



# 1H2021 results

5 August 2021

## 1. 2Q21 results

## 2. Appendices

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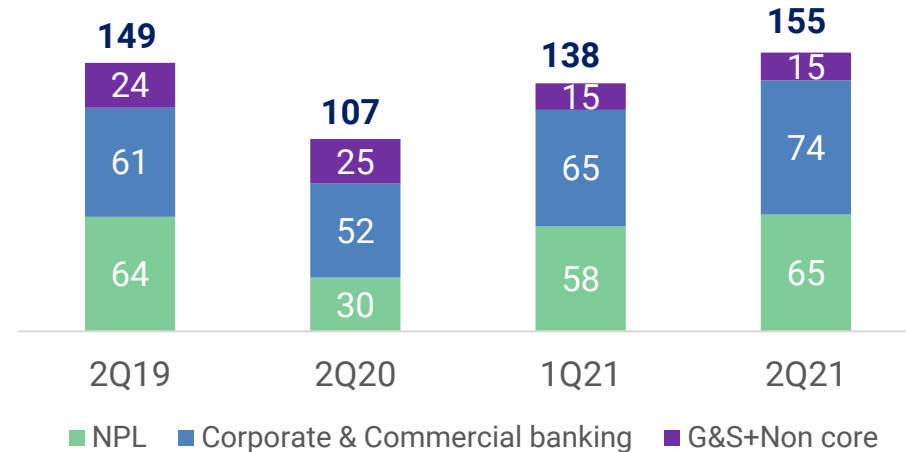
2Q21 results

- 1 Net income of €28mln, +€8mln vs. 1Q21 (€48mln in 1H 21)
- 2 Net revenues of €155mln, the highest of the last 5 quarters. Net revenues excluding PPA of €151mln at record high, proving the Bank's ability to replace PPA with core income
- 3 NPL cash collection at record high of €89mln
- 4 **Loan loss provisions at €26mln**, including €14mln extra provisions in our NPL portfolio (€9mln) and our commercial portfolio (€5mln) prudently accounted for Covid-19 impact (longer timeframe/lower collections especially on high vintage exposures)
- 5 **CET1 at 11.44% (-0.33% vs. 1Q 21)** excluding 1H21 net income (15.51% without the consolidation within La Scogliera perimeter)
- 6 Banca Ifis benefits from the progressive recovery of the macroeconomic environment and the proven resilience of its business model. **For 2021, we expect revenues of €540mln-560mln and net income of €80-90mln**

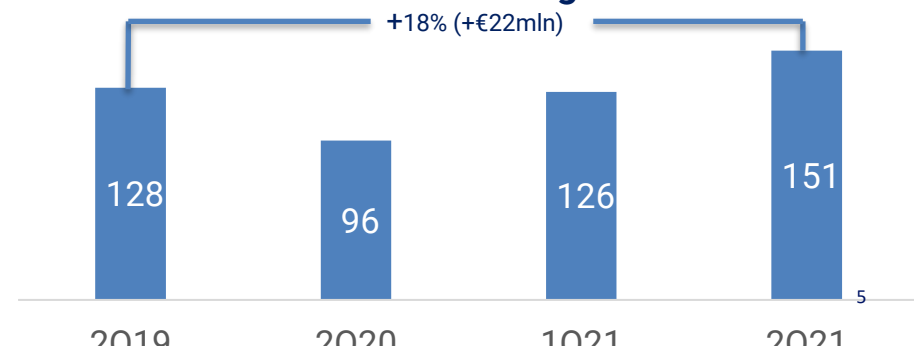
# Net revenues excluding PPA at record high

- Net revenues of €155mln up vs. 2Q 19 and 2Q20
- Net revenues excluding PPA of €151mln at record high, proving the Bank's ability to replace PPA with core revenues
- NPL net revenues at €65mln +11% QoQ, driven by the progressive normalization of the courts and management actions (servicing productivity)
- Commercial Banking net revenues at €74mln +15% QoQ, driven by increase in factoring, leasing and structured finance and the pick up in economic activity

## Net revenues (including PPA) breakdown €mln



## Net revenues excluding PPA €mln



# Digitalization process announced in 1Q21 well on track

## Clients: full digital



## Banca Ifis: full digital



- ✓ Ifis4Business platform to serve all customer needs (origination, interaction, transaction and after sale) for all core banking products
- ✓ Full-digital process to reduce time to yes and increase economy of scale

	Traditional	Digital Ifis4business Banca Ifis
Steps	11	6
Total time for clients + Banca Ifis	55 min	17 min

## Timeframe

### 1Q 21 – Full operational

- ✓ Factoring: digital marketing, client onboarding + supply chain functions

### July 21 – Launched (ongoing roll-out)

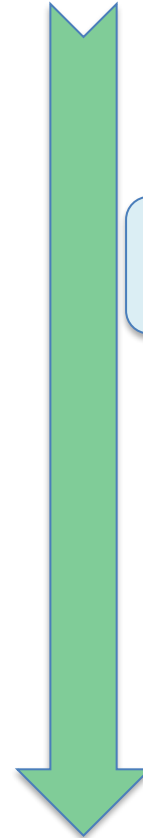
- ✓ Full-digital factoring + mobile access

### 4Q 21 – Under implementation

- Full integration of lending products into digital/“self service” sale process

### 2Q 22 – Started

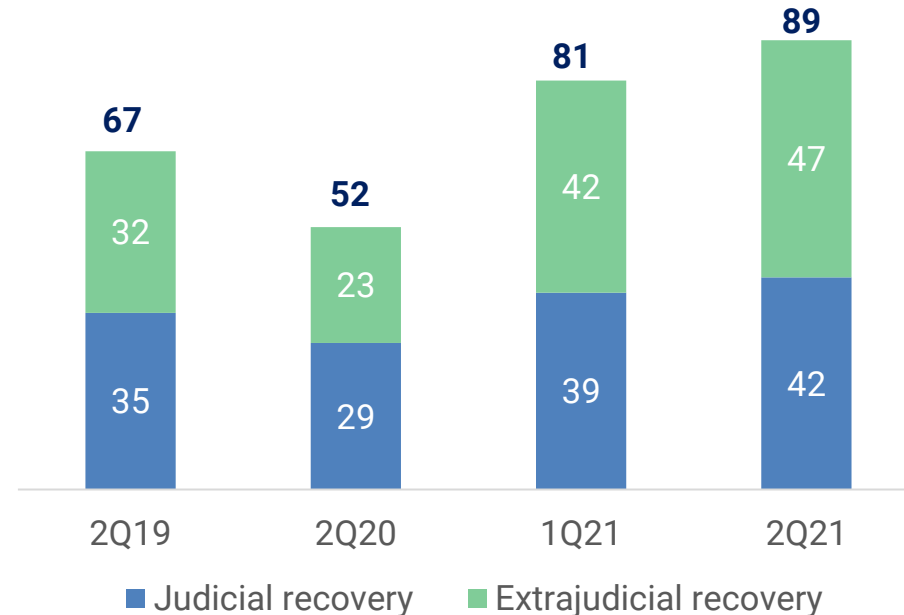
- Extension to leasing, rental and remaining products



