Banca Ifis

Consolidated Interim Report at 30 September 2021

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Corporate Bodies

Board of Directors in office at approval of the Consolidated Interim Report

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Ernesto Fürstenberg Fassio
CEO	Frederik Geertman [1]
Directors	Simona Arduini Monica Billio Beatrice Colleoni Roberto Diacetti Luca Lo Giudice Antonella Malinconico Riccardo Preve Monica Regazzi Daniele Umberto Santosuosso

[1] *The CEO has powers for the ordinary management of the Company.*

Joint General Managers	Fabio Lanza Raffaele Zingone

Board of Statutory Auditors

Chairman	Giacomo Bugna
Standing Auditors	Marinella Monterumisi Franco Olivetti
Alternate Auditors	Alessandro Carducci Artenisio Giuseppina Manzo
Independent Auditors	EY S.p.A.
Corporate Accounting Company's financial reports	Mariacristina Taormina


Banca Ifis

Fully paid-up share capital: 53.811.095 Euro
ABI 3205.2
Tax Code and
Venice Companies Register Number: 02.505.630.109
VAT no.: 04.570.150.278
Enrolment in the Register of Banks no.: 5.508
Registered and administrative office
Via Terraglio, 63 – 30174 Mestre – Venice
Website: www.bancaifis.it

Member of FCI

2.

Interim Directors' report on the Group

2.1 Results and strategy

2.1.1 Comment by the CEO

The results of the first nine months confirm the Bank's ability to effectively cover specific businesses and to seize the opportunities offered by the greatly recovered market. The net profit for the period attributable to the Parent Company of 80,2 million Euro exceeded our expectations; the result, calculated net of the PPA and extraordinary gains related to the sale of the Milan property, is 25% higher than in the same period of 2019 and approximately 5 times higher than in 2020.

Industrial revenues for the period recorded double-digit growth, up to 449,2 million Euro, supported by the new mix of the commercial portfolio and the excellent performance of the Npl Segment. Revenues, net of the PPA (amounting to 21,5 million Euro), reached an all-time high.

The positive trend in these results has prompted us to revise the guidance for 2021 upwards and to estimate net banking income between 570 and 590 million Euro and an operating profit between 90 and 100 million Euro. All this was done in the assumption of gradual improvement in the scenario, no macroeconomic or pandemic-related shocks and continued support from Governments and central banks for the economic recovery.

More specifically, the Commercial & Corporate Banking Segment demonstrated its ability to rapidly adapt its offering to market needs, thanks to a combination of the commercial strategy and operational and technological efficiency. Although in 2020 we were able to seize the commercial opportunities linked to the strong demand for state-guaranteed mortgages, in 2021 we quickly identified and satisfied the growing demand for factoring linked to ecobonuses and commercial recovery, through the provision of dedicated products and services.

During the period, the process of digitalising and developing business services from an omni-channel perspective continued: the "Ifis4business" platform for factoring customers is nearing completion and will be extended to all products in the portfolio by the first half of 2022. The migration of the former Aigis Banca business unit is scheduled for completion in November, and in the Leasing Area, the launch of a new digital sales portal for suppliers, sales people and customers that will make it possible to optimise the management of the commercial chain.

Positive signs are also recorded by loans in moratorium where 74% of our customers have resumed regular payments. The remaining receivables in arrears, amounting to 211 million Euro, consist mainly of lease receivables, with underlying vehicles and capital goods, and loans, mainly Government-backed.

During the first nine months of the year, cash recoveries on Npl portfolios acquired reached an all-time high and amounted to 252 million Euro, +38% compared to 183 million Euro in the first nine months of 2020, confirming the portfolio's resilience in the face of the crisis. On 2 November we finalised our largest Npl acquisition, taking over 2,8 billion Euro of impaired loans from Cerberus. The transaction enabled the Bank to meet its estimated 2021 Npl portfolio purchase target of around 3 billion Euro ahead of schedule and will provide a solid contribution to the Bank's profitability in the coming years.

CET1, calculated excluding the profit for the first nine months, stood at 11,68%, up from 11,29% at 31 December, 2020, confirming Banca Ifis' ability to finance business growth.

Our Bank's recent membership of the Net-Zero Banking Alliance further reinforces our commitment to building a more sustainable and inclusive future and will allow us to contribute actively to achieving the common goal of zero net emissions by 2050.

2.1.2 Highlights - reclassified data[1]

Net interest and other banking income totalled 449,2 million Euro, up 39,6% from 321,7 million Euro at 30 September 2020. This increase of 127,5 million Euro was mainly related to: the improved general economic environment from which all the Group's businesses benefited, the contribution of 14,1 million Euro from Farbanca and approximately 3,1 million Euro from the former Aigis Banca business unit (not part of the Banca Ifis Group in the first nine months of 2020) and the positive change in other components of net banking income of 18,4 million Euro (from 5,4 million Euro at 30 September 2020 to 23,8 million Euro at 30 September 2021).

These positive effects primarily benefited net interest income, which increased by 39,0% from 260,8 million Euro at 30 September 2020 to 362,6 million Euro at 30 September 2021.

Net commissions amounted to 62,9 million Euro, a slight increase compared to the figure at 30 September 2020, which was 55,5 million Euro (+13,3%): this performance was driven by a greater contribution from commission income connected to activities in the Structured Finance division.

The other components of net banking income are made up primarily as follows:

- 6,9 million Euro the net positive result of other financial assets and liabilities measured at fair value through profit or loss (up 16,3 million Euro on the negative 9,4 million Euro at 30 September 2020), which includes the net positive change to the fair value of capital instruments and units of UCITS funds;
- 10,3 million Euro in net gains on the disposal or repurchase of financial assets and liabilities, down compared to net gains of 13,5 million Euro at 30 September 2020, where the higher proceeds from the disposal of assets (10,4 million Euro in the first nine months of 2021 compared to 6,1 million Euro at 30 September 2020) only partially offset the substantial elimination in 2021 of gains on the repurchase of own liabilities;
- 6,8 million Euro for dividends generated by shares held in the Group-owned portfolio, a significant increase on the 2,9 million Euro in the first nine months of 2020.

Net credit risk adjustments totalled 62,4 million Euro at 30 September 2021, compared to net losses of 47,9 million Euro at 30 September 2020. The figure for the first nine months of 2021 includes adjustments of 17,0 million Euro relative to the Npl Segment, recorded following a detailed analysis, currently approaching completion, carried out also in response to the Covid-19 pandemic, in terms of greater collection times, mainly on higher vintage positions.

Operating costs totalled 267,6 million Euro, marking an increase of +16,6% compared to 229,4 million Euro at 30 September 2020.

Below are the item's main components.

