	23	28	26	20	29
Judicial positions	19	20	23	29	30	35	32	38	35	29	33
- Frozen**	0	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	26
- Secured and Corporate	4	3	4	7	6	11	7	11	7	5	7
Total	40	41	45	55	57	67	59	76	65	52	66

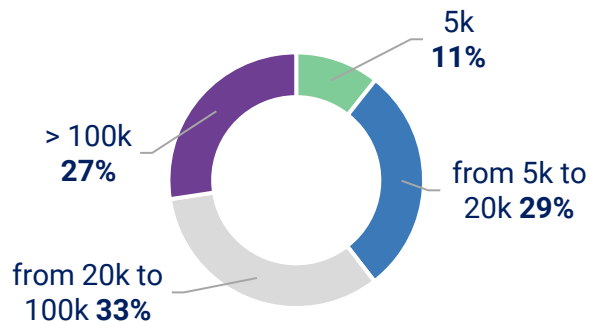
*Source: management accounting. **Other Judicial positions

Npl Business*: portfolio diversification

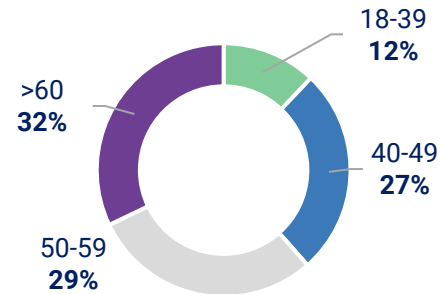
Breakdown of GBV by type



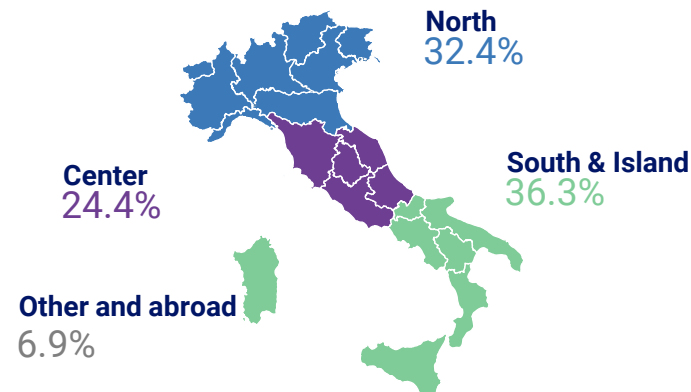
Breakdown of GBV by ticket size



Breakdown of GBV by borrower age



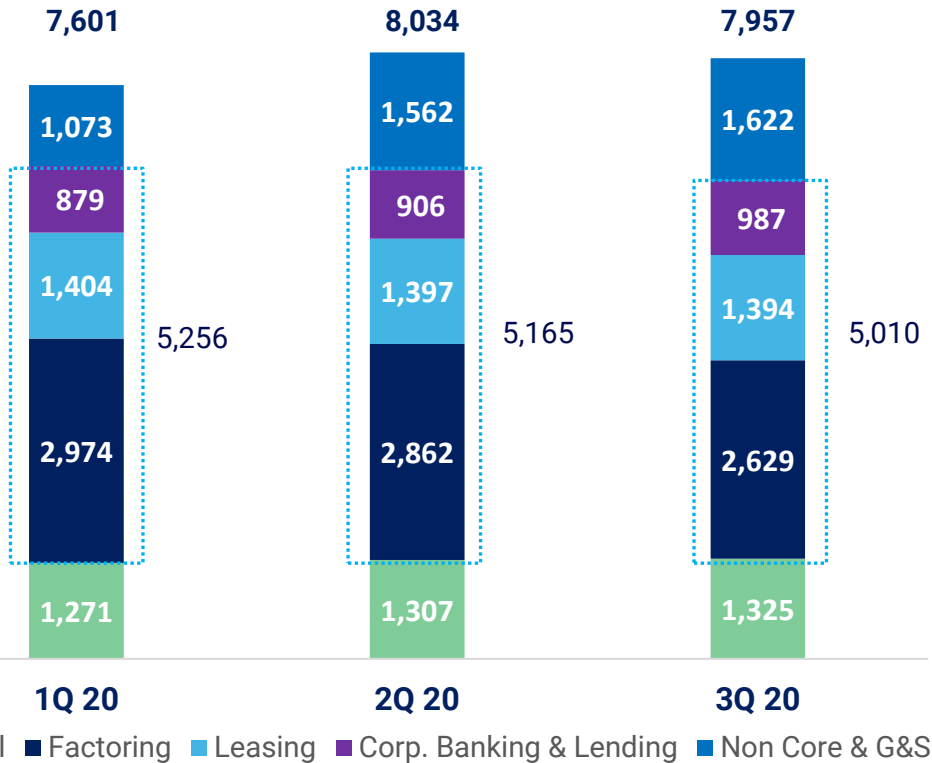
Breakdown of GBV by region



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

2.2 Consolidated financial data

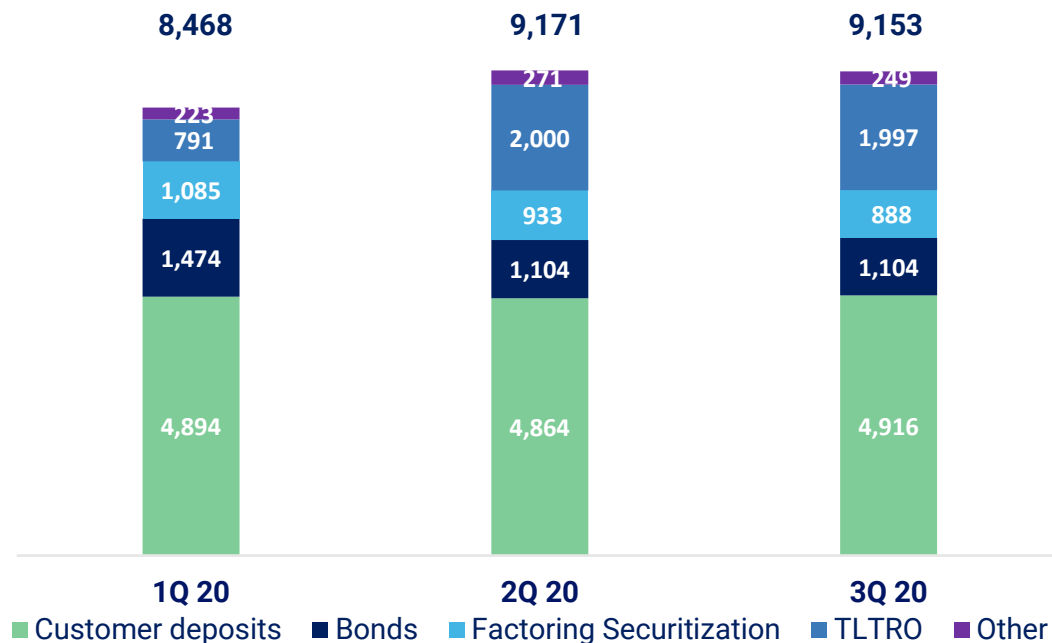
Customer loans (€ mln)



- In 3Q 20, customer loans were substantially flat QoQ
- In 3Q 20, Commercial and Corporate banking loans were down 3.0% QoQ mainly due to August seasonality
- The QoQ increase in customer loans in Corporate Banking is driven by medium term lending guaranteed by the Government through MCC

Commercial and Corporate banking

Funding (€mln)



- Retail deposit base proved to be resilient. Ongoing diversification into German deposits. Lengthened the duration of Rendimax deposits
- 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
- 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 1.10% in 3Q 20 from 1.45% in 2019