# NPL collection up vs. 2Q19 and 2Q20

- €89mln Npl cash collection in 2Q1 at record high
- Management action focused on increasing the productivity of the servicing and on reducing the timeframe of recovery of risky exposures
- Actual cash collection has continued to outperform internal model estimates, despite Covid-19
- In 2Q21, Banca Ifis prudently initiated a detailed review of the potential long-term impact of Covid-19 (possible longer timeframe of collection)
- The review has covered ca. 50% of the target NPL portfolio and led to provisions of ca. €9mln booked in 2Q21

Npl cash collection - €mln



Exposures as at 30 June 21 that asked for the extension of the moratoria\*\*

Moratoria	Original exposure	Exposure 1Q21	Exposure 2Q21	
Leasing	481	365	131	Clients voluntary restarted payments on €350mln moratoria (-73%) following the pick up in economic activity Note: leased assets (cars, equipment, technology) with remarketing potential and sector and borrower diversification minimize asset quality risk
Mortgages	126	104	52	Mainly mortgages guaranteed by State Note: low asset quality risk on other mortgages (mainly retail)
Commercial lending (run off)	147	43	37	Clients voluntary restarted payments on €110mln moratoria (- 75%) following the pick up in economic activity Note: exposure vs. large Italian investment grade corporates granted in 2014-16 and expiring in 2023-25 with limited asset quality risk
Other moratoria	45	21	13	
<b>Total</b>	<b>799</b>	<b>533</b>	<b>233</b>	Clients voluntary restarted payments on €566mln moratoria (-71%) following pick up in macro activity

## Additional provisions due to Covid19

### 2020: €31mln

- €31mln of additional provisions for loan losses on sectors most impacted by Covid-19 and moratoria

### 1Q 21: €8mln

- €8mln provisions for additional protection from concentration risk in structured finance

### 2Q 21: €5mln

- €5mln provisions for some high vintage positions

\* Source: management accounting data

\*\* Moratoria expired as at 30 June 21. Clients could extend moratoria on interest only until 31 Dec 21. The figures indicate exposures that asked for the extension of the moratoria until 31 Dec 21



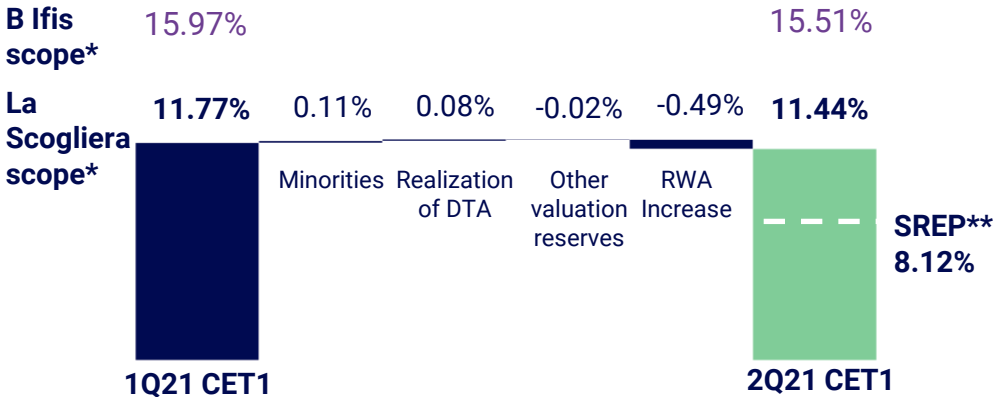
- **Banca Ifis benefits from the progressive recovery of the macroeconomic environment** and from the normalization of the court activity
- **In 2021, we expect revenues of €540mln-560mln and net income of €80-90mln**
  - Continuing sound trend in revenues in both NPL and commercial banking
  - Expected further prudential provisions in the NPL and commercial banking portfolios shall not change the guidance
- We expect to present the **2021-24 Industrial Plan in 4Q21**
- **The strategy of the Bank will remain focused on core business, digitalization, cost containment and efficient capital allocation**

(€ mln)	Min	Max
Revenues	540	560
Net income	80	90

## Main assumptions underlying the guidance

- Progressive improvement of the macroeconomic environment
- No macroeconomic shocks triggered by new lockdowns in US/Europe or Italy involving the whole country or some regions
- Continued macroeconomic support by the Governments and Central Banks

# Capital ratios evolution excluding 1H 21 net income



Data in €bn

Banca Ifis Group Scope	1Q21	2Q21
RWA	8.9	9.3
CET1	1.4	1.4
Total Capital	1.8	1.8
Total Capital %	20.51%	19.86%

La Scogliera Group scope	1Q21	2Q21
RWA	8.9	9.3
CET1	1.1	1.1
Total Capital	1.4	1.4
Total Capital %	15.47%	15.08%
Excess CET1 not inc. in La Scogliera	0.4	0.4

## Transfer of La Scogliera to Losanna

- Could optimize the capital requirements, eliminating the consequences deriving from the regulatory consolidation of Banca Ifis in La Scogliera, according to the principles of Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR)
- Is subject to satisfaction of conditions precedent, including an opinion from the Italian internal Revenue Agency on the tax consequences of the transfer, as well as the successful completion, expected by the end of the year, of the envisaged regulatory procedures
- **2019 dividends of €59mln still to be paid are booked as debt to shareholders\*\***

\*The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that only 50.8% of the excess capital of Banca Ifis Group Scope is included in the CET1 of La Scogliera Group Scope. Excess Capital of €0.4bn is not included in CET1 of La Scogliera Group Scope.

\*\* At group level capital requirements are: CET1 8.12%, Total Capital 12.5%

\*\*\* 2019 dividends already excluded from capital ratios

(€ mln)	1Q21	2Q21	1H20	1H21
Net interest income	115.8	117.2	169.7	233.0
Net commission income	18.8	22.1	39.8	40.9
Trading and other revenues	3.1	15.6	3.3	18.7
<b>Net revenues</b>	<b>137.7</b>	<b>154.9</b>	<b>212.8</b>	<b>292.6</b>
Loan loss provisions (LLP)	(16.1)	(26.5)	(33.3)	(42.6)
<b>Net revenues – LLP</b>	<b>121.6</b>	<b>128.4</b>	<b>179.5</b>	<b>250.0</b>
Personnel expenses	(33.8)	(33.9)	(60.7)	(67.7)
Other administrative expenses	(52.5)	(59.0)	(82.1)	(111.5)
Other net income/expenses	(5.0)	6.1	(12.7)	1.1
<b>Operating costs</b>	<b>(91.3)</b>	<b>(86.9)</b>	<b>(155.5)</b>	<b>(178.2)</b>
Gains (Losses) on disposal of investments	-	-	24.2	-
<b>Pre tax profit</b>	<b>30.4</b>	<b>41.5</b>	<b>48.2</b>	<b>71.9</b>
Taxes	(9.6)	(13.1)	(11.3)	(22.7)
<b>Net income - attributable to the Parent company</b>	<b>20.1</b>	<b>28.2</b>	<b>36.8</b>	<b>48.3</b>
Customer loans	9,032	9,875	8,034	9,875
- of which Npl Business	1,398	1,371	1,307	1,371
Total assets	11,841	13,269	11,252	13,269
Total funding	9,735	11,000	9,171	11,000
- of which customer deposits	5,526	5,884	4,864	5,884
- of which TLTRO	1,992	2,116	2,000	2,116
Shareholders Equity	1,572	1,574	1,497	1,574

