

Banca Ifis exceeds targets and closes 2020 with profit of 68,8 million Euro. Geertman joins the Board of Directors

In a year that has been profoundly marked by the COVID-19 pandemic, the Group has exceeded expectations, confirming resilient profitability and taking decisive action to derisk the business

On the strength of the strategic initiatives and investments made during the year, including the rebranding and the portal dedicated to *Ifis4Business* companies, the Bank can speed up the route pursued based on the digitisation of the business model, attention to the customer and the valuation of people

- Net profits of 68,8 million Euro, higher than the guidance (between 50 and 65 million Euro) despite the second wave of COVID-19 and the lock-down that involved the country starting October
- Equity position strengthens with CET1 at 11,29%, (+0,33% on 31 December 2019)
- Improvement in credit quality: Gross NPE ratio: 6,4% at 31.12.2020 (vs 9,8% at 31.12.2019); Net NPE ratio¹: 3,2% at 31.12.2020 (vs 5,4% at 31.12.2019)
- Additional provisions and adjustments due to COVID-19 for 76 million Euro to cope with the expected deterioration of the quality of the assets in the commercial business and the slower recovery in the NPL business as a result of the pandemic
- Further strengthening of the solid liquidity position: approximately 1 billion at 31.12.2020 in reserves and free assets that can be financed by the ECB (LCR above 900%)
- Purchases of NPLs exceed forecasts, coming to 2,7 billion Euro as compared with the 2,4 billion Euro forecast at the start of the year
- Recoveries of NPL cash in the amount of 259 million Euro, in line with 2019 despite COVID-19 and the lock-down
- Good performance seen in the commercial business in Q4 (factoring turnover of +8,6% on the Q3 and +26% in new leases disbursed in respect of 30 September 2020), showing the Bank's capacity to make the most of opportunities for a gradual improvement in the macroeconomic context

Preliminary period results

Reclassified data² - 1 January 2020 / 31 December 2020

- **Net banking income** of 468 million Euro (-16,2% on 31.12.2019), negatively impacted by the effects of the pandemic crisis.
- **Operating costs** of 308 million Euro (+4,4% on 31.12.2019), mainly due to the incurring of non-recurring costs.
- **Improved asset quality** with the disposal of 120 million Euro (GBV) in non-performing credits (mainly ex-Interbanca) in the Q4 2020.

Capital requirements with the consolidation within La Scogliera

- **CET1 up to 11,29%** (10,96% at 31 December 2019) versus an SREP requirement of 8,12%; TCR: 14,85% (14,58% at 31 December 2019) versus an SREP requirement of 12,5%. Requirements are calculated net of the 2019 dividend (Euro 1,1

¹ Calculated including Commercial & Corporate Banking, Governance & Services and Non-Core receivables due from customers. The ratio excludes the NPL Segment and the government securities booked at amortised cost.

² Net impairment losses on receivables of the Npl Segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

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per share), payment of which is suspended as a result of the recommendations of the Bank of Italy and the 2020 dividend (Euro 0,47 per share), which will be proposed for approval by the Shareholders' Meeting in April 2021.

Capital requirements without the consolidation within La Scogliera³

- **CET1:** 15,47% (14,28% at 31 December 2019); **TCR:** 19,87% (18,64% at 31 December 2019). Requirements are calculated net of the 2019 dividend (Euro 1,1 per share), payment of which is suspended as a result of the recommendations of the Bank of Italy and the 2020 dividend (Euro 0,47 per share), which will be proposed for approval by the Shareholders' Meeting in April 2021.

³ Consolidated own funds, risk-weighted assets and solvency ratios at 31 December 2020 were calculated based on the regulatory principles set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) of 26 June 2013, as updated and amended over time and transposed, where applicable, in the Bank of Italy's Circulars no. 285 and no. 286 of 17 December 2013. In particular, the CRR provides for the prudential consolidation of Banca Ifis in the holding La Scogliera. For the sake of disclosure, we calculated the same indicators without including the effects of the consolidation within La Scogliera. Therefore, the reported total own funds refer only to the scope of the Banca Ifis Banking Group, as defined in accordance with Italian Legislative Decree no. 385/93, thus excluding the effects of the prudential consolidation within the parent company La Scogliera S.p.A.

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Mestre (Venice), 11 February 2021 – The Board of Directors of Banca Ifis, chaired by the Chairman, Sebastien Egon Fürstenberg, today approved the preliminary results for the year 2020. The draft 2020 financial statements will be approved on 11 March 2021.

Today, moreover, the Board of Directors coopted Frederik Geertman, in lieu of the director Divo Gronchi, who had stood down on 14 January 2021, as member of the board of directors. The BoD has ascertained that requirements of integrity, eligibility and professionalism are met by Mr Geertman.