- Personnel expenses rose by 16,1% to 103,7 million Euro (89,3 million Euro for the period ended 30 September 2020). The increase in this item is due to higher allocations for variable remuneration of approximately 7,5 million Euro compared to 2020 - a year that was affected by prudential policies related to the uncertainty of the pandemic - and to the entry into the Banca Ifis Group of Farbanca and the former Aigis Banca business unit for approximately 3,7 million Euro. The number of Group employees at 30 September 2021 was 1.853 as

1 In the following statements, net impairment losses/reversals on receivables of the Npl Segment were reclassified to interest receivable and similar income to the extent to which they represent the operations of this business and are an integral part of the return on the investment. For this reason too, apart from the specific operations, the effects of an analysis performed also in response to the Covid-19 pandemic, have been classified amongst value adjustments.

compared with 1.736 staff at 30 September 2020, mainly due to the entrances connected with Farbanca and the former Aigis Banca BU;

- Other administrative expenses, at 30 September 2021, amounted to 161,7 million Euro, an increase of 31,5% on 30 September 2020. The increase is attributable to higher costs for professional services and expenses for the purchase of goods and other services mainly related both to the resumption of credit recovery activities in the Npl Segment and to the change in the scope of consolidation with the inclusion of Farbanca and the BU acquired from the former Aigis Banca and the related integration costs.
- Net provisions for risks and charges amounted to 9,4 million Euro, down 55,3% compared to 20,9 million Euro at 30 September 2020, which included provisions of 6,9 million Euro relating to the Solidarity Fund and prudential allocations to commitments to disburse funds and guarantees for a total of 7,2 million Euro mainly related to the unique macroeconomic context of 2020.
- Other net operating income amounted to 21,4 million Euro, up 26,8% compared to the same period of the previous year (16,9 million at 30 September 2020). The item referred mainly to revenue from the recovery of expenses charged to third parties. The relevant cost component is included in other administrative expenses, namely under legal expenses and indirect taxes, as well as recoveries of expenses associated with leasing operations. The change is mainly due to the positive difference that emerged during the provisional allocation of the purchase price of the former Aigis Banca business unit, amounting to 3,4 million Euro.

At 30 September 2021, net profit pertaining to the Parent Company came to 80,2 million Euro, up 52,2% compared to 52,3 million Euro in the same period of 2020, which benefitted from an extraordinary capital gain of 24,2 million Euro and the related tax effect due to the sale of the Milan property in Corso Venezia).

The Group's net profit for the period to 30 September 2021, including profit attributable to minority interests of 1,4 million Euro, was up 55,5% to 81,6 million Euro.

Below are the main dynamics recorded in the individual Segments that go towards forming the economic-equity results at 30 September 2021.

Net profit of the Commercial & Corporate Banking Segment comes to 47,2 million Euro, up 37,4% on 30 September 2020. This change is driven by the growth of net banking income for 53,5 million Euro, while value adjustments for the credit risk come to 32 million Euro, are higher than in the first nine months of last year, by 1,8 million Euro. Operating costs rose by a total of 27,8 million Euro on the figure recorded in the same period of 2020. In detail:

- In the first nine months of 2021, the contribution made by the Factoring Area to net banking income booked by the Commercial & Corporate Banking Segment came to 108,7 million, up 5,8 million Euro on the same period of last year;
- net banking income of the Leasing Area is 43,2 million Euro, up 6,8 million Euro (+18,6%) on 30 September 2020; this result is due for 5,4 million Euro to lesser interest expense following a review of internal transfer rates and for 1,4 million Euro to greater commission income in the financial leasing segment.
- Net banking income of the Corporate Banking & Lending Area, which came to 61,1 million Euro at 30 September 2021, rose by 40,9 million Euro on the first nine months of last year, with an increase in the interest margin of 23,7 million Euro, in the commission component for 6 million Euro and in other components of net banking income for 11,2 million Euro.

Net profit for the period of the Npl Segment is 32,1 million Euro, a significant rise of 151,4% on the 12,8 million Euro booked for the same period of last year thanks to the recovery of all business activities.

The net banking income of the Segment amounted to 184,3 million Euro (+57,9%) as compared with 116,7 million Euro at 30 September 2020. The net profit from financial activities of the NPL segment therefore amounted to 167,3 million Euro, an increase of 43,3% compared to 116,7 million Euro at 30 September 2020. A major achievement resulting from the improvement in the economic-health situation in 2021 compared to 2020, when the pandemic led to the closure of the courts and the consequent stalling of judicial and third-party recovery activities.

"Interest income from amortised cost", referring to the interest accruing at the original effective interest rate, amounted to 111,6 million Euro at 30 September 2021, marking an increase of 7,5% compared to 103,8 million Euro in the same period of 2020, due mainly to the increase in receivables at amortised cost.

The item "Other components of net interest income from changes in cash flow" stood at 87,7 million Euro at 30 September 2020, compared to 27,8 million Euro at 30 September 2020, due to the changed pandemic context. This item includes:

- out-of-court settlements of 41,4 million Euro, consisting of 58,4 million Euro in connection with recovery plans, offset in part by negative changes of 17 million Euro in connection with the valuation of statistical curves;
- legal management for 46,3 million Euro, where the contribution of actions for injunction, attachment and ODA is 43,2 million Euro while that of the secured and corporate pool is 3,1 million Euro.

The Segment presents "Net adjustments for credit risk" of 17,0 million Euro; these adjustments refer to the write-down of receivables following a detailed analysis, now in its closing stages, carried out also in response to the Covid-19 pandemic, in terms of greater collection times, mainly on higher vintage positions.

In line with debt collection activities, operating costs rise by 20,3%, going from 100,0 million Euro at 30 September 2020, to 120,3 million Euro at 30 September 2021. This increase is essentially due to the variable costs linked to debt collection.

At 30 September 2021, the Governance & Services and Non-Core Segment recorded a profit of 2,2 million Euro as compared with the profit of 5,3 million Euro of 30 September 2020, which benefited from the capital gain, gross of taxes, of 24,2 million Euro deriving from the sale of the property in Corso Venezia, Milan.

The segment's net banking income amounted to 51,9 million Euro, up 6,5 million Euro compared to the same period of the previous year: this variation is linked to the increase in net banking income of the Governance & Services portfolio of 9,4 million Euro, partially offset by a decline in the Non-Core portfolio in run-off for 2,9 million Euro.

Operating costs come to 35,1 million Euro, down 9,9 million Euro on 30 September 2020. The change is mainly due to non-recurring effects that affected the two periods under comparison. In particular, the first nine months of 2021 include in other income 3,4 million Euro related to the positive difference that emerged during the provisional allocation of the purchase price of the former Aigis Banca business unit, while the first nine months of 2020 included 6,9 million Euro related to the allocation made to the employee solidarity fund.

The breakdown of the main statement of financial position items of the Banca Ifis Group at 30 September 2021 is shown below.

Total receivables due from customers measured at amortised cost amounted to 9.751,4 million Euro, up 6,7% on 31 December 2020 (9.135,4 million Euro). The item includes debt securities for 1,9 billion Euro (1,3 billion Euro at 31 December 2020), of which government securities for 1,6 million Euro.

The contribution of the Commercial & Corporate Banking Segment is essentially in line with the balance of the same period of last year. The growth in the Corporate Banking & Lending business area (+23,8%) and the substantial stability of the Leasing and Npl Segments were offset by a decrease in the Factoring area (-10,2%). An increase is also recorded of 524,1 million Euro in exposures of the Governance & Services and Non-Core Segment, mainly due to the purchase of debt securities during the first nine months of 2021.

During the first nine months of 2021, the Group continued its strategy of differentiating between distribution channels, in order to ensure a better balance between retail funding and wholesale funding. The Group boasts liquidity above the requirements: Solid liquidity position: approximately 1,8 billion Euro at 30 September 2021 in reserves and free assets that can be financed by the ECB (LCR above 1.500%)

Total funding amounted to 10.535,3 million Euro at 30 September 2021 (+6,3% compared to 31 December 2020) and is represented for 54,4% by payables due to customers (compared to 55,2% at 31 December 2020), for 23,9% by payables due to banks (23,9% also at 31 December 2020), and for 21,7% by debt securities issued (20,9% at 31 December 2020).

At 30 September 2021, the Group's funding structure was as follows:

- 54,4% customers;
- 10,2% debt securities;
- 11,6% ABSs;
- 19,3% TLTROs;
- 2,1% Repos;
- 2,4% other.