- Net revenues benefit from the progressive improvement in judicial and extrajudicial Npl workout and in Commercial & Corporate Banking activity
  - Net revenues include +€4mln write back of PPA in 2Q 21 (vs. €12mln in 1Q21 and +€30mln in 4Q20)
  - Trading and other revenues include €6mln gains on equity stakes and PE funds and €5mln income on proprietary trading
- Includes €14mln write offs due to ongoing review of Covid-19 impact on our NPL portfolio (€9mln) and high vintage exposures in our commercial portfolio (€5mln) to reflect longer timeframe/lower collections
- Includes €4mln contributions to the Single Resolution Fund (paid in 2Q21)
- Capital gain due to the disposal of real estate in Milan

**2Q21 figures include the P&L and B/S impact of the acquisition of Aigis. P&L is not material for Banca Ifis. B/S impact is on customer loans and funding**

# 2Q21 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	Tot. Commercial & Corporate banking		
Net interest income	63	21	12	14	46	8	117
Net commission income	1	14	3	4	21	(0)	22
Trading & other revenues	1	0	0	6	7	8	16
<b>Net revenues</b>	<b>65</b>	<b>35</b>	<b>15</b>	<b>24</b>	<b>74</b>	<b>15</b>	<b>155</b>
-Of which PPA	0	0	0	0	0	4	4
Loan loss provisions	(9)	(10)	(1)	(3)	(14)	(4)	(26)
Operating costs	(41)	(20)	(7)	(10)	(37)	(8)	(87)
<b>Net income</b>	<b>10</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>16</b>	<b>2</b>	<b>28</b>
Net income attributable to non-controlling interests							0.2
Net income attributable to the Parent company							28
<b>Net income (%)</b>	<b>36%</b>	<b>12%</b>	<b>17%</b>	<b>28%</b>	<b>57%</b>	<b>7%</b>	<b>100%</b>
<b>Customer Loans</b>	1,371	2,749	1,411	2,300	6,460	2,045	9,875
<b>RWA<sup>1</sup></b>	2,132	2,275	1,271	1,518	5,063	1,112	8,307
<b>Allocated capital<sup>2</sup></b>	<b>244</b>	<b>260</b>	<b>145</b>	<b>174</b>	<b>579</b>	<b>127</b>	<b>950</b>

- Includes €9mln provisions due to ongoing review of Covid-19 long-term impact on our NPL portfolio
- Includes €5mln provisions due to the review of high vintage exposures in our commercial portfolio (€5mln)
- Breakdown of customer loans in Non Core & G&S
  - G&S: includes €1.4bn of Italian Government bonds at amortized costs
  - Non Core: includes €0.2bn of performing loans mainly ex Interbanca, €0.1bn retail mortgages and €0.05bn 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 2Q21.

Appendices

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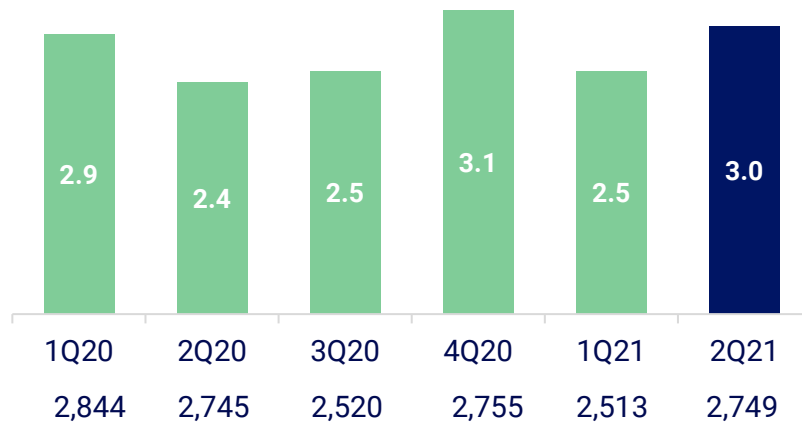
## 2.1 Segment results

**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)	2Q21	Description
Lending to NHS/PA/guaranteed by state and large corporate		
Factoring and other loans to public administration	0.8	The asset quality risk is limited, while there are uncertainties on the timeframe of payment
Loans 80% guaranteed by State (MCC)	0.8	Loans to SMEs 80% guaranteed by MCC/State (including Aigis portfolio)
Factoring to chemists	0.1	Short term lending in the face of chemists (Credifarma)
Factoring to large Italian Corporations (Revenue >€500mln)	0.5	The debtors are the large/top Italian corporations (revenue > €500mln) with a sound competitive advantage
Lending to SMEs		
Factoring to SMEs	1.5	Strong sector and borrower diversification. Average duration of ca. 4 months. Average ticket of €300k. The exposures are to debtors (usually medium corporate), with ratings well above the ones of the sellers of the credits
Leasing to 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 to chemists	0.7	Medium/long term lending to chemists (Credifarma + Farbanca)
Structured finance	0.6	Lending to 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. It includes also marginal investments in some PE funds (less than €50mln)
<b>Total customer loans</b>	<b>6.5</b>	<b>Total customer loans of Commercial &amp; Corporate Banking</b>

\* Source: management accounting data

## Turnover - €bn



- Factoring net loans +9% QoQ due to pick up in economic activity
- Factoring loans of €2.7bn included €0.8bn exposure to the Public Administration

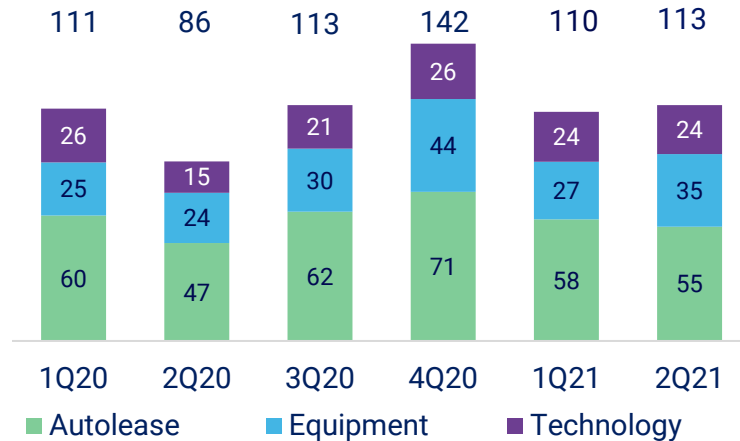
- 1 Net revenues / average customer loans at 5.4%
- 2 2Q21 loan loss provisions of €10mln. In 1Q21, loan loss provisions includes one-off write back of provisions due to the update of credit modelling

Data in €mln	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Net revenues	36	33	34	40	34	35
Net revenues / average customer loans	4.9%	4.6%	4.8%	5.7%	5.2%	5.4% <sup>1</sup>
Loan loss provisions	(5)	(1)	(2)	(23)	4	(10) <sup>2</sup>

\*Starting from January 2021, Credifarma has been reclassified from Factoring into Corporate Banking and Lending. All 2020 information provided consider this re-allocation.