Mr Geertman's joining of the Board makes it possible to start a collaboration and coordination with the current Chief Executive Officer to facilitate the succession process and guarantee managerial continuity. As already disclosed to the market, Frederik Geertman will take on the role of Chief Executive Officer of Banca Ifis, subject to the decision of the Board of Directors and his confirmation in the shareholders' meeting, with effect from the Shareholders' Meeting called to resolve on the draft 2020 financial statements this coming April.

The terms and conditions of the appointment conferred upon Geertman will be regulated by an agreement to be signed by the Bank upon conferral of the office.

"The Bank has efficiently addressed and handled the situation deriving from an unprecedented macroeconomic context and is today well positioned to face up to the coming months and make the most of the growth opportunities offered up by the economic recovery expected starting from next year" - **explains Chief Executive Officer Luciano Colombini** -. "In 2020, the profitability and collection of non-performing loans have proven to be very resilient indeed and, at the same time, the quality of the assets and the equity requirements have both improved.

Despite the second wave of COVID-19 that also involved our country as from October, Banca Ifis closed 2020 with **period profits of 68,8 million Euro**, a result that **exceeds the guidance** given in August 2020, which had estimated between 50 and 65 million Euro. **All quarters of 2020 showed profit**, although adjustments and **additional provisions for a total of 76 million Euro** to cope with the expected worsening in the quality of assets in the commercial business and/or lengthier collection times and collections falling slightly in the NPL Segment as a result of the pandemic were made.

We have speeded up on the reduction of non-performing loans, mainly originated by the ex Interbanca Group acquired in 2016, reaching our target sales of NPL set in the 2020-22 Business Plan early. In the fourth quarter alone of 2020, we in fact **sold approximately 120 million Euro in gross bad loans (GBVs)**, characterised by a high level of provisioning and seniority, and already processed by Banca Ifis. Following these disposals, at 31 December 2020, the gross non-performing loans index came to 6,4% (as compared with 9,8% at 31 December 2019) and the net non-performing loans index¹ came to 3,2% at 31 December 2020 (as compared with 5,4% at 31 December 2019). **Quality of assets** is also confirmed as holding out, which to date have shown few signs of deterioration on the loans portfolio and in any case mainly relative to positions that were already experiencing critical issues.

Good performance seen in the **commercial business** in Q4 (factoring turnover of +8,6% on the Q3 and new leases disbursed were +26% in respect of 30.09.2020), showing the Bank's capacity to make the most of opportunities for a gradual improvement in the macroeconomic context.

On the NPL market, we have confirmed our leadership in unsecured small ticket segment, surpassing the forecasts given at the start of the year with the **acquisition of a total of 2,7 billion Euro in non-performing loans** in nominal amount, which will contribute towards the Group's profitability for the forthcoming years. The NPL business has proven to be solid, with **cash collected in the amount of 259 million Euro** despite the effects of COVID-19 and the lock-down, which brought about court closures.

¹ Calculated including Commercial & Corporate Banking, Governance & Services and Non-Core receivables due from customers. The ratio excludes the NPL Segment and the government securities booked at amortised cost.

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In 2020, Banca Ifis **strengthened the CET1, which came to 11,29%** (+0,33% from 31 December the previous year), net of 2019 dividends (of 59 million Euro), payment of which is suspended in compliance with the recommendations given by the Bank of Italy, and 2020 dividends (25 million Euro), which will be proposed for approval at the forthcoming Shareholders' Meeting scheduled for 22 April 2021.

Despite the fact that 2020 was a year profoundly marked by the pandemic and by an adverse economic scenario, the Bank is profitable with improving equity ratios and quality of assets.

This coming 22 April, with the Shareholders' Meeting called to resolve on the draft 2020 financial statements, I will leave the office of Chief Executive Officer of Banca Ifis. I would like to thank all the Bank's employees, customers, shareholders and bondholders. A Group that, on the strength of the strategic initiatives and investments made during the year, including the rebranding and the Ifis4Business portal (on-line banking for our companies), is today able to speed up the route pursued on the basis of digitisation of the business, attention to the customer and the valuation of people", **Luciano Colombini concludes**.

Highlights

RECLASSIFIED DATA²

In order to fully implement the Group's business model, as envisaged by the 2020-2022 Business Plan, changes have been made to the operating Segments previously stated: the Enterprises Segment, renamed Commercial & Corporate Banking groups together the commercial activities intended for enterprises and excludes the portfolios of loans disbursed by Interbanca before the acquisition and set to run-off (previously aggregated into the Enterprises Segment); the Npl Segment has been kept in line with the past, while the Segment, now called Governance & Services and Non-Core, has been integrated into the non-core section, which includes the portfolios excluded from Commercial & Corporate Banking.

In addition, Segment reporting relating to income statement components has been expanded to include a view of results at the level of net profit.

The comparative information has been restated in line with the new Segment reporting.

Highlights from the Banca Ifis Group's income statements for FY 2020 are set out below.