Amounts due to customers amounted to 5.729,9 million Euro at 30 September 2021, an increase of 4,7% compared to 31 December 2020 essentially linked to the contribution of current and deposit accounts referring to the former Aigis Banca business unit for 302,3 million Euro.

Payables due to banks amounted to 2.513,5 million Euro, up 6,2% compared to 31 December 2020, mainly due to new repurchase agreements.

Securities issued amounted to 2.291,8 million Euro at 30 September 2021, up on the 2.069,1 million Euro of 31 December 2020. This increase is mainly attributable to senior notes totalling 372,3 million Euro relating to the Emma securitisation (performing loans of the Pharma sector originated by Farbanca), which was restructured in June 2021, the effect of which was partially offset by the progressive repayment of the units of securities in connection with the ABCP Programme securitisation for 123,4 million Euro and the full repayment of approximately 62,7 million Euro of the bonds issued by the former Interbanca, which matured in March 2021.

At 30 September 2021, Group consolidated Equity totalled 1.605,7 million Euro (1.550,0 million Euro at 31 December 2020). The main changes in consolidated equity are:

- the positive change relative to the period result pertaining to the Parent company of 80,2 million Euro;
- the positive change in Equity attributable to non-controlling interests for 1,4 million Euro, for the part share of the period results accrued by the subsidiaries Farbanca and Credifarma;
- the negative change of 25,1 million Euro related to dividends distributed during the period;
- other net negative changes of 0,8 million Euro mainly related to actuarial gains and losses, changes in the foreign exchange reserve and changes in the fair value of financial instruments with an impact on comprehensive income.

With prudential consolidation within La Scogliera, capital ratios at 30 September 2021 amounted to a CET1 ratio of 11,68%[2] (compared with 11,29% at 31 December 2020), a TIER1 ratio of 12,28%[2] (11,86% at 31 December 2020) and a Total Capital ratio of 15,35%[2] (compared with 14,85% at 31 December 2020).

At 30 September 2021 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 16,24%[2] (compared with 15,47% at 31 December 2020), a TIER1 ratio of 16,26%[2] (15,49% at 31 December 2020) and a Total Capital Ratio of 20,77%[2] (compared with 19,87% at 31 December 2020).

2 Common Equity Tier 1, Tier 1 Capital, and Total Own Funds at 30 September 2021 do not include the profits generated by the Banking Group in the first nine months of 2021.

In addition, please note that the Bank of Italy has asked the Banca Ifis Group to satisfy the following consolidated capital requirements in 2021, in continuity with 2020, 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 30 September 2021, the Banca Ifis Group easily met the above prudential requirements.

2.2 Highlights

In the following statements, net impairment losses/reversals on receivables of the Npl Segment were reclassified to interest receivable and similar income to the extent to which they represent the operations of this business and are an integral part of the return on the investment.

For this reason too, apart from the specific operations, the effects of an analysis performed also in response to the Covid-19 pandemic, have been classified amongst value adjustments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Financial assets measured at fair value through other comprehensive income	611.256	774.555	(163.299)	(21,1)%
Receivables due from banks measured at amortised cost	1.330.894	1.083.281	247.613	22,9%
Receivables due from customers measured at amortised cost	9.751.356	9.135.402	615.954	6,7%
Total assets	12.769.442	12.026.196	743.246	6,2%
Payables due to banks measured at amortised cost	2.513.546	2.367.082	146.464	6,2%
Payables due to customers measured at amortised cost	5.729.912	5.471.874	258.038	4,7%
Debt securities issued	2.291.824	2.069.083	222.741	10,8%
Equity	1.605.707	1.549.962	55.745	3,6%

RECLASSIFIED CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net banking income	**449.231**	**321.703**	**127.528**	**39,6%**
Net credit risk losses/reversals	(62.439)	(47.856)	(14.583)	30,5%
Net profit (loss) from financial activities	**386.792**	**273.847**	**112.945**	**41,2%**
Operating costs	**(267.572)**	**(229.403)**	**(38.169)**	**16,6%**
Gains (Losses) on disposal of investments	-	24.161	(24.161)	(100,0)%
Pre-tax profit from continuing operations	119.220	68.605	50.615	73,8%
Profit (loss) for the period	**81.558**	**52.462**	**29.096**	**55,5%**
Profit (Loss) for the period attributable to non-controlling interests	1.368	116	1.252	n.s.
Profit for the period attributable to the Parent company	**80.190**	**52.346**	**27.844**	**53,2%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	3RD QUARTER		CHANGE	
	2021	2020	ABSOLUTE	%
Net banking income	**156.606**	**108.912**	**47.694**	**43,8%**
Net credit risk losses/reversals	(19.837)	(14.516)	(5.321)	36,7%
Net profit (loss) from financial activities	**136.768**	**94.396**	**42.372**	**44,9%**
Operating costs	**(89.413)**	**(73.945)**	**(15.468)**	**20,9%**
Pre-tax profit from continuing operations	47.355	20.451	26.904	131,6%
Profit (loss) for the period	**32.395**	**15.640**	**16.755**	**107,1%**
Profit (Loss) for the period attributable to non-controlling interests	536	50	486	n.s.
Profit for the period attributable to the Parent company	**31.859**	**15.590**	**16.269**	**104,4%**

CONSOLIDATED COMPREHENSIVE INCOME (in thousands of Euro)	30.09.2021	30.09.2020
Profit (loss) for the period	**81.558**	**52.462**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	2.461	(19.394)
Other comprehensive income, net of taxes, to be reclassified to profit or loss	(3.634)	(1.246)
Consolidated comprehensive income	**80.385**	**31.822**
Total consolidated comprehensive income attributable to minorities	1.371	113
Total consolidated comprehensive income attributable to the Parent company	**79.014**	**31.709**

GROUP EQUITY KPIs	30.09.2021	31.12.2020
Ratio - Total Own Funds [(1)]	15,35%	14,85%
Common Equity Tier 1 Ratio [(1)]	11,68%	11,29%
Number of company shares (in thousands)	53.811	53.811
Number of shares outstanding at period end[(2)] (in thousands)	53.472	53.460
Book value per share	30,03	28,99

(1) Common Equity Tier 1 Capital, and Total Own Funds at 30 September 2021 do not include the profits generated by the Banking Group in the first nine months of 2021.
(2) Outstanding shares are net of treasury shares held in the portfolio.

GROUP ECONOMIC KPIs	30.09.2021	30.09.2020
Earnings per share (EPS)	1,50	0,98

2.3 Results by business segments

In the following statements, net impairment losses/reversals on receivables of the Npl Segment were reclassified to interest receivable and similar income to the extent to which they represent the operations of this business and are an integral part of the return on the investment.

For this reason too, apart from the specific operations, the effects of an analysis performed also in response to the Covid-19 pandemic, have been classified amongst value adjustments.

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	of which: FACTORING AREA	of which: LEASING AREA	of which: CORPORATE BANKING & LENDING AREA			
Other financial assets mandatorily measured at fair value through profit or loss							
Amounts at 30.09.2021	72.567	-	-	72.567	8.713	69.376	**150.656**
Amounts at 31.12.2020	*66.441*	-	-	*66.441*	*9.524*	*61.013*	***136.978***
% Change	*9,2%*	-	-	*9,2%*	*(8,5)%*	*13,7%*	***10,0%***
Financial assets measured at fair value through other comprehensive income							
Amounts at 30.09.2021	1.678	-	-	1.678	-	609.578	**611.256**
Amounts at 31.12.2020	*2.322*	-	-	*2.322*	-	*772.233*	***774.555***
% Change	*(27,7)%*	-	-	*(27,7)%*	-	*(21,1)%*	***(21,1)%***
Receivables due from customers(1)							
Amounts at 30.09.2021	6.113.561	2.474.847	1.381.482	2.257.232	1.376.473	2.261.322	**9.751.356**
Amounts at 31.12.2020	*5.992.591*	*2.755.488*	*1.414.055*	*1.823.048*	*1.405.603*	*1.737.208*	***9.135.402***
% Change	*2,0%*	*(10,2)%*	*(2,3)%*	*23,8%*	*(2,1)%*	*30,2%*	***6,7%***

(1) In the Governance & Services and Non-Core Segment, at 30 September 2021, there were government securities amounting to 1,620,4 million Euro (1,095,3 million Euro at 31 December 2020).