## New business - €mln



Net customer loans - €mln

1Q20	1,404	1,397	1,394	1,414	1,406	1,411
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Data in €mln	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Net revenues	12	13	12	13	14	15
Net revenues / average customer loans	3.3%	3.7%	3.3%	3.6%	3.9%	4.3%
Loan loss provisions	(4)	(4)	(7)	0	(4)	(1)

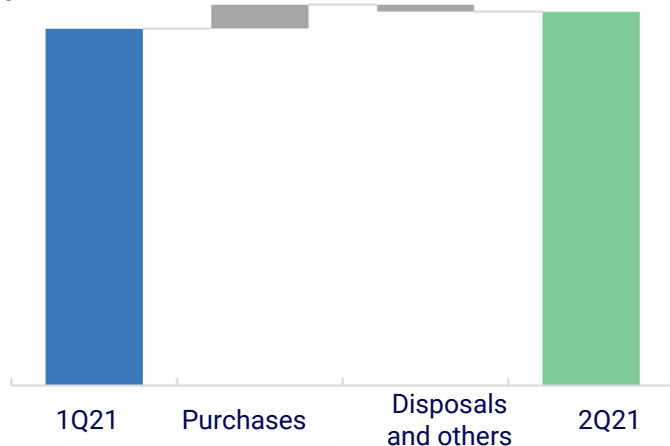
- New leasing +31% YoY and stable QoQ
- In 2Q21, customer loans at €1,411mln, stable QoQ
- Asset quality risk is mitigated by strong sector and borrower diversification (~ 38k customers, average ticket of ~ €30k\*) and by the remarketing agreements for repossessed assets
- Banca Ifis granted €481mln moratoria. As at 30 June 21\*:
  - ~€350mln (ca. 73% of total) terminated moratoria and started paying again, benefiting from the reopening of the economy
  - ~€131mln (ca. 27% of total) moratoria were still in place and asked for the extension until 31 Dec 21

\* Data for leasing excluding rental

## Npl portfolio evolution

NBV\*\* 1,396  
€mln 1,369

GBV €bn 19.7 +0.1 -0.5 19.3



### Key numbers\*

- 1.9mln tickets, #1.4mln borrowers
- Extensive portfolio diversification by location, type and age of borrower

### Npls acquired in 2Q: €0.1bn GBV

- In 2Q21, Banca Ifis purchased €0.1bn due to the low number of transactions in the NPL market and a selective approach
- We are currently participating /expecting to participate in NPL disposal processes of more than €3bn GBV which allows us to be selective

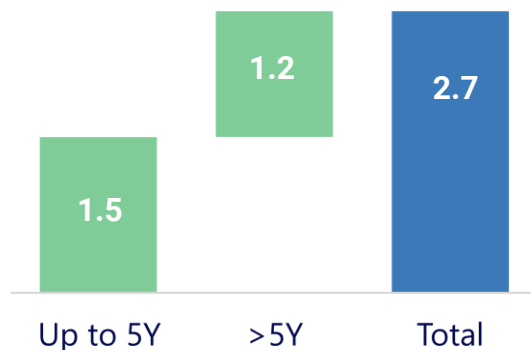
### Npls disposed and others in 2Q

- Npls disposed and others in 2Q21: disposals (disposal price €1.8mln, capital gain €0.8mln) of portfolios that were already worked out and not strategic for Banca Ifis

\*Source: management accounting data

\*\*Does not include customer loans (invoices to be issued) related to Ifis Npl Servicing third parties servicing activities

**ERC: €2.7bn**



## ERC breakdown

Data in €mln	GBV	NBV	ERC
Waiting for workout - At cost	0.1	0.0	0.0
Extrajudicial positions	11.3	0.4	0.7
Judicial positions	7.9	1.0	2.0
<b>Total</b>	<b>19.3</b>	<b>1.4</b>	<b>2.7</b>

## ERC assumptions

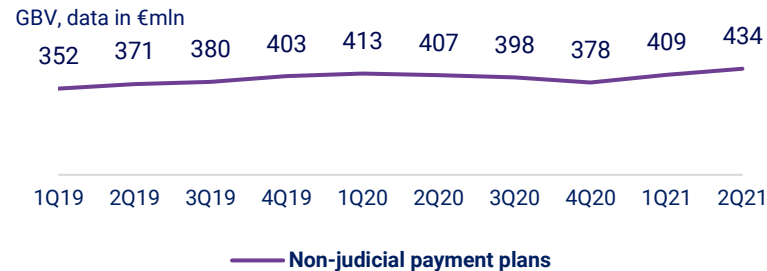
- ERC based proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
  - Type of borrower, location, age, amount due, employment status
  - Time frame of recovery
  - Probability of decay
- ERC represents Banca Ifis's expectation in terms of gross cash recovery. Internal and external costs of positions in non-judicial payment plans (GBV of €0.4bn in 2Q21), court injunctions ["precetto"] issued and order of assignments (GBV of €1.4bn in 2Q21) have already been expensed in P&L
- **€1.5bn cash recovery (including proceeds from disposals) was generated in the years 2014 – 2Q21**

## Judicial recovery

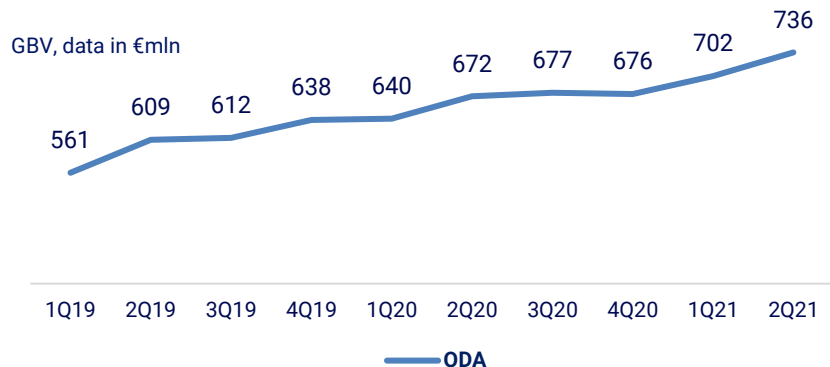
Judicial recovery (€ mln)	GBV	%
Freezed**	3,644	46%
Court injunctions ["precetto"] and foreclosures	700	9%
Order of assignments	736	9%
Secured and Corporate	2,816	36%
<b>Total</b>	<b>7,896</b>	<b>100%</b>

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

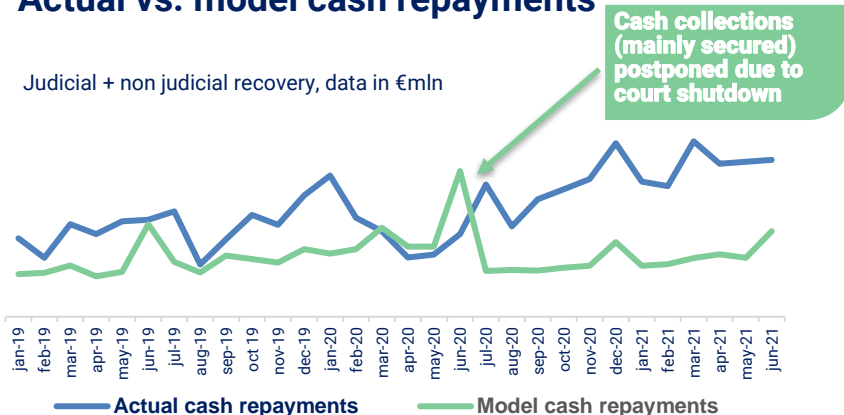
## Non judicial recovery – Voluntary plans