Net banking income¹

Net banking income totalled 467,8 million Euro, down 16,2% from last year (558,3 million Euro).

The COVID-19 health emergency resulted in a reduction in margins in all segments and in particular in those where operations are linked to the legal system. The activities, whose operations are connected with the courts, were first blocked during lock-down and then slowed severely, generating difficulties in proceeding with the legal collection of amounts owed, difficulties that are also reflected in additional adjustments for 22,8 million Euro. In addition to this, a lesser contribution is envisaged of the release of the PPA³ (57,5 million Euro as compared with 69,8 million Euro last year), despite some significant accelerations during the last quarter.

The net banking income of the Commercial & Corporate Banking Segment amounted to 222,7 million Euro, down 8,6% on 31 December 2019. The Factoring Area (-9,3%), Leasing Area (-7,3%) and Corporate Banking & Lending Area are down, recording a reduction of 6,2%, mainly due to the lesser contribution of the "reversal PPA"³ as compared with 2019.

Net impairment losses¹

Net credit risk losses totalled 91,4 million Euro at 31 December 2020, compared to net losses of 87,2 million Euro at 31 December 2019 (+4,8%). The Group recorded less in the way of analytical provisions in the Factoring Area, which in 2019 had been negatively impacted by adjustments on certain individually significant counterparties in the constructors and retail segment, juxtaposed by the greater adjustments made in the Corporate Banking & Lending area. Finally, taking into account the current pandemic context and correlated government interventions in support of the economy (i.e. moratoriums), which do not presently make it possible to precisely assess the various risk aspects and the transfer between statuses of the credit risk, the Group has made additional provisions on performing exposures in the segments most greatly exposed to the effects of the pandemic crisis for 31,5 million Euro.

Operating costs

Operating costs totalled 308,0 million Euro, showing an increase on 31 December 2019 (+4,4%). Below is the breakdown of the item.

¹ 2 Net impairment losses on receivables of the Npl Segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

³ The term "PPA reversal" refers to the reversal over time of the difference between the fair value as measured in the business combination and the carrying amount of the receivables of the former GE Capital Interbanca Group, acquired on 30 November 2016.

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Personnel expenses, equal to 123,4 million Euro, are down by 5,1% (130,0 million Euro at 31 December 2019) as a result of a prudent incentive policy and greater control over current expenses in light of the current context. The number of Group employees at 31 December 2020 was 1.758 as compared with 1.753 resources at 31 December 2019.

Other administrative expenses at 31 December 2019 included 30,9 million Euro in expenses relating to the settlement of certain tax disputes regarding the former subsidiary Interbanca, the economic impact of which is more than offset in the item "other net operating income" for 46,2 million Euro (including the related tax effect) against the activation of outstanding guarantees. Net of this effect, the other administrative expenses at 31 December 2020, which come to 190,8 million Euro rise by 4,1% on 31 December 2019. The increase is mainly due to higher non-recurring costs for professional services and marketing and advertising expenses.

Net allocations to provisions for risks and charges amounted to 28,0 million Euro compared with 12,4 million Euro at 31 December 2019. The net change of 15,6 million Euro is mainly due to provisions made for the credit risk on commitments and guarantees for approximately 8,8 million Euro and for 6,9 million Euro to the Solidarity Fund.

Other net operating income comes to 51,9 million Euro (77,5 million Euro at 31 December 2019). The item does, however, include some non-recurring items both during this year and last. More specifically, in 2020, the "gains on bargain purchases" are included in relation to the purchase of 70,77% of Farbanca for 16,8 million Euro and the proceeds for contractual indemnity on portfolios acquired in past years for 12,8 million Euro; 2019, on the other hand, contained the proceed linked to the indemnity relative to the definition of the tax dispute of 46,2 million Euro. Net of these items, the item would come to 20,6 million Euro as compared with the 31,3 million Euro as at 31 December 2019, down mainly following the lesser revenues deriving from the recovery of expenses assigned to third parties and recoveries of leasing expenses.

Gains on disposal of investments of 24,2 million Euro include the effects of the sale of the Milan property in Corso Venezia, net of the related costs of sale.

The value adjustments of goodwill are 0,7 million Euro and refer to the complete impairment of goodwill relative to the subsidiary Cap.Ital.Fin.

Pre-tax profit from continuing operations amounted to 91,9 million Euro (-47,7% compared to 31 December 2019). Income taxes amounted to 22,7 million Euro (-56,8% compared to 2019). The tax rate at December 2020 was 24,75%, compared to 29,94% in the prior year.

Net profit attributable to the Parent company

The net profit for the period ended 31 December 2020 attributable to the Parent amounted to 68,8 million Euro, compared to 123,1 million Euro at 31 December 2019 (-44,1% compared to the previous year).

Focus on individual Segments

Below are the main dynamics recorded in the individual Segments that go towards forming the economic-equity results at 31 December 2020.