	1Q 20	2Q 20	3Q 20
LCR*	>1,900%	>1,600%	>1,300%
NSFR*	>100%	>100%	>100%

* Source: management accounting data

Strategy

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

3Q 20 results

- In 3Q 20, the proprietary portfolio reported a net banking income of €3.8mln (€10.8mln YTD)

During 3Q 20, Banca Ifis adopted the mechanism offsetting unrealized gains/losses measured through the FVOCI method on government assets

Type of asset - Data in €mln as at 30/9/20	Bonds			Equity	Securitization	Total
	Government	Financial	Corporate			
Held to collect/amortized cost	985	75	8		42	1110
Held to collect and sell (FVOCI)	1094	16	2	37		1149
Total (HTC and HTC&S)	2079	91	10	37	42	2259
Held for trading						2
Total portfolio at market value	2079	91	10	37	42	2261
Percentage of total	92%	4%	0%	2%	2%	100%
Held to collect/amortized cost Duration	3,1	4,1	2,1	-	0,1	3,1
Held to collect and sell (FVOCI) Duration	1,5	4,2	6,4	NA	-	1,6
Average duration (HTC and HTC&S) - YEARS	2,2	4,1	3,1	NA	0.1	2,3

* Source: management accounting data

Asset quality (€ mln)

Commercial & Corporate Banking	Gross	Coverage %	Net
Bad loans	205	80%	42
UTPs	187	52%	90
Past dues	65	10%	59
Total NPEs	458	58%	191

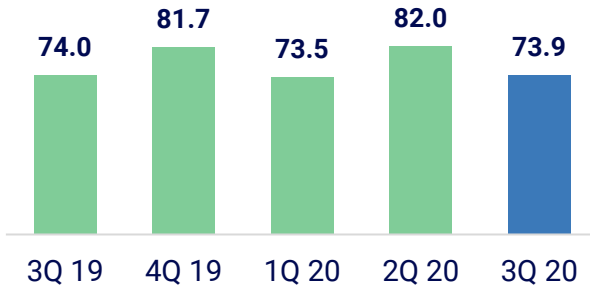
Non core & G&S	Gross	Coverage %	Net
Bad loans	55	19%	45
UTPs	88	52%	42
Past dues	4	26%	3
Total NPEs	147	39%	90