## Judicial recovery – Order of Assignments



## Actual vs. model cash repayments



\*Source: management accounting data

# Npl Business\*: cash recovery and P&L contribution

## Cash collection

- 1 NPL cash collection at record high of €89mln, up vs. all previous quarters

## P&L Contribution

- 2 2Q 21 P&L contribution benefits from increasing productivity in servicing and from reducing timeframe of recovery of riskier exposures in non judicial workout. Portfolio proved to be resilient: ~40% of order of assignments are versus public employees and retirees and Portfolio is extremely granular with ~1.4mln debtors

Data in € mln (excluding disposals)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	2018 YE	2019 YE	2020 YE
Cash collection	57	67	59	76	65	52	66	76	81	89 <sup>1</sup>	181	258	259
Contribution to P&L**	66	60	44	78	50	34	48	50	64	70 <sup>2</sup>	238	248	182
Cash collection / contribution to P&L	87%	112%	132%	97%	132%	153%	137%	152%	127%	128%	76%	104%	143%

\*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 2Q21 €mln	% total	Description	Average time frame**	Accounting valuation	Cash proceeds
<b>Waiting for workout - Positions at cost</b>	<b>107</b>	<b>1%</b>	Recently acquired, under analysis to select the best recovery strategy, to be assigned either to extrajudicial or to judicial recovery	6 months	Acquisition cost	
<b>Extrajudicial positions</b>	<b>11,280</b>	<b>58%</b>				
-Ongoing attempt at recovery	10,846	56%	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	434	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
<b>Judicial positions</b>	<b>7,896</b>	<b>41%</b>				
- Freezed***	3,644	19%	Judicial process has started; but the court injunction ["prechetto"] has not been issued	6-12 months	Acquisition cost	No
- Court injunctions ["prechetto"] issued and foreclosures ("pignoramento")	700	4%	Court injunction ["prechetto"] already issued; legal actions continue to get the order of assignment	8-12 months	#1 increase in value at court injunction ["prechetto"] and #2 increase in value at foreclosure ["Pignoramento"]. Part of the legal costs are expensed in P&L	No
- Order of assignments	736	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	2,816	15%	Ongoing execution of real estate collaterals	4 years	Analytical valuation (expected time frame and amount to be recovered)	Yes
<b>Total</b>	<b>19,282</b>	<b>100%</b>				

\*Source: management accounting data

\*\* Data before Covid-19.

\*\*\*Other Judicial positions

# Npl Business\*: GBV and NBV evolution

GBV - €mln	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Waiting for workout - Positions at cost</b>	<b>2,864</b>	<b>1,598</b>	<b>1,783</b>	<b>1,794</b>	<b>1,440</b>	<b>1,709</b>	<b>1,885</b>	<b>2,140</b>	<b>1,147</b>	<b>107</b>
<b>Extrajudicial positions</b>	<b>9,745</b>	<b>9,862</b>	<b>9,574</b>	<b>10,378</b>	<b>10,619</b>	<b>10,257</b>	<b>10,579</b>	<b>10,273</b>	<b>10,987</b>	<b>11,280</b>
- Ongoing attempt at recovery	9,393	9,491	9,194	9,975	10,206	9,850	10,182	9,896	10,578	10,846
- Non-judicial payment plans	352	371	380	403	413	407	398	378	409	434
<b>Judicial positions</b>	<b>4,015</b>	<b>4,913</b>	<b>5,226</b>	<b>5,669</b>	<b>5,720</b>	<b>6,278</b>	<b>6,428</b>	<b>7,374</b>	<b>7,546</b>	<b>7,896</b>
- Frozen**	1,822	1,931	2,192	2,521	2,533	2,627	2,518	3,299	3,243	3,644
- Court injunctions ["precetto"] issued and foreclosures	464	487	511	543	571	595	642	713	686	700
- Order of assignments	561	609	612	639	640	672	677	676	702	736
- Secured and Corporate	1,167	1,886	1,911	1,965	1,975	2,384	2,590	2,686	2,915	2,816
<b>Total</b>	<b>16,624</b>	<b>16,373</b>	<b>16,583</b>	<b>17,841</b>	<b>17,779</b>	<b>18,244</b>	<b>18,893</b>	<b>19,787</b>	<b>19,680</b>	<b>19,282</b>

NBV - €mln	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Waiting for workout - Positions at cost</b>	<b>174</b>	<b>148</b>	<b>160</b>	<b>109</b>	<b>65</b>	<b>96</b>	<b>104</b>	<b>170</b>	<b>112</b>	<b>15</b>
<b>Extrajudicial positions</b>	<b>306</b>	<b>313</b>	<b>308</b>	<b>356</b>	<b>364</b>	<b>355</b>	<b>353</b>	<b>339</b>	<b>368</b>	<b>393</b>
- Ongoing attempt at recovery	162	164	154	190	193	184	185	174	188	198
- Non-judicial payment plans	144	149	154	166	171	171	169	165	180	195
<b>Judicial positions</b>	<b>643</b>	<b>711</b>	<b>720</b>	<b>813</b>	<b>840</b>	<b>854</b>	<b>867</b>	<b>894</b>	<b>916</b>	<b>961</b>
- Frozen**	205	207	215	274	298	304	292	296	300	330
- Court injunctions ["precetto"] issued and foreclosures	118	118	118	128	120	132	148	160	162	161
- Order of assignments	227	244	245	259	270	265	264	280	292	305
- Secured and Corporate	94	142	142	152	152	153	162	158	162	165
<b>Total</b>	<b>1,123</b>	<b>1,172</b>	<b>1,188</b>	<b>1,278</b>	<b>1,269</b>	<b>1,305</b>	<b>1,324</b>	<b>1,404</b>	<b>1,396</b>	<b>1,369</b>

1 The decrease in GBV of waiting for workout/positions at costs is due the beginning of the workout of a few large portfolios acquired in 2020