Net profit of the **Commercial & Corporate Banking Segment** comes to 22,7 million Euro, down 60,0% as compared with last year. This change is due to the reduction of net banking income for 20,9 million Euro, and by lesser value adjustments to credit risk for 20,9 million Euro as compared with 31 December 2019. Operating costs dropped by a total of 4,3 million Euro on the figure recorded for 2019.

- The contribution made by the **Factoring Area** towards net banking income booked by the Commercial & Corporate Banking Segment came to 149,2 million Euro in 2020, down 9,3% on last year. This result was due to the lower contribution both of net interest income (down by 3,1 million Euro, -3,1%) and net commissions (down by 12,2

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million Euro, -18,3%). During the last quarter of 2020, the net banking income is greater by 0,3 million Euro on the same quarter of 2019.

- Net banking income **for the Leasing Area** is 49,2 million Euro, -7,3% on the figure at 31 December 2019; this lesser margin was driven for 1,5 million Euro by lesser interest income, following an increase in the mix of volumes of the financial leasing component with smaller margins, and for 1,1 million Euro due to lesser commissions, of which 0,4 million Euro for lesser collection commissions due to the moratorium and 0,4 million Euro for lesser repayments as a result of the lesser volumes disbursed during the period.
- Net banking income of the **Corporate Banking & Lending Area**, of 24,3 million Euro at 31 December 2020, shows a decline of 1,6 million Euro on last year, confirming the holding firm of volumes and profitability in the segment in the medium/long-term.

Period profit for the **Npl Segment** is approximately 17,9 million Euro, down 70,9%, mainly due to the negative effects deriving from the COVID-19 pandemic economic-health crisis.

Net banking income of the Segment³³ comes to 162,9 million Euro as compared with 244,9 million Euro at end 2019 and is characterised by the following entries:

- "Interest income from amortised cost", referring to the interest accruing at the original effective interest rate, was up 8,3% from 128,4 million Euro to 139,1 million Euro at 31 December 2020, largely thanks to the increase in receivables measured at amortised cost, in which the contribution made by non-judicial operations is 51 million Euro and that of legal operations was 88 million Euro;
- the item "Other components of net interest income from change in cash flow", which goes from 119,9 million Euro to 42,5 million Euro at 31 December 2020, down 64,6%, including the economic effect deriving from the change in cash flows forecast according to the greater or lesser collections made in respect of the previous forecasts. This item is made up of: non-judicial operations for -6,8 million Euro, comprising 35,1 million Euro referring to repayment plans and -41,9 million Euro referring to curves; legal operations for 49,3 million Euro, where the contribution made by writs, attachments and garnishment orders is approximately 54,6 million Euro, while that of the secured and corporate basin is approximately -5,3 million Euro. The item was heavily impacted by the court closures in March, April and May, resulting in a reduction, as compared with the same period of last year, in obtaining writs, attachment orders and garnishment orders;
- the reduction in net commission income is equally split between the increase in commission payable on collections and payments and the reduction in commission income deriving from servicing activities on third party portfolios.

Operating costs decline by 11,5%, going from 157,1 million Euro in 2019 to 139,1 million Euro in 2020. The reduction is mainly due to the variable costs connected with debt collection and, in particular, those relating to legal collection impacted by the court closures due to the COVID-19 emergency.

Net profits in the **Governance & Services and Non-Core Segment** came to 28,5 million Euro, up on the 4,9 million Euro of last year and includes the capital gain, net of the relevant costs of sale, of 24,2 million Euro deriving from the sale of the property of Corso Venezia in Milan and the bargain deriving from the acquisition of Farbanca S.p.A. for 16,8 million Euro.

The segment's net banking income comes to 82,2 million Euro, up 12,3 million Euro on last year and is mainly connected with profits linked to the buy-back of financial liabilities for 5,7 million Euro, to dividends and revenues from

³³ Net credit risk losses of the Npl Segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

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proprietary portfolio management for 4,4 million Euro and lesser exchange losses for 4,5 million Euro, only partially reabsorbed by a lesser contribution to the margin deriving from the non-core portfolio.

Operating costs come to 48,9 million Euro, up 26,9 million Euro on 2019. The item includes some non-recurring items both during this year and last. In particular, in 2020, the “gain on bargain purchase” is included in relation to the purchase of 70,77% of Farbanca for 16,8 million Euro; by contrast, in 2019, the net effect was seen of 15,3 million Euro connected with the definition of the tax disputes relating to ex Interbanca. Net of these effects, operating costs of the segment were up 28,5 million Euro, due for 6,9 million Euro to the procedure relative to the use of extraordinary provisions of the Solidarity Fund, for 16 million Euro to greater provisions made for credit risks on commitments and guarantees given and probable contractual indemnities, as well as greater costs for professional services and marketing and advertising expenses.