INCOME STATEMENT DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	of which: FACTORING AREA	of which: LEASING AREA	of which: CORPORATE BANKING & LENDING AREA			
Net banking income							
Amounts at 30.09.2021	213.043	108.700	43.240	61.103	184.251	51.937	**449.231**
Amounts at 30.09.2020	*159.543*	*102.907*	*36.460*	*20.176*	*116.724*	*45.436*	***321.703***
% Change	*33,5%*	*5,6%*	*18,6%*	*202,8%*	*57,9%*	*14,3%*	***39,6%***
Net profit (loss) from financial activities							
Amounts at 30.09.2021	181.053	98.597	38.112	44.344	167.278	38.461	**386.792**
Amounts at 30.09.2020	*129.334*	*95.702*	*20.788*	*12.844*	*116.724*	*27.789*	***273.847***
% Change	*40,0%*	*3,0%*	*83,3%*	*245,3%*	*43,3%*	*38,4%*	***41,2%***
Profit for the period							
Amounts at 30.09.2021	47.211	25.244	11.127	10.840	32.140	2.207	**81.558**
Amounts at 30.09.2020	*34.358*	*32.026*	*1.701*	*631*	*12.785*	*5.319*	***52.462***
% Change	*37,4%*	*(21,2)%*	*n.s.*	*n.s.*	*151,4%*	*(58,5)%*	***55,5%***

QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	of which: FACTORING AREA	of which: LEASING AREA	of which: CORPORATE BANKING & LENDING AREA			
Net banking income							
Third quarter 2021	73.612	39.503	14.569	19.540	61.023	21.971	**156.606**
Third quarter 2020	*53.468*	*33.523*	*11.651*	*8.294*	*43.707*	*11.737*	***108.912***
% Change	*37,7%*	*17,8%*	*25,0%*	*135,6%*	*39,6%*	*87,2%*	***43,8%***
Net profit (loss) from financial activities							
Third quarter 2021	61.016	35.562	13.715	11.739	52.884	22.868	**136.768**
Third quarter 2020	*43.219*	*32.012*	*4.738*	*6.469*	*43.707*	*7.470*	***94.396***
% Change	*41,2%*	*11,1%*	*189,5%*	*81,5%*	*21,0%*	*206,1%*	***44,9%***
Profit for the period							
Third quarter 2021	15.757	10.672	4.547	538	10.418	6.220	**32.395**
Third quarter 2020	*12.265*	*11.075*	*(903)*	*2.093*	*7.137*	*(3.762)*	***15.640***
% Change	*28,5%*	*(3,6)%*	*n.s.*	*(74,3)%*	*46,0%*	*(265,3)%*	***107,1%***

SEGMENT KPIs (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT (1)
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	of which: FACTORING AREA	of which: LEASING AREA	of which: CORPORATE BANKING & LENDING AREA		
Cost of credit quality(2)						
Amounts at 30.09.2021	0,70%	0,51%	0,49%	1,09%	n.a.	3,71%
Amounts at 31.12.2020	*1,38%*	*1,09%*	*1,11%*	*2,43%*	*n.a.*	*4,72%*
% Change	*(0,68)%*	*(0,58)%*	*(0,62)%*	*(1,34)%*	*n.a.*	*(1,01)%*
Net bad loans/Receivables due from customers						
Amounts at 30.09.2021	0,7%	1,3%	0,1%	0,3%	75,5%	0,7%
Amounts at 31.12.2020	*0,7%*	*1,3%*	*0,2%*	*0,3%*	*74,1%*	*0,9%*
% Change	*0,0%*	*0,0%*	*(0,1)%*	*0,0%*	*1,4%*	*(0,2)%*
Coverage of bad loans						
Amounts at 30.09.2021	75,2%	77,0%	86,3%	36,5%	-	33,5%
Amounts at 31.12.2020	*72,7%*	*73,7%*	*85,0%*	*26,9%*	-	*29,1%*
% Change	*2,5%*	*3,3%*	*1,3%*	*9,6%*	-	*4,4%*
Net NPE ratio (Net non-performing exposures/Net receivables due from customers)						
Amounts at 30.09.2021	2,9%	4,6%	1,0%	2,2%	98,3%	2,2%
Amounts at 31.12.2020	*2,7%*	*4,2%*	*0,8%*	*1,8%*	*98,3%*	*2,9%*
% Change	*0,2%*	*0,4%*	*0,2%*	*0,4%*	*0,0%*	*(0,7)%*
Gross NPE ratio (Gross non-performing exposures/Gross receivables due from customers)						
Amounts at 30.09.2021	5,9%	10,1%	2,8%	2,9%	98,3%	3,7%
Amounts at 31.12.2020	*5,9%*	*9,3%*	*2,9%*	*3,0%*	*98,3%*	*4,3%*
% Change	*0,0%*	*0,8%*	*(0,1)%*	*(0,1)%*	*0,0%*	*(0,6)%*
RWAs(3)						
Amounts at 30.09.2021	4.758.996	2.041.882	1.242.596	1.474.518	2.128.813	1.086.342
Amounts at 31.12.2020	*5.144.914*	*2.361.547*	*1.309.416*	*1.473.951*	*2.211.695*	*915.705*
% Change	*(7,5)%*	*(13,5)%*	*(5,1)%*	*0,0%*	*(3,7)%*	*18,6%*

(1) In the Governance & Services and Non-Core Segment, at 30 September 2021, there were government securities amounting to 1.620,4 million Euro (1.095,3 million Euro at 31 December 2020), which for the purpose of calculating the cost of credit quality, were not considered.
(2) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).
(3) Risk Weighted Assets; the amount only relates to the credit risk.

2.4 Reclassified quarterly evolution

In the following statements, net impairment losses/reversals on receivables of the Npl Segment were reclassified to interest receivable and similar income to the extent to which they represent the operations of this business and are an integral part of the return on the investment.