\*Source: management accounting data

\*\*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

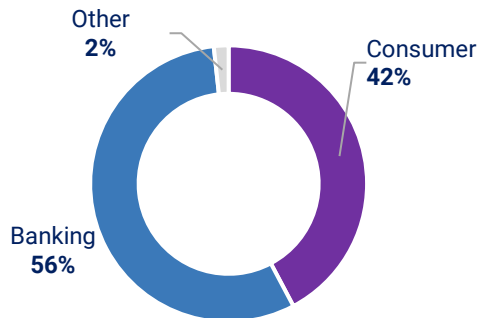
P&L - €mln	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
<b>Waiting for workout - Positions at cost</b>										
<b>Extrajudicial positions</b>	19	19	19	20	17	10	11	7	22	29
- Ongoing attempt at recovery	(3)	(2)	(1)	4	(4)	(3)	(5)	(5)	(2)	6
- Non-judicial payment plans	22	21	20	17	21	13	15	12	24	23
<b>Judicial positions</b>	46	42	26	58	33	24	37	43	42	41
- Frozen**	0	0	0	0	0	0	0	0	0	0
- Court injunctions and foreclosures + Order of assignments	37	28	18	40	26	24	32	43	36	34
- Secured and Corporate	9	14	7	18	6	0	6	0	5	7
<b>Total</b>	<b>66</b>	<b>60</b>	<b>44</b>	<b>78</b>	<b>50</b>	<b>34</b>	<b>48</b>	<b>50</b>	<b>64</b>	<b>70</b>
<b>Cash - €mln</b>										
<b>Waiting for workout - Positions at cost</b>										
<b>Extrajudicial positions</b>	27	32	27	38	30	23	33	37	42	47
- Ongoing attempt at recovery	4	6	4	10	4	3	4	6	6	9
- Non-judicial payment plans	23	26	23	28	26	20	29	31	36	39
<b>Judicial positions</b>	30	35	32	38	35	29	33	40	39	42
- Frozen**	0	0	0	0	0	0	0	0	0	0
- Court injunctions and foreclosures + Order of assignments	24	25	25	27	29	23	26	29	30	30
- Secured and Corporate	6	11	7	11	7	5	7	11	9	12
<b>Total</b>	<b>57</b>	<b>67</b>	<b>59</b>	<b>76</b>	<b>65</b>	<b>52</b>	<b>66</b>	<b>76</b>	<b>81</b>	<b>89</b>

\*Source: management accounting data

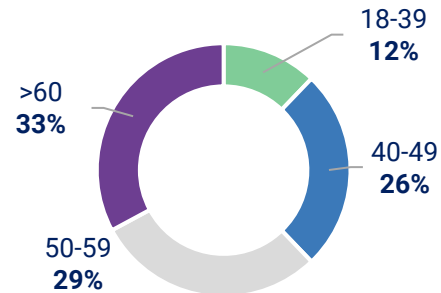
\*\*Other Judicial positions



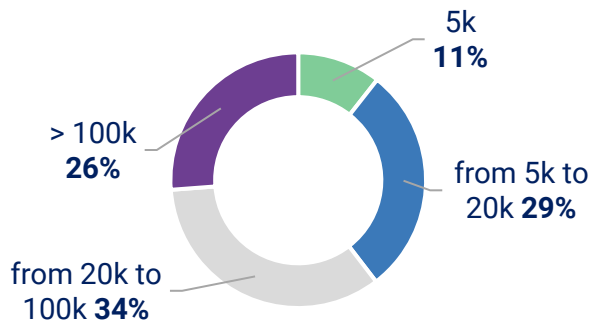
## Breakdown of GBV by type



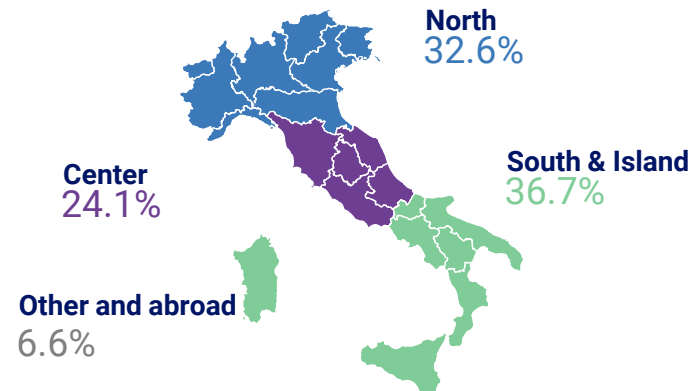
## Breakdown of GBV by borrower age



## Breakdown of GBV by ticket size



## Breakdown of GBV by region

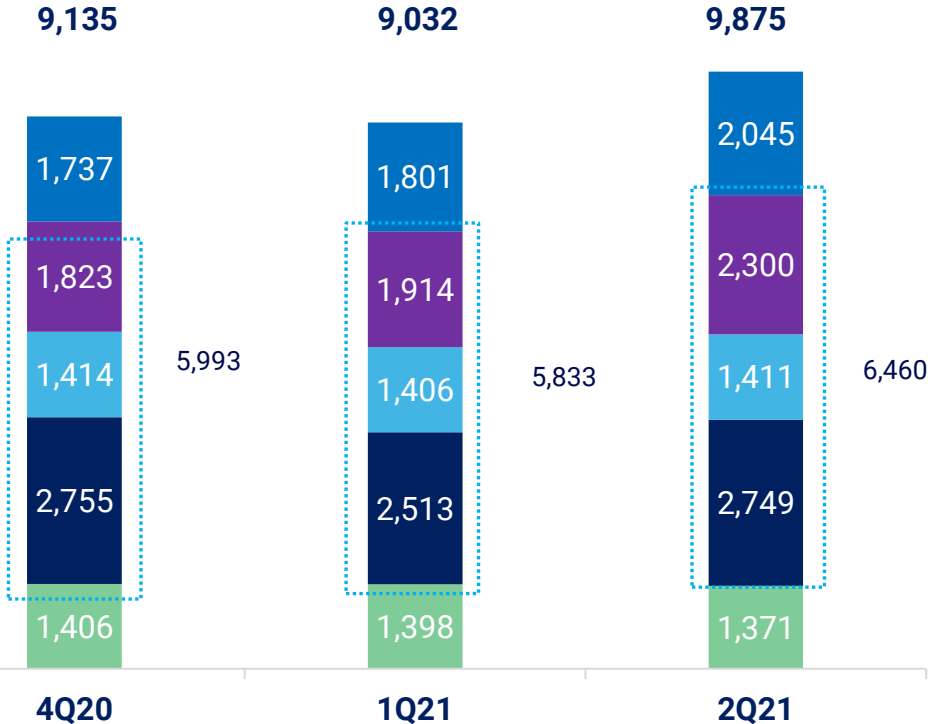


\*Source: management accounting data and risk management data (i.e. data refer only to property portfolio)