The breakdown of the main statement of financial position items of the Banca Ifis Group at 31 December 2020 is shown below.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amounted to 9.135,4 million Euro, up 19,4% on 31 December 2019 (7.651,2 million Euro). The item includes debt securities for 1,3 billion Euro (0,3 billion at 31 December 2019) plus 614,1 million Euro deriving from the acquisition of Farbanca. The Commercial & Corporate Banking Segment, without considering the effect of the acquisition of Farbanca, is down on the previous year’s balance (-0,9%). This reduction is concentrated above all on the Factoring business area (-11,6%) and was almost entirely offset by the growth of the Corporate Banking & Lending Area (+48,5%, equal to growth of 363 million Euro); leasing is also slightly down, -2,4%. Receivables of the Npl Segment are up 9,8% and those of the Governance & Services and Non-Core Segment by 83,7%, due to the purchase of government securities.

At 31 December 2020, net non-performing exposures in the Commercial & Corporate Banking Segment stood at 160,8 million Euro, down 65,6 million Euro on the figure at 31 December 2019 (226,4 million Euro): the ratio of net bad loans to total receivables (0,7%); the value of loans unlikely to pay declined by 1,3 million Euro (1,5% of total receivables) and, finally, past due exposures dropped by 65,6 million Euro (-68,3%) as a result of the combined effect of collections and restructuring of past due positions. Net performing exposures grew by 12,2% as a result of the acquisition of Farbanca (+608 million Euro), which takes their weight of the total receivables to 97,3% as compared with 95,8% last year. The Gross Npe ratio of the Commercial & Corporate Banking Segment is 5,9% (8,5% at 31 December 2019) and the Net Npe ratio is 2,7% (4,2% at 31 December 2019).

Funding

During 2020, the Group continued its strategy of differentiating between distribution channels, in order to ensure a better balance with respect to retail funding. The Group has surplus liquidity in respect of its needs, thereby enabling it to easily respect the LCR and NSFR limits (with indexes in excess of 900% and 100% respectively).

At 31 December 2020, total funding came to 9.908,0 million Euro, +17,1% on the end of FY 2019; the funding structure was as follows:

- 55,2% customers;
- 11,1% debt securities;
- 9,8% ABSs;
- 20,1% TLTROs;
- 3,8% other.

Payables due to customers at 31 December 2020 totalled 5.471,9 million Euro: +3,5% on 31 December 2019, where the controlled reduction is brought about by policies implemented to limit the costs of retail funding (mainly Rendimax

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and Contomax), which goes from 4.791,0 million Euro at 31 December 2019 to 4.460,0 million Euro at 31 December 2020 and is more than offset by growth in other restricted deposits.

Payables due to banks amounted to 2.367,1 million Euro, up 146,7% compared to 31 December 2019. This increase is due to the June 2020 subscription of a TLTRO III tranche worth a nominal 1.900 million Euro maturing in June 2023 and the simultaneous early repayment of the TLTRO II tranche subscribed in 2017.

Debt securities issued amounted to 2.069,1 million Euro at 31 December 2020.

Equity and ratios

Consolidated equity at 31 December 2020 totalled 1.550,0 million Euro, up from the 1.539,0 million Euro booked at end 2019. The main changes in consolidated equity are:

- the positive change relative to the period result pertaining to the Parent Company of 68,8 million Euro;
- the net negative change of 13,5 million Euro in the valuation reserve for the year was attributable to the fair value adjustment of the financial instruments classified as Financial assets measured at fair value through other comprehensive income;
- the negative change of 2,5 million Euro in the exchange differences valuation reserve;
- the negative change of 0,3 million Euro in the valuation reserve connected with the change in actuarial losses on employee severance indemnity;
- the change in equity attributable to non-controlling interests for 20,7 million Euro, mainly due to the acquisition of Farbanca;
- the negative change of 58,8 million Euro for 2019 dividends resolved and not distributed, reducing the Group's equity and booked as Other liabilities.

With prudential consolidation within La Scogliera, capital ratios at 31 December 2020 amounted to a CET1 ratio of 11,29%⁴(compared with 10,96% at 31 December 2019), a TIER1 ratio of 11,86%⁴ (11,56% at 31 December 2019) and a Total Capital ratio of 14,85%⁴ (compared with 14,58% at 31 December 2019).

At 31 December 2020 **the ratios for the Banca Ifis Group only**, without considering the effects of consolidation within the parent company, La Scogliera, amounted to a CET1 ratio of 15,47% (compared with 14,28% at 31 December 2019), a TIER1 ratio of 15,49% (14,28% at 31 December 2019) and a Total Capital ratio of 19,87%⁴ (compared with 18,64% at 31 December 2019).