For this reason too, apart from the specific operations, the effects of an analysis performed also in response to the Covid-19 pandemic, have been classified amongst value adjustments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2021			YEAR 2020			
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
ASSETS							
Other financial assets mandatorily measured at fair value through profit or loss	150.656	153.310	142.699	136.978	103.487	102.347	103.743
Financial assets measured at fair value through other comprehensive income	611.256	799.051	759.471	774.555	1.162.008	1.146.701	1.215.355
Receivables due from banks measured at amortised cost	1.330.894	1.606.657	1.080.307	1.083.281	1.016.707	1.007.613	628.756
Receivables due from customers measured at amortised cost	9.751.356	9.875.482	9.032.139	9.135.402	7.957.357	8.034.032	7.600.742
Property, plant and equipment	117.988	120.566	116.564	115.149	110.366	108.976	109.632
Intangible assets	60.755	61.124	61.043	60.970	60.800	60.632	61.893
Tax assets	335.109	343.010	374.264	381.431	377.122	385.780	389.964
Other assets	411.428	309.413	274.723	338.430	410.789	406.240	382.531
Total assets	**12.769.442**	**13.268.613**	**11.841.210**	**12.026.196**	**11.198.636**	**11.252.321**	**10.492.616**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2021			YEAR 2020			
	30.09	30.06	31.03	31.12	30.09	30.06	31.03
LIABILITIES AND EQUITY							
Payables due to banks measured at amortised cost	2.513.546	2.728.071	2.251.098	2.367.082	2.245.825	2.270.742	1.014.365
Payables due to customers measured at amortised cost	5.729.912	5.884.418	5.526.263	5.471.874	4.915.588	4.863.949	4.894.280
Debt securities issued	2.291.824	2.387.735	1.957.906	2.069.083	1.991.481	2.036.348	2.559.834
Tax liabilities	49.763	44.993	52.524	48.154	42.054	47.367	68.066
Other liabilities	578.690	649.370	481.754	520.041	491.412	536.967	413.641
Group equity:	1.605.707	1.574.026	1.571.665	1.549.962	1.512.276	1.496.948	1.542.430
- Share capital, share premiums and reserves	*1.525.517*	*1.525.695*	*1.551.543*	*1.481.158*	*1.459.930*	*1.460.192*	*1.516.004*
- Net profit attributable to the Parent company	*80.190*	*48.331*	*20.121*	*68.804*	*52.346*	*36.756*	*26.426*
Total liabilities and equity	**12.769.442**	**13.268.613**	**11.841.210**	**12.026.196**	**11.198.636**	**11.252.321**	**10.492.616**

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2021			YEAR 2020			
	3rd Q	2nd Q	1st Q	4th Q	3rd Q	2nd Q	1st Q
Net interest income	**129.581**	**117.206**	**115.827**	**120.891**	**91.122**	**78.263**	**91.416**
Net commission income	**22.009**	**22.084**	**18.767**	**19.392**	**15.688**	**18.710**	**21.097**
Other components of net banking income	5.016	15.606	3.135	5.814	2.102	9.866	(6.561)
Net banking income	**156.606**	**154.896**	**137.729**	**146.097**	**108.912**	**106.839**	**105.952**
Net credit risk losses/reversals	(19.837)	(26.499)	(16.102)	(43.503)	(14.516)	(14.828)	(18.512)
Net profit (loss) from financial activities	**136.768**	**128.397**	**121.627**	**102.594**	**94.396**	**92.011**	**87.440**
Personnel expenses	(35.986)	(33.946)	(33.779)	(34.059)	(28.630)	(28.651)	(32.029)
Other administrative expenses	(50.179)	(59.039)	(52.455)	(67.830)	(40.923)	(41.545)	(40.520)
Net allocations to provisions for risks and charges	(3.734)	1.802	(7.421)	(7.034)	(4.619)	(11.412)	(4.889)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(5.124)	(4.732)	(4.413)	(4.730)	(4.490)	(4.558)	(4.039)
Other operating income/expenses	5.609	9.024	6.800	35.031	4.717	4.207	7.978
Operating costs	**(89.413)**	**(86.891)**	**(91.268)**	**(78.622)**	**(73.945)**	**(81.959)**	**(73.499)**
Value adjustments of goodwill	-	-	-	(700)	-	-	-
Gains (Losses) on disposal of investments	-	-	-	-	-	-	24.161
Pre-tax profit from continuing operations	**47.355**	**41.506**	**30.359**	**23.272**	**20.451**	**10.052**	**38.102**
Income taxes for the period relating to continuing operations	(14.960)	(13.112)	(9.590)	(6.592)	(4.811)	328	(11.660)
Profit for the period	**32.395**	**28.394**	**20.769**	**16.680**	**15.640**	**10.380**	**26.442**
Profit for the period attributable to non-controlling interests	536	184	648	222	50	50	16
Profit for the period attributable to the Parent company	**31.859**	**28.210**	**20.121**	**16.458**	**15.590**	**10.330**	**26.426**

2.5 Group historical data

In the following statements, net impairment losses/reversals on receivables of the Npl Segment were reclassified to interest receivable and similar income to the extent to which they represent the operations of this business and are an integral part of the return on the investment.

For this reason too, apart from the specific operations, the effects of an analysis performed also in response to the Covid-19 pandemic, have been classified amongst value adjustments.

The following table shows the main indicators and performances recorded by the Group in the comparable periods of the last 5 years.

HISTORICAL DATA (1) (in thousands of Euro)	30.09.2021	30.09.2020	30.09.2019	30.09.2018	30.09.2017
Financial assets measured at fair value through other comprehensive income	611.256	1.162.008	996.048	428.253	475.528
Receivables due from customers measured at amortised cost	9.751.356	7.957.357	7.118.150	6.919.486	5.922.069
Payables due to banks measured at amortised cost	2.513.546	2.245.825	913.855	837.565	965.194
Payables due to customers measured at amortised cost	5.729.912	4.915.588	5.257.047	4.985.206	5.337.597
Debt securities issued	2.291.824	1.991.481	2.061.600	2.094.785	1.223.979
Equity	1.605.707	1.512.276	1.501.444	1.397.430	1.338.733
Net banking income	449.231	321.703	391.243	403.550	375.308
Net profit (loss) from financial activities	386.792	273.847	342.229	334.635	386.277
Profit (loss) for the period attributable to the Parent company	80.190	52.346	83.996	88.994	149.123
KPIs:					
Cost/Income ratio	59,6%	71,3%	54,3%	51,8%	50,1%
Ratio - Total Own Funds (2)	15,35%	15,45%	14,84%	14,70%	16,49%
Common Equity Tier 1 Ratio (2)	11,68%	11,69%	11,10%	10,70%	15,65%

(1) For comparison purposes, the data for 2017 and 2018 has been restated to ensure accounting consistency with the amounts at 30 September 2021 in order to account for the changes introduced by IFRS 9. Restatement has not been applied to the calculation of comparative ratios which remain in line with previously published figures.
(2) Common Equity Tier 1 and Total Own Funds at 30 September 2021 do not include the profits generated by the Banking Group in the first nine months of 2021.

3.

Contribution of operating segments to Group results

In the following statements, net impairment losses/reversals on receivables of the Npl Segment were reclassified to interest receivable and similar income to the extent to which they represent the operations of this business and are an integral part of the return on the investment.

For this reason too, apart from the specific operations, the effects of an analysis performed also in response to the Covid-19 pandemic, have been classified amongst value adjustments.

3.1 The organisational structure

In accordance with standard IFRS 8, a company must provide information that allows users of the financial statements to assess the nature and effects on such of the balance of the business it pursues and the economic contexts in which it operates. The contribution therefore needs to be highlighted as made by the various operating segments to forming the Group's economic result.

Identification of the Operating Segments is consistent with the methods adopted by the Management to take operative decisions and is based on internal reporting, used in order to allocate the resources to the various segments and analyse the relevant performance.

In line with the structure used by Management to analyse the Group's results, the information by segment is broken down as follows:

- **Commercial & Corporate Banking Segment**, represents the commercial offer of the Group dedicated to companies and consists of the Business Factoring, Leasing and Corporate Banking & Lending;
- **Npl Segment**, dedicated to non-recourse factoring and managing distressed loans, servicing and managing non-performing, secured loans;
- **Governance & Services and Non-Core Segment**, which provides the segments operating in the Group's core businesses with the financial resources and services necessary to perform their respective activities. The Segment includes treasury and proprietary securities desk activities, the disbursement of salary- or pension-backed loans and some portfolios of personal loans, as well as some corporate loans portfolio assigned for run-off insofar as held to be non-strategic to the Group's growth.