## 2.2 Consolidated financial data

# Customer loans\*

## Customer loans (€ mln)

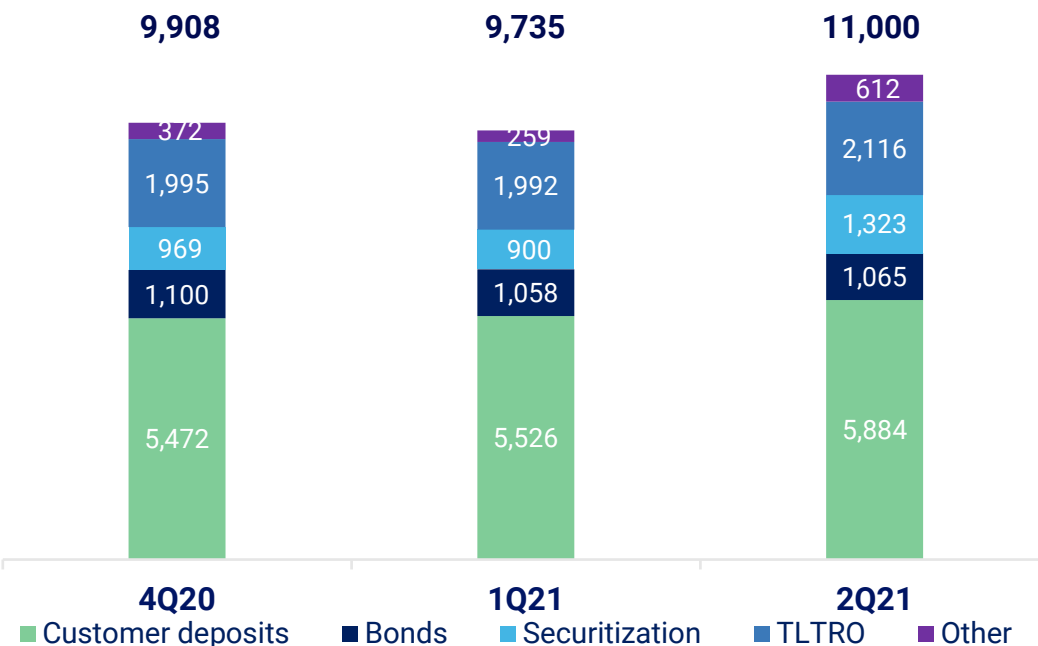


- 2Q21 customer loans at €9,875mln (+€843mln or +9.3% vs 1Q21), of which €278mln due to the acquisition of Aigis
- Corp. Banking & Lending increase (€386mln QoQ) driven by Aigis acquisition (€278mln)
- Non Core & GS increased by +€244mln mainly driven by the acquisition of +€226mln of Italian Government bonds at amortized cost
- Factoring increase (+€236mln QoQ) driven by the pick up in macroeconomic activity

■ Npl ■ Factoring ■ Leasing ■ Corp. Banking & Lending ■ Non Core & G&S  
 □ Commercial and Corporate banking

\*Starting from January 2021, Credifarma has been reclassified from Factoring into Corporate Banking and Lending. All 2020 information provided consider this re-allocation.

## Funding (€mln)



	4Q20	1Q21	2Q21
<b>LCR</b>	>900%	>1,400%	>1,700%
<b>NSFR</b>	>100%	>100%	>100%

- Customer deposits +6% QoQ mainly due to the acquisition of Aigis
- The securitizations include €951mln of the factoring securitization and €372mln of the restructuring of the Farbanca securitization
- Banca Ifis has €2.1bn TLTRO (of which €1.9bn expiring in June 2023) out of a maximum capacity of ca. €3bn
- The increase in other funding is driven by €283mln repo
- Average cost of funding at 0.96% in 2Q21, vs 1.02% in 1Q21, 1.01% in 4Q20 and 1.45% in 4Q19

## Strategy

- Long term «fundamental» view coupled 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

## 1H21 results

- In 1H21 (2Q21), the proprietary portfolio reported net revenues of €16.3mln (€10.2mln) of which €8.1mln of interest margin, +€9.3 increase vs. 1H20

*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 end of quarter	Bonds			Equity	Securitization	Total
	Government	Financial	Corporate			
Held to collect/amortized cost	1430	182	66		113	1791
Held to collect and sell (FVOCI)	536	22	16	65		639
<b>Total (HTC and HTC&amp;S)</b>	<b>1965</b>	<b>205</b>	<b>83</b>	<b>65</b>	<b>113</b>	<b>2430</b>
Held for trading						2
<b>Total portfolio at market value</b>	<b>1965</b>	<b>205</b>	<b>83</b>	<b>65</b>	<b>113</b>	<b>2432</b>
Percentage of total	80,8%	8,4%	3,4%	2,7%	4,6%	100,0%
Held to collect/amortized cost Duration	2,7	4	4,6	NA	0,1	2,9
Held to collect and sell (FVOCI) Duration	3,1	3,8	4,6	NA	-	3,1
<b>Average duration (HTC and HTC&amp;S) - YEARS</b>	<b>2,8</b>	<b>4,0</b>	<b>4,6</b>	<b>NA</b>	<b>0,1</b>	<b>3,0</b>

## Asset quality (€ mln)

Consolidated ratios	4Q20	1Q21	2Q21
Gross Npe*	6.4%	6.9%	6.4%
Net Npe*	3.2%	3.4%	3.2%

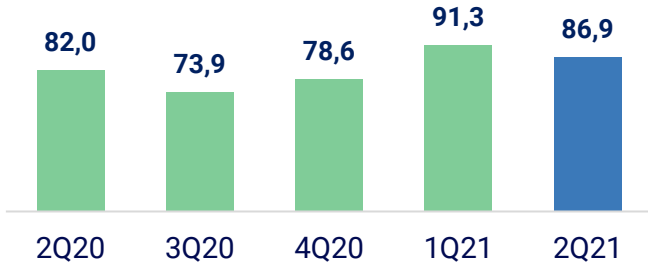
Commercial & Corporate Banking	Gross	Coverage %	Net
Bad loans	168	75%	42
UTPs	175	46%	94
Past dues	46	12%	41
<b>Total Npes</b>	<b>388</b>	<b>55%</b>	<b>176</b>

Non Core & G&S	Gross	Coverage %	Net
Bad loans	22	35%	14
UTPs	55	45%	30
Past dues	7	34%	4
<b>Total Npes</b>	<b>84</b>	<b>41%</b>	<b>49</b>

- Npl Business not included in this analysis
- Npe ratios (excluding Npl Segment and Italian Government Bonds at amortized costs included in customer loans) reported:
  - **Gross Npe Ratio\*: 6.4% (6.9 % in 1Q21)**
  - **Net Npe Ratio\*: 3.2% (3.4 % in 1Q21)**
- The QoQ decrease in Gross and net ratios is driven by the increase in customer loans
- Gross Npes in Commercial and Corporate Banking include ~€19mln factoring technical past due mainly loans to the PA which do 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

\*Includes commercial loans in Commercial Banking, Non Core and G&S. It excludes Npl business and €1.4bn Government bonds at amortized costs in G&S.

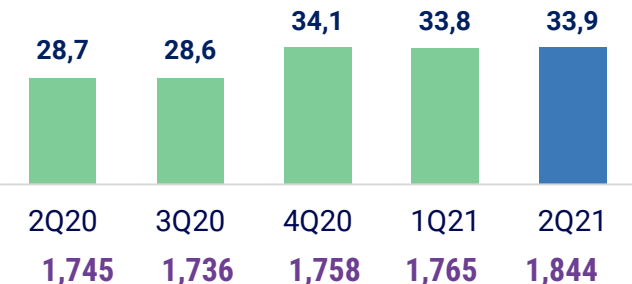
## Operating costs (€mln)



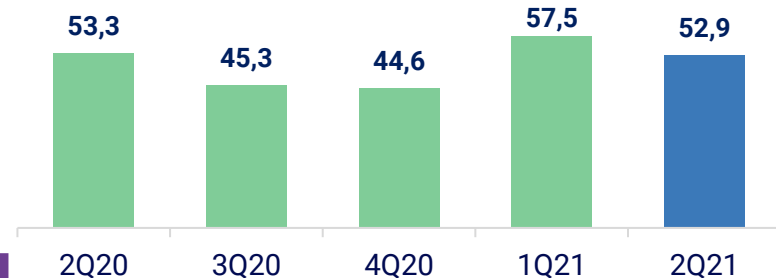
## 2Q21 operating costs ~-€4.4mln vs. 1Q21:

- Personnel expenses include +€0.5mln of AIGIS personnel
- -€4.5mln QoQ in other operating costs:
  - -€3.4mln bargain and +€1.5mln Aigis costs (of which €0.4mln of one-off risk provisions and one-off €0.4mln of IT costs)
  - €1.5mln of indirect taxes, of which €0.5mln for proprietary trading and €1mln for building registered taxes
  - ~-€3.7mln QoQ for the Bank Resolution fund, booked in 1Q21 paid in 2Q21)

## Personnel expenses (€mln)



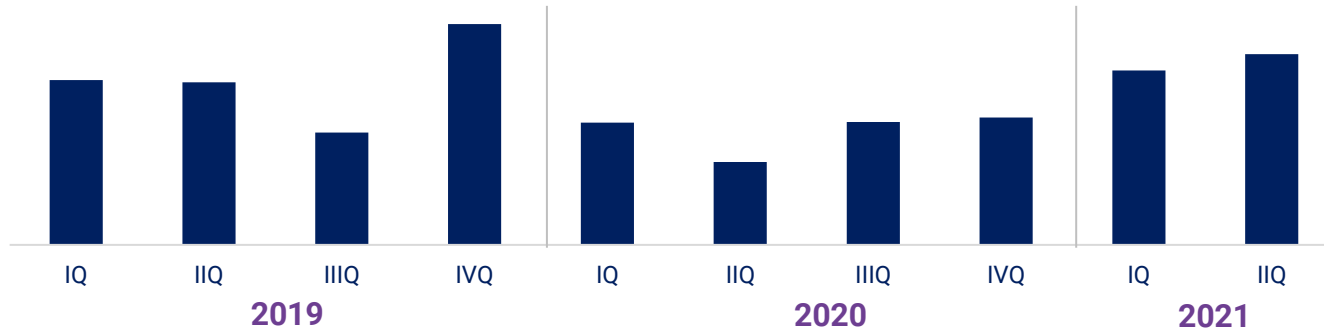
## Other adm. expenses and other income / expenses (€mln)



Banca Ifis  
employees

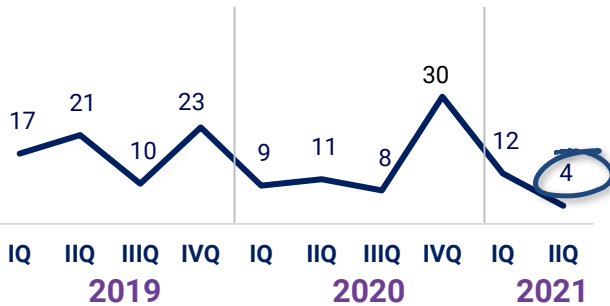
# Seasonality in Npl and PPA and effect of Covid-19

## Net interest income in Npls



2020 was impacted by court shutdown

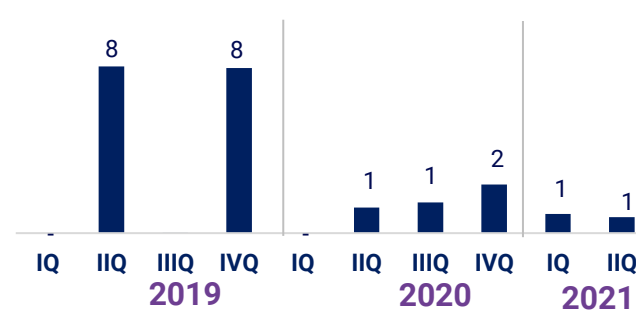
## Reversal of PPA ex-IB (pre-tax)



2Q21 pre tax reversal PPA at €4m

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

## Capital gains from Npl disposal



2Q21 gains at €1m



## 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 Jun 2021	Banca Ifis Group Scope	Capital requirements*	Excess Capital	Minority stake of La Scogliera	Excess capital not included	La Scogliera Group Scope
CET1	1.4		0.8	49.2%	0.4	1.1
<b>Total Capital</b>	<b>1.8</b>		<b>0.9</b>	<b>49.2%</b>	<b>0.4</b>	<b>1.4</b>
CET1 %	15.5%	7.0%		49.2%		11.4%
<b>Total Capital %</b>	<b>19.9%</b>	<b>10.5%</b>		<b>49.2%</b>		<b>15.1%</b>
RWA	9.3					9.3

\*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 DTAs
- Capital requirements: 100% weight on RWA

Data in €/mln

219.4

## 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

41.7

## Other non-convertible DTAs

- DTAs generated due to negative valuation reserves and provisions for risks and charges (~€31.6\*mln as of 30 Jun 2021)
- 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 (~€24.3mln as of 30 Jun 2021)

7.4

\*Includes prudentially €5.7mln of DTAs related to Ifis Rental and Ifis Real Estate not included in the Banking Group as not a regulated entity

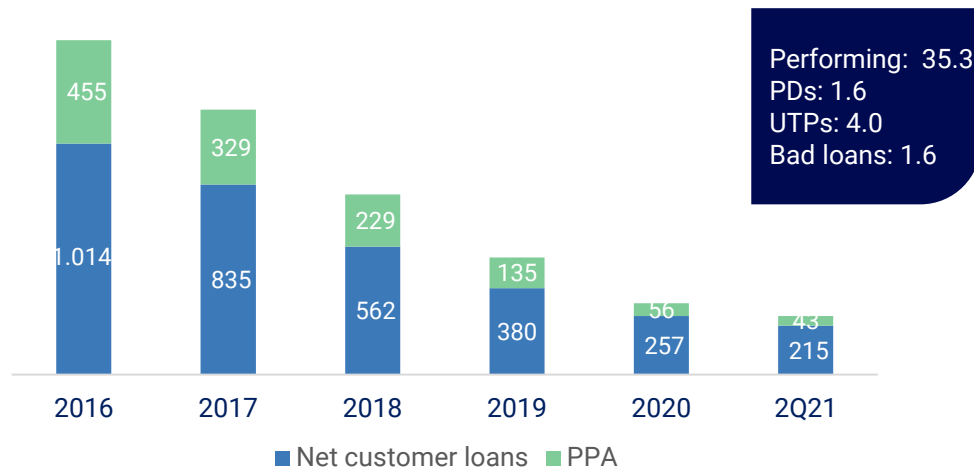
\*\* As stated by CRR (article 48), these kind of DTAs are subjected to a double threshold mechanism: if their amount is less than 10% of the CET1 Capital, they are weighted at 250%; if their amount added to the total<sup>35</sup> investments in financial sector subjects is less than 17.65% they are weighted. If the amount of DTAs is greater than or the first or the second threshold, the amount in excess is deducted from CET1 Capital.

## 2.4 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/the disposal of Interbanca's loans

As at 30 Jun 21, the residual amount of pre-tax PPA was €43m

## Net customer loans and PPA - €mln



## PPA reversal in P&L- €mln

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
9	11	8	30*	12	4
<b>FY 20: €57mln. o/w:</b> -€2mln Corp. Banking & Lending -€56mln Non Core & G&S				<b>1H 21: €16mln. o/w:</b> -€1mln Corp. Banking & Lending -€15mln Non Core & G&S	

Outstanding 2Q 21
43
<b>2Q 21 Outstanding, o/w:</b> -€3mln Corp. Banking & Lending -€40mln Non Core & G&S

\*In 4Q 20, the write back of PPA was mainly driven by loans and Npl disposals and prepayments

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