In addition, please note that the Bank of Italy has asked the Banca Ifis Group to satisfy the following consolidated capital requirements in 2020, in continuity with 2019, including a 2,5% capital conservation buffer:

- Common Equity Tier 1 (CET1) capital ratio of 8,12%, with a required minimum of 5,62%;
- Tier 1 capital ratio of 10,0%, with a required minimum of 7,5%;
- Total Capital ratio of 12,5%, with a required minimum of 10,0%.

At 31 December 2020, the Banca Ifis Group easily met the above prudential requirements.

⁴ Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 31 December 2020 net of the estimated dividend.

Significant events during the year

The Banca Ifis Group transparently and promptly discloses information to the market, constantly publishing information on significant events through press releases. Please visit the Investor Relations and Media sections of the institutional website www.bancaifis.it to view all press releases.

Communication on the FY 2019 and 2020 Dividend Distribution Policy

During 2020, Banca Ifis decided to act responsibly and comply with the recommendations adopted by the Bank of Italy on the dividends policy in the context of the COVID-19 pandemic. Therefore, the April 2020 Shareholders' Meeting, in compliance with the proposal of the Board of Directors, resolved to defer the payment of dividends on FY 2019, at least until 1 October 2020 and, therefore, to make said payment after that date, provided that no regulations or recommendations from supervisory authorities to the contrary are issued before that date.

On 06 August 2020, the Board of Directors acknowledged the Bank of Italy provision of 28 July 2020, whereby the Supervisory Authority recommended that all banks abstain until 1 January 2021 from paying dividends relative to FYs 2019 and 2020.

On 16 December 2020, given the continued COVID-19 pandemic, the Bank of Italy - in line with the ECB - chose to maintain an extremely prudent approach, so as to safeguard the banks' capacity to absorb losses and grant loans to support the real economy, recommending that until 30 September 2021, the less significant Italian banks:

- abstain from recognising or paying dividends or limit the relevant amount to the lesser of 15% of accumulated profits for 2019-20 or 20 basis points of the CET1 coefficient;
- abstain from recognising or paying interim dividends against 2021 profits;
- exercise extreme prudence in recognising variable remuneration.

This recommendation also envisaged that banks intending to pay dividends should:

- first critically verify their equity solidity and related capacity to self-finance, both presently and prospectively, taking into account the impacts of the pandemic on the quality of assets and the income statement; and
- contact the Supervisory Authority to assess whether or not the expected distribution level was prudent;

these same limits, restrictions and procedures apply to the buy-back of treasury shares in order to remunerate shareholders.

In compliance and within the limits of the above-specified Bank of Italy recommendation, Banca Ifis will propose to the shareholders' meeting the distribution of a 2020 dividend of 25.126.044 Euro, corresponding to 0,47 Euro per share, consequently deducted from own funds as at 31 December 2020. As regards the dividends resolved and not distributed in respect of 2019, the Bank will continue to maintain them as a reduction of the Group's equity and to book them amongst other liabilities, at least until 30 September 2021, as envisaged by the Bank of Italy Recommendation of 16 December 2020.

Farbanca joins the Banca Ifis Group

Following on from the press release given on 1 June 2020 in respect of the successful completion of the competitive process on 27 November 2020, Banca Ifis has declared that it has completed the acquisition of 70,77% of the capital of Farbanca S.p.A. held by Banca Popolare di Vicenza in LCA, whilst the remaining 29,23% is still held by approximately 450 minor shareholders, mainly pharmacists. Under the terms of the agreement, Banca Ifis has paid to LCA 32,52 million Euro. Completion of the acquisition follows the issue of the authorisation by the European Central Bank to Banca Ifis on 11 November 2020.

Banca Ifis: Frederik Geertman Chief Executive Officer starting from the Shareholders' Meeting on the 2020 financial statements

On 21 December 2020, following agreements reached with the controlling shareholder of Banca La Scogliera S.p.A., the Chief Executive Officer, Luciano Colombini, announced his intention of renouncing his appointment as Director, including CEO, on the board, with effect from April 2021 in the parent company and from April 2022 in the subsidiaries

in which he currently holds a position. Therefore, La Scogliera reached the necessary agreements with Frederik Geertman, to allow him to join the Banca Ifis Board of Directors starting February and take over the role of Chief Executive Officer, subject to the decision of the Board of Directors and his confirmation in the shareholders' meeting, with deferred effectiveness, with effect from the April 2021 shareholders' meeting.

Significant subsequent events

Corporate reorganisation of the Group's business in the Npl segment

On 1 January, the NPL area underwent a corporate reorganisation with the creation of a vertical chain aiming to guarantee the separation and independence of loan acquisitions and collections. The Group's business in the Non-Performing Loans has therefore been reorganised into three separate companies: Ifis Npl Investing, Ifis Npl Servicing and Ifis Npl Real Estate. The first acquires the portfolios, the second deals with management and collection and Ifis Real Estate deals with the real estate business, servicing the other two companies.