The Segments of the economic-equity numericals are attributed on the basis of homogeneous allocation criteria in order to take into account both the specificity of the various segments and the need to guarantee effective monitoring of business performance over time.

Moreover, considering the foregoing, the Segment information in relation to the items of the income statement shows the results at the level of the net profit.

To this end, the operating costs needed to be attributed to the reference Segments and this was done as follows:

- for direct costs, allocation was as per the use of the cost centre by reference segment;
- for indirect costs, which by nature are attributable to a specific Segment insofar as incurred to guarantee normal operation and the correct function of the entire structure ("central services"), direction to the individual Segments was assured using different allocation instruments for the different cost categories, also based on internal surveys.

COMMERCIAL & CORPORATE BANKING SEGMENT

The Commercial & Corporate Banking Segment includes the following business areas:

- **Factoring**: Area dedicated to supporting the trade credit of SMEs operating on the domestic market, which develop towards export, or which from export, turn to Italian customers; it also includes an organisational unit dedicated to supporting trade credit of suppliers of the local health authorities and a business unit specialised in the acquisition of tax receivables:transferred from bankruptcy proceedings, which operates under the Fast Finance brand. This unit acquires tax receivables, accrued and accruing, already requested for reimbursement, or future, arising from proceedings or in previous years;
- **Leasing**: Area that provides finance and operating leases - but not real estate leases, as the Group does not offer them - to small economic operators and SMEs;
- **Corporate Banking & Lending**: Business area that aggregates multiple units: Structured Finance, the segment that supports companies and private equity funds in arranging bilateral or syndicated loans; the Special Situations segment, which supports the financial recovery of businesses that managed to overcome financial distress; the Equity Investment area, dedicated to investing in non-financial companies and intermediaries; and the Lending segment, dedicated to the Group's medium/long-term operations, oriented to supporting the company's operating cycle through services ranging from funding optimisation to working capital financing and the support for productive investments.

Farbanca S.p.A., acquired on 27 November 2020 by the Banca Ifis Group, contributes towards the profitability generated by the Corporate Banking & Lending Area. Starting January 2021, in order to foster the centralised management of the pharmacy support business, the income contribution made by the other subsidiary Credifarma, previously included in the Factoring Area, has also been allocated to this same area; all the information supplied below, including the comparative data, take this reallocation into account.

In May 2021, the Group proceeded with the acquisition of the former Aigis Banca business unit (hereinafter also the "Business Unit") whose corporate finance activities were merged into the Commercial & Corporate Banking Segment and proprietary portfolio management into the Governance & Services and Non-Core Segment.

Below are the segment results at 30 September 2021.

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**140.663**	**109.467**	**31.196**	**28,5%**
Net commission income	**61.757**	**51.893**	**9.864**	**19,0%**
Other components of net banking income	10.623	(1.817)	12.440	n.s.
Net banking income	**213.043**	**159.543**	**53.500**	**33,5%**
Net credit risk losses/reversals	(31.990)	(30.209)	(1.781)	5,9%
Net profit (loss) from financial activities	**181.053**	**129.334**	**51.719**	**40,0%**
Operating costs	**(112.177)**	**(84.404)**	**(27.773)**	**32,9%**
Pre-tax profit from continuing operations	**68.876**	**44.930**	**23.946**	**53,3%**
Income taxes for the period relating to continuing operations	(21.665)	(10.572)	(11.093)	104,9%
Profit (loss) for the period	**47.211**	**34.357**	**12.854**	**37,4%**

INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**50.606**	**37.189**	**13.417**	**36,1%**
Net commission income	**21.159**	**15.054**	**6.105**	**40,6%**
Other components of net banking income	1.847	1.225	622	50,7%
Net banking income	**73.612**	**53.468**	**20.144**	**37,7%**
Net credit risk losses/reversals	(12.596)	(10.249)	(2.347)	22,9%
Net profit (loss) from financial activities	**61.016**	**43.219**	**17.797**	**41,2%**
Operating costs	**(37.985)**	**(27.177)**	**(10.808)**	**39,8%**
Pre-tax profit from continuing operations	**23.031**	**16.042**	**6.989**	**43,6%**
Income taxes for the period relating to continuing operations	(7.274)	(3.777)	(3.497)	92,6%
Profit (loss) for the period	**15.757**	**12.265**	**3.492**	**28,5%**

Net profit of the Commercial & Corporate Banking Segment comes to 47,2 million Euro, up 37,4% on 30 September 2020. This change is driven by the growth of net banking income for 53,5 million Euro, while value adjustments for the credit risk come to 32,0 million Euro, are higher than in the first nine months of last year, by 1,8 million Euro. Overall, operating costs grew by 27,8 million Euro on the same period of 2020, as more extensively commented on further on in the document.

Similarly, the operating performance of the business areas making up the Segment is described and analysed further on.

The following table provides a detail of the gross and net amounts as well as the relevant coverage ratios for each supervisory risk category of receivables due from customers.

COMMERCIAL & CORPORATE BANKING (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 30.09.2021						
Nominal amount	161.997	158.783	55.711	**376.491**	6.012.251	**6.388.742**
Impairment losses	(121.822)	(70.056)	(6.870)	**(198.748)**	(76.433)	**(275.181)**
Carrying amount	40.175	88.727	48.841	**177.743**	5.935.818	**6.113.561**
Coverage ratio	*75,2%*	*44,1%*	*12,3%*	***52,8%***	*1,3%*	***4,3%***
Gross ratio	*2,5%*	*2,5%*	*0,9%*	***5,9%***	*94,1%*	***100,0%***
Net ratio	*0,7%*	*1,5%*	*0,8%*	***2,9%***	*97,1%*	***100,0%***
POSITION AT 31.12.2020						
Nominal amount	157.660	176.949	35.583	**370.192**	5.892.756	**6.262.949**
Impairment losses	(114.554)	(89.677)	(5.135)	**(209.366)**	(60.991)	**(270.358)**
Carrying amount	43.106	87.272	30.448	**160.826**	5.831.765	**5.992.591**
Coverage ratio	*72,7%*	*50,7%*	*14,4%*	***56,6%***	*1,0%*	***4,3%***
Gross ratio	*2,5%*	*2,8%*	*0,6%*	***5,9%***	*94,1%*	***100,0%***
Net ratio	*0,7%*	*1,5%*	*0,5%*	***2,7%***	*97,3%*	***100,0%***

Net non-performing exposures in the Commercial & Corporate Banking Segment stood at 177,7 million Euro at 30 September 2021, up 16,9 million Euro on the figure at 31 December 2020 (160,8 million Euro) mainly determined by an increase in past due exposures. The coverage ratio of impaired assets was 52,8%, down 3.8 percentage points compared to 31 December 2020.

Finally, the Commercial & Corporate Banking Segment includes loans belonging to the "POCI" category, mainly referring to impaired assets stemming from the business combination: the net value of these assets, which are all classified as impaired (stage 3), is 10,3 million Euro at 30 September 2021, as compared with the 7,2 million Euro recorded at 31 December 2020.

These amounts already incorporate the effects connected with the temporal reversal of the PPA and the effects of expected losses over the useful life of the asset, as required by IFRS 9, as well as the increases associated with the acquisition of the business unit of the former Aigis Banca.

KPI	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Cost of credit quality(1)	0,70%	1,38%	n.a.	(0,68)%
Net Npe ratio	2,9%	2,7%	n.a.	0,2%
Gross Npe ratio	5,9%	5,9%	n.a.	(0,0)%
Total RWAs	4.758.996	5.144.914	(385.918)	(7,5)%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).