	1Q 20	2Q 20	3Q 20
Gross NPE ratio*	9.3%	9.1%	8.6%
Net NPE ratio*	4.8%	4.5%	3.8%

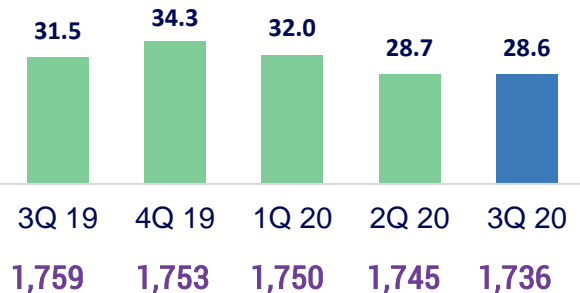
* Commercial & Corporate Banking

- 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: 8.6% (9.1% as at 30 Jun 2020)
 - Net NPE: 3.8% (4.5% as at 30 Jun 2020)
- Gross NPEs in Commercial and Corporate Banking include ~€20mln 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)



Personnel expenses (€mln)



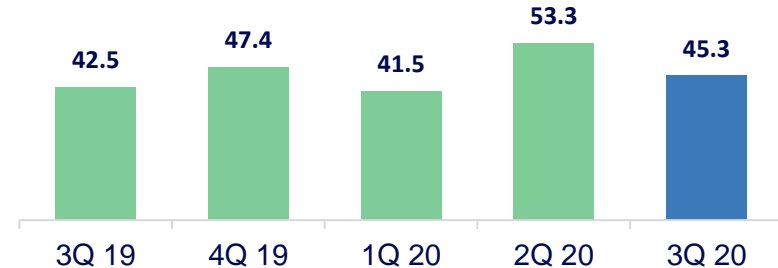
Banca Ifis
employees

- 3Q 20 operating costs ~ -€8mln vs. 2Q 20, mainly driven by:

- ~ -8mln in other administrative expenses and other income / expenses mainly due to:

- ~-7mln of provisions to solidarity fund for voluntary exits accrued on previous quarter,
- ~-€6mln of lower accrual for credit risk on "Commitments & Collaterals"
- +€4.5mln of accruals of Italian Central Fund on Deposits contribution estimated to be paid next quarter

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



2.3 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 Sep 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 %	15.6%	7.0%		49.2%		11.7%
Total Capital %	20.4%	10.5%		49.2%		15.4%
RWA	8.5					8.5

*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

218.5

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

77.7

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 (~€31.9mln as of 30 Sep 2020)

46.4*

*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

** As stated by CRR (article 48), these kind of DTAs are subjected to a double threshold mechanism: if their amount is less than 10% of the CET1 Capital, they are weighted at 250%; if their amount added to the total³² investments in financial sector subjects is less than 17.65% they are weighted. If the amount of DTAs is greater than of the first or the second threshold, the amount in excess is deducted from CET1 Capital.

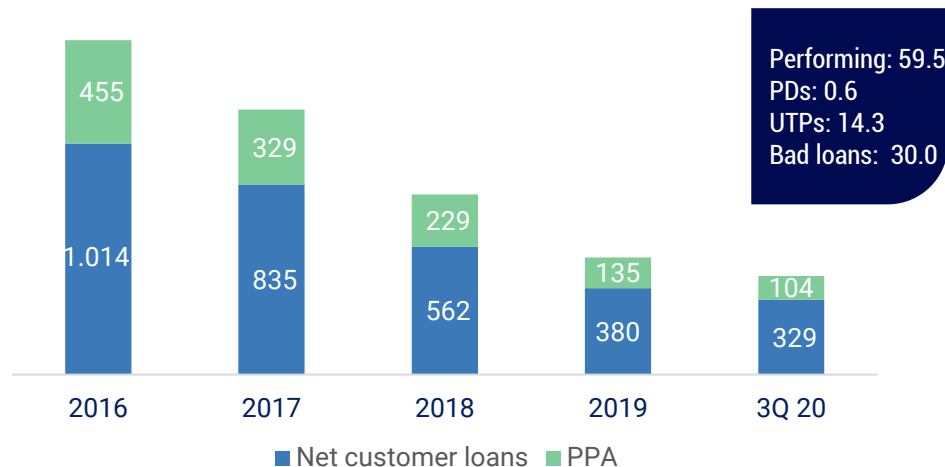
2.4 Focus on PPA

Focus on ex-Interbanca 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 Sep 20, the residual amount of pre-tax PPA was €104m

Net customer loans and PPA - €m



PPA reversal in P&L- €m

1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	Outstanding 3Q 20
22	22	17	31	17	21	10	23	9	11	8	104
FY 18: €92m				FY 19: €70m. o/w: - €3m Corp. Banking & Lending - €67m Non core & G&S				9M 20: €27m. o/w: - €1m Corp. Banking & Lending - €26m Non core & G&S			3Q 20 Outstanding, o/w: - €4m Corp. Banking & Lending - €100m Non core & G&S

* Source: management accounting data

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