Resignation of Director Divo Gronchi

On 14 January 2021, the Independent Director Divo Gronchi tendered his resignation, with immediate effect, from the position of Director and, consequently, member of the Company's Appointments Committee and Supervisory Body. Having acknowledged the resignation tendered by Mr Gronchi, the Board of Directors resolved to replenish the Appointments Committee members, choosing Monica Billio as new member. The Board has also resolved to replenish the members of the Bank's Supervisory Body, appointing Beatrice Colleoni as new member.

Agreement for the cessation of contracts with Luciano Colombini

Today, Chief Executive Officer Luciano Colombini tendered his resignation, as already announced last December, from the role of Chief Executive Officer and the position of director on the board of Banca Ifis, to embark on new professional challenges. Mr Colombini will cease office upon conclusion of the shareholders' meeting to be held this coming April to resolve on the financial statements.

The Bank's Board of Directors has therefore approved, with the opinion in favour given by the Remuneration Committee and the Board of Auditors, an agreement for the cessation of contracts with Luciano Colombini. This agreement, which is in line with the Bank's approved Remuneration Policy, establishes that Mr Colombini will be paid his remuneration for the office of Chief Executive Officer until the date on which he effectively leaves office, as well as the deferred components of the bonus already accrued and recognised for FY 2019, which will be paid in accordance with the terms and conditions of the Remuneration Policy. In addition, as at the date on which he leaves office, Mr Colombini will receive severance indemnity equal to the fixed and variable remuneration envisaged for the residual term of the three-year mandate originally conferred upon him (12 months of recurring remuneration), to be paid in accordance with the terms and conditions of the Remuneration Policy (and, therefore, 50% in financial instruments, with a deferral period, of a portion of 40% of the indemnity, of 3 years, without prejudice, in any case, to the application of the malus and clawback clauses). The agreement also establishes that Mr Colombini shall continue to hold certain positions in the Group until the date on which the financial statements as at 31 December 2021 are approved, each time receiving the relevant salary. No non-competition obligations are envisaged. As at 09 February 2021, Luciano Colombini holds 17.400 shares, equal to 0,032% of the Bank's share capital.

Declaration of the Corporate Accounting Reporting Officer

Pursuant to article 154 bis, paragraph 2 of the Consolidated Law on Finance, the Corporate Accounting Reporting Officer, Mariacristina Taormina, declares that the financial information contained in this press release corresponds to the related books and accounting records.

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Reclassified Financial Statements

Net credit risk losses of the Npl Segment were reclassified to interest receivable and similar income to present more fairly this particular business, for which net impairment losses represent an integral part of the return on the investment.

Reclassified Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2020	31.12.2019	ABSOLUTE	%
Cash and cash equivalents	82	56	26	46,4%
Financial assets held for trading through profit or loss	20.870	24.313	(3.443)	(14,2)%
Financial assets mandatorily measured at fair value through profit or loss	136.978	112.785	24.193	21,5%
Financial assets measured at fair value through other comprehensive income	774.555	1.173.808	(399.253)	(34,0)%
Receivables due from banks measured at amortised cost	1.083.281	626.890	456.391	72,8%
Receivables due from customers measured at amortised cost	9.135.402	7.651.226	1.484.176	19,4%
Equity investments	-	6	(6)	(100,0)%
Property, plant and equipment	115.149	106.301	8.848	8,3%
Intangible assets	60.970	60.919	51	0,1%
<i>of which:</i>				
- goodwill	38.798	39.542	(744)	(1,9)%
Tax assets:	381.431	391.185	(9.754)	(2,5)%
a) current	74.255	56.869	17.386	30,6%
b) deferred	307.176	334.316	(27.140)	(8,1)%
Non-current assets and disposal groups	-	25.560	(25.560)	(100,0)%
Other assets	317.478	352.975	(35.497)	(10,1)%
Total assets	12.026.196	10.526.024	1.500.172	14,3%

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LIABILITIES AND EQUITY (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2020	31.12.2019	ABSOLUTE	%
Payables due to banks measured at amortised cost	2.367.082	959.477	1.407.605	146,7%
Payables due to customers measured at amortised cost	5.471.874	5.286.239	185.635	3,5%
Debt securities issued measured at amortised cost	2.069.083	2.217.529	(148.446)	(6,7)%
Financial liabilities held for trading	18.551	21.844	(3.293)	(15,1)%
Tax liabilities:	48.154	69.018	(20.864)	(30,2)%
a) current	12.018	28.248	(16.230)	(57,5)%
b) deferred	36.136	40.770	(4.634)	(11,4)%
Other liabilities	438.311	390.022	48.289	12,4%
Post-employment benefits	9.235	9.977	(742)	(7,4)%
Provisions for risks and charges	53.944	32.965	20.979	63,6%
Valuation reserves	(19.337)	(3.037)	(16.300)	n.s.
Reserves	1.320.871	1.260.238	60.633	4,8%
Share premiums	102.491	102.285	206	0,2%
Share capital	53.811	53.811	-	0,0%
Treasury shares (-)	(2.948)	(3.012)	64	(2,1)%
Equity attributable to non-controlling interests (+/-)	26.270	5.571	20.699	n.s.
Year profit	68.804	123.097	(54.293)	(44,1)%
Total liabilities and equity	12.026.196	10.526.024	1.500.172	14,3%