To ensure a better understanding of the results for the period, below we comment on the contribution of the individual business areas to the Commercial & Corporate Banking Segment.

Factoring Area

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**65.870**	**63.811**	**2.059**	**3,2%**
Net commission income	**41.489**	**39.015**	**2.474**	**6,3%**
Other components of net banking income	1.341	81	1.260	n.s.
Net banking income	**108.700**	**102.907**	**5.793**	**5,6%**
Net credit risk losses/reversals	(10.103)	(7.205)	(2.898)	40,2%
Net profit (loss) from financial activities	**98.597**	**95.702**	**2.895**	**3,0%**
Operating costs	**(61.831)**	**(53.821)**	**(8.010)**	**14,9%**
Pre-tax profit from continuing operations	**36.766**	**41.881**	**(5.115)**	**(12,2)%**
Income taxes for the period relating to continuing operations	(11.522)	(9.855)	(1.667)	16,9%
Profit (loss) for the period	**25.244**	**32.026**	**(6.782)**	**(21,2)%**

INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**24.309**	**21.494**	**2.815**	**13,1%**
Net commission income	**14.236**	**11.948**	**2.288**	**19,1%**
Other components of net banking income	958	81	877	n.s.
Net banking income	**39.503**	**33.523**	**5.980**	**17,8%**
Net credit risk losses/reversals	(3.941)	(1.511)	(2.430)	160,8%
Net profit (loss) from financial activities	**35.562**	**32.012**	**3.550**	**11,1%**
Operating costs	**(19.964)**	**(17.527)**	**(2.437)**	**13,9%**
Pre-tax profit from continuing operations	**15.598**	**14.485**	**1.113**	**7,7%**
Income taxes for the period relating to continuing operations	(4.926)	(3.410)	(1.516)	44,5%
Profit (loss) for the period	**10.672**	**11.075**	**(403)**	**(3,6)%**

The contribution made by the Factoring Area towards net banking income booked by the Commercial & Corporate Banking Segment came to 108,7 million Euro during the first nine months of 2021, up 5,8 million Euro on the same period of last year. This result was due to the greater contribution of net interest income (up 2,1 million Euro, +3,2%), due in part to the decrease in interest expense resulting from a revision of internal transfer rates, the increase in net commissions (2,5 million Euro, +6,3%) and the positive contribution of the other components of net banking income, amounting to 1,3 million Euro and due primarily to gains on the sale of assets at amortised cost.

Turnover in the first nine months of 2021 amounted to 8,4 billion Euro, up by 664 million Euro compared to the same period of the previous year, while outstanding loans amounted to 3,1 billion Euro, substantially in line with December 2020.

In the first nine months of 2021, provisions for credit risk amounted to 10,1 million Euro (+2,9 million Euro compared to the same period of the previous year), during which individually significant impairments made during FY 2019 in the construction and retail segment were reversed).

Therefore, net profit from financial activities amounted to 98,6 million Euro (+2,9 million Euro on the same period of last year).

Operating costs rose by 8,0 million Euro on 30 September 2020. This effect is the combined result of higher personnel expenses of 4,8 million Euro, mainly related to allocated variable remuneration (2020 was affected by prudential policies related to the uncertainty of the pandemic) and higher Other Administrative Expenses of approximately 4,2 million Euro, impacted in 2021 by the marketing campaigns of the Commercial & Corporate Banking Sector.

At 30 September 2021, the Area's total net loans amounted to 2,5 billion Euro, down 280,6 million Euro compared to 31 December 2020.

The following table shows the gross and net amounts as well as the relevant coverage ratios for each supervisory risk category of receivables due from customers.

FACTORING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 30.09.2021						
Nominal amount	140.218	88.264	40.903	**269.385**	2.386.725	**2.656.110**
Impairment losses	(107.911)	(45.791)	(1.996)	**(155.698)**	(25.565)	**(181.263)**
Carrying amount	32.307	42.473	38.907	**113.687**	2.361.160	**2.474.847**
Coverage ratio	*77,0%*	*51,9%*	*4,9%*	***57,8%***	*1,1%*	***6,8%***
POSITION AT 31.12.2020						
Nominal amount	136.063	108.726	27.976	**272.765**	2.664.408	**2.937.173**
Impairment losses	(100.263)	(55.617)	(1.103)	**(156.982)**	(24.702)	**(181.685)**
Carrying amount	35.800	53.109	26.873	**115.783**	2.639.706	**2.755.488**
Coverage ratio	*73,7%*	*51,2%*	*3,9%*	***57,6%***	*0,9%*	***6,2%***

Impaired loans decreased by 2,1 million Euro while the coverage ratio remained substantially stable.

KPI	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Cost of credit quality(1)	0,51%	1,09%	n.a.	(0,58)%
Net Npe ratio	4,6%	4,2%	n.a.	0,4%
Gross Npe ratio	10,1%	9,3%	n.a.	0,8%
Total RWAs	2.041.882	2.361.547	(319.665)	(13,5)%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).

Leasing Area

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**33.745**	**28.320**	**5.425**	**19,2%**
Net commission income	**9.495**	**8.140**	**1.355**	**16,6%**
Net banking income	**43.240**	**36.460**	**6.780**	**18,6%**
Net credit risk losses/reversals	(5.128)	(15.673)	10.545	(67,3)%
Net profit (loss) from financial activities	**38.112**	**20.787**	**17.325**	**83,3%**
Operating costs	**(21.847)**	**(18.562)**	**(3.285)**	**17,7%**
Pre-tax profit from continuing operations	**16.265**	**2.225**	**14.040**	**n.s.**
Income taxes for the period relating to continuing operations	(5.138)	(524)	(4.614)	n.s.
Profit (loss) for the period	**11.127**	**1.701**	**9.426**	**n.s.**

INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**11.105**	**9.458**	**1.647**	**17,4%**
Net commission income	**3.464**	**2.193**	**1.271**	**58,0%**
Net banking income	**14.569**	**11.651**	**2.918**	**25,0%**
Net credit risk losses/reversals	(854)	(6.913)	6.059	(87,6)%
Net profit (loss) from financial activities	**13.715**	**4.738**	**8.977**	**189,5%**
Operating costs	**(7.068)**	**(5.918)**	**(1.150)**	**19,4%**
Pre-tax profit from continuing operations	**6.647**	**(1.180)**	**7.827**	**n.s.**
Income taxes for the period relating to continuing operations	(2.100)	277	(2.377)	n.s.
Profit (loss) for the period	**4.547**	**(903)**	**5.450**	**n.s.**

Net banking income of the Leasing Area is 43,2 million Euro, up 6,8 million Euro (+18,6%) on 30 September 2020; this result is due for 5,4 million Euro to lesser interest expense following a review of internal transfer rates and for 1,4 million Euro to greater commission income in the financial leasing segment.

Net credit risk losses amounted to 5,1 million Euro, down 10,5 million Euro compared to the same period of 2020. The lower provisions in the first nine months of 2021 were due to improved credit quality relating to the Rental segment and an extension of the credit moratorium measures for finance leases, which had the effect, above all during the first half of the year, of keeping impaired loans at lower levels than in the corresponding period of the previous year. In addition, the figure at 30 September 2020 included an increase in collective adjustments made relative to moratoriums of the transportation segment of 8,3 million Euro, in order to reflect the misalignment generated between the loan amortisation plan (frozen for the moratorium period granted) and the relative value of the assets given as guarantee (used and, therefore, subject to wear and tear for the same duration).