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Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	YEAR		CHANGE	
	2020	2019	ABSOLUTE	%
Net interest income	381.692	458.868	(77.176)	(16,8)%
Net commission income	74.887	94.078	(19.191)	(20,4)%
Other components of net banking income	11.221	5.387	5.834	108,3%
Net banking income	467.800	558.333	(90.533)	(16,2)%
Net credit risk losses/reversals	(91.359)	(87.183)	(4.176)	4,8%
Net profit (loss) from financial activities	376.441	471.150	(94.709)	(20,1)%
Administrative expenses:	(314.187)	(344.237)	30.050	(8,7)%
a) personnel expenses	(123.369)	(129.959)	6.590	(5,1)%
b) other administrative expenses	(190.818)	(214.278)	23.460	(10,9)%
Net allocations to provisions for risks and charges	(27.954)	(12.376)	(15.578)	125,9%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(17.817)	(15.839)	(1.978)	12,5%
Other operating income/expenses	51.933	77.531	(25.598)	(33,0)%
Operating costs	(308.025)	(294.921)	(13.104)	4,4%
Value adjustments of goodwill	(700)	-	(700)	n.a.
Gains (Losses) on disposal of investments	24.161	(408)	24.569	n.s.
Pre-tax profit from continuing operations	91.877	175.821	(83.944)	(47,7)%
Income taxes for the period relating to current operations	(22.735)	(52.633)	29.898	(56,8)%
Year profit	69.142	123.188	(54.046)	(43,9)%
Profit for the year attributable to non-controlling interests	338	91	247	n.s.
Profit for the year attributable to the Parent company	68.804	123.097	(54.293)	(44,1)%

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Reclassified Consolidated Income Statement: 4th Quarter

ITEMS (in thousands of Euro)	4th QUARTER		CHANGE	
	2020	2019	ABSOLUTE	%
Net interest income	120.891	134.230	(13.339)	(9,9)%
Net commission income	19.392	25.349	(5.957)	(23,5)%
Other components of net banking income	5.814	7.511	(1.697)	(22,6)%
Net banking income	146.097	167.090	(20.993)	(12,6)%
Net credit risk losses/reversals	(43.503)	(38.169)	(5.334)	14,0%
Net profit (loss) from financial activities	102.594	128.921	(26.327)	(20,4)%
Administrative expenses:	(101.889)	(90.445)	(11.444)	12,7%
a) personnel expenses	(34.059)	(34.262)	203	(0,6)%
b) other administrative expenses	(67.830)	(56.183)	(11.647)	20,7%
Net allocations to provisions for risks and charges	(7.034)	(351)	(6.683)	n.s.
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.730)	(3.046)	(1.684)	55,3%
Other operating income/expenses	35.031	12.161	22.870	188,1%
Operating costs	(78.622)	(81.681)	3.059	(3,7)%
Value adjustments of goodwill	(700)	-	(700)	n.a.
Pre-tax profit from continuing operations	23.272	47.240	(23.968)	(50,7)%
Income taxes for the period relating to continuing operations	(6.592)	(8.105)	1.513	(18,7)%
Profit for the period	16.680	39.135	(22.455)	(57,4)%
Profit for the period attributable to non-controlling interests	222	34	188	n.s.
Profit for the period attributable to the Parent company	16.458	39.101	(22.643)	(57,9)%

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Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	31.12.2020	31.12.2019
Common Equity Tier 1 Capital (CET1)	1.038.715	1.008.865
Tier 1 Capital (T1)	1.091.858	1.064.524
Total Own Funds	1.366.421	1.342.069
Total RWAs	9.203.971	9.206.155
Common Equity Tier 1 Ratio	11,29%	10,96%
Tier 1 Capital Ratio	11,86%	11,56%
Ratio - Total Own Funds	14,85%	14,58%

Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 31 December 2020 net of the estimated dividend.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: BANCA IFIS BANKING GROUP SCOPE (in thousands of Euro)	AMOUNTS AT	
	31.12.2020	31.12.2019
Common Equity Tier 1 Capital (CET1)	1.422.796	1.312.821
Tier 1 Capital (T1)	1.424.610	1.312.821
Total Own Funds	1.827.409	1.713.198
Total RWAs	9.194.733	9.190.900
Common Equity Tier 1 Ratio	15,47%	14,28%
Tier 1 Capital Ratio	15,49%	14,28%
Ratio - Total Own Funds	19,87%	18,64%

Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 31 December 2020 net of the estimated dividend.