The increase in operating costs in the Leasing area of approximately 3,3 million Euro is mainly due to higher ICT expenses and outsourcing costs on business processes to support the transition of information systems (0,5 million Euro), in addition to approximately 0,4 million Euro of higher amortisation due to the review of the useful life of the leasing applications being replaced. There is 0,3 million Euro in judicial and amicable debt collection expenses, which slowed down in 2020 due to the halt in recovery procedures related to the pandemic. The remaining increase was mainly due to higher variable remuneration allocated in 2021 - taking into account that 2020 discounted prudential policies related to the uncertainty of the pandemic.

At 30 September 2021, the Area's total net loans amounted to 1.381,5 million Euro, down 2,3% compared to 31 December 2020.

The following table shows the gross and net amounts as well as the relevant coverage ratios of receivables due from customers for each supervisory risk category.

LEASING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 30.09.2021						
Nominal amount	11.969	16.520	10.934	**39.423**	1.385.715	**1.425.138**
Impairment losses	(10.326)	(10.582)	(4.317)	**(25.225)**	(18.431)	**(43.656)**
Carrying amount	1.643	5.938	6.617	**14.198**	1.367.284	**1.381.482**
Coverage ratio	*86,3%*	*64,1%*	*39,5%*	***64,0%***	*1,3%*	***3,1%***
POSITION AT 31.12.2020						
Nominal amount	14.590	19.675	7.443	**41.708**	1.418.450	**1.460.158**
Impairment losses	(12.407)	(13.909)	(4.014)	**(30.330)**	(15.773)	**(46.103)**
Carrying amount	2.183	5.766	3.429	**11.378**	1.402.677	**1.414.055**
Coverage ratio	*85,0%*	*70,7%*	*53,9%*	***72,7%***	*1,1%*	***3,2%***

Net impaired exposures at September 2021 stood at 14,2 million Euro, an increase of 24,8% compared to December 2020. The change is driven by non-performing past due exposures. Overall, the increase can be attributed to the possibility of terminating the moratorium period with suspension of the total instalment, which froze the days overdue on any outstanding amounts prior to the "Cura Italia" decree. The resumption of billing for the fee or interest only (for customers who had adhered to the Support Decree) resulted in the resumption of billing for the same days past due.

KPI	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Cost of credit quality[1]	0,49%	1,11%	n.a.	(0,62)%
Net Npe ratio	1,0%	0,8%	n.a.	0,2%
Gross Npe ratio	2,8%	2,9%	n.a.	(0,1)%
Total RWAs	1.242.596	1.309.416	(66.820)	(5,1)%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).

Corporate Banking & Lending Area

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**41.048**	**17.336**	**23.712**	**136,8%**
Net commission income	**10.773**	**4.738**	**6.035**	**127,4%**
Other components of net banking income	9.282	(1.898)	11.180	n.s.
Net banking income	**61.103**	**20.176**	**40.927**	**202,9%**
Net credit risk losses/reversals	(16.759)	(7.331)	(9.428)	128,6%
Net profit (loss) from financial activities	**44.344**	**12.845**	**31.499**	**245,2%**
Operating costs	**(28.499)**	**(12.021)**	**(16.478)**	**137,1%**
Pre-tax profit from continuing operations	**15.845**	**824**	**15.021**	**n.s.**
Income taxes for the period relating to continuing operations	(5.005)	(193)	(4.812)	n.s.
Profit (loss) for the period	**10.840**	**631**	**10.209**	**n.s.**

INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**15.192**	**6.237**	**8.955**	**143,6%**
Net commission income	**3.459**	**913**	**2.546**	**278,9%**
Other components of net banking income	889	1.144	(255)	(22,3)%
Net banking income	**19.540**	**8.294**	**11.246**	**135,6%**
Net credit risk losses/reversals	(7.801)	(1.825)	(5.976)	327,5%
Net profit (loss) from financial activities	**11.739**	**6.469**	**5.270**	**81,5%**
Operating costs	**(10.953)**	**(3.732)**	**(7.221)**	**193,5%**
Pre-tax profit from continuing operations	**786**	**2.737**	**(1.951)**	**(71,3)%**
Income taxes for the period relating to continuing operations	(248)	(644)	396	(61,5)%
Profit (loss) for the period	**538**	**2.093**	**(1.555)**	**(74,3)%**

Net banking income of the Corporate Banking & Lending Area, which came to 61,1 million Euro at 30 September 2021, rose by 40,9 million Euro on the first nine months of last year, with an increase in the interest margin of 23,7 million Euro, in the commission component for 6,0 million Euro and in other components of net banking income for 11,2 million Euro.

The positive change in net interest income is due to the growth of 18,9 million Euro in the Lending area dedicated to financing SMEs. This result was due both to the growth in volumes compared with the same period last year and to the contribution of Farbanca, of 8,9 million Euro, and of the business acquired from the former Aigis Banca, of 2,5 million Euro, not present in the scope at 30 September 2020. The Corporate Lending Division also made a positive contribution to the result with 4,8 million Euro of higher net interest income.

The contribution in the first nine months of the year from the PPA was 2,6 million Euro, an increase of 1,3 million Euro compared to the same period of the previous year. This change is linked to the early repayment of a significant transaction in the Structured Finance segment.

Net commission income is up 6,0 million Euro, mainly thanks to the combined effect of an increase in disbursements of the Structured Finance segment, which impacts for 3,9 million Euro and there is an increase in commission associated with the Farbanca business for 2,2 million Euro.

The other components of net banking income increased by 11,2 million Euro, mainly due to the improved performance of both Non-controlling interests for 6,5 million Euro and UCITS funds, which resulted in a positive change in fair value of 4,3 million Euro. Finally, the positive impact on the dividend component amounted to 0,4 million Euro.

Net credit risk losses amounted to 16,8 million Euro, up 9,4 million Euro compared to the same period of the previous year. This change is attributable to:

- 12,1 million Euro for the Structured Finance segment and to the provisions made to take into account both the macroeconomic context resulting from the pandemic and to mitigate the risk of portfolio concentration;
- 2,1 million Euro for organisational units not present in 2020 (Farbanca and former Aigis Banca);
- 2,6 million Euro for growth in the SME financing segment.

The increase in operating costs of the Corporate Banking & Lending Area for approximately 16,5 million Euro on the first nine months of 2020 is mainly due to the change in the consolidation scope deriving from the entry of Farbanca into the scope of the Banca Ifis Group starting December 2020 and the purchases BU of the former Aigis Banca since end May 2021. The overall impact of this change is approximately 15 million Euro, including direct integration costs.

At 30 September 2021, total net receivables due from customers in the Area comes to 2.257,2 million Euro, with a positive change of 434,2 million Euro (+23,8%) on the 1.823,0 million Euro of 31 December 2020. Growth is driven by the increase in loans to SMEs for 383 million Euro (of which 257 million ex Aigis Banca) and the Corporate Banking segment for 51,0 million Euro.

The following table shows the gross and net amounts as well as the relevant coverage ratios of receivables due from customers for each supervisory risk category.

CORPORATE BANKING & LENDING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 30.09.2021						
Nominal amount	9.810	53.999	3.874	**67.683**	2.239.811	**2.307.494**
Impairment losses	(3.585)	(13.683)	(557)	**(17.825)**	(32.437)	**(50.262)**
Carrying amount	6.225	40.316	3.317	**49.858**	2.207.374	**2.257.232**
Coverage ratio	*36,5%*	*25,3%*	*14,4%*	***26,3%***	*1,4%*	***2,2%***
POSITION AT 31.12.2020						
Nominal amount	7.007	48.549	164	**55.719**	1.809.898	**1.865.618**
Impairment losses	(1.885)	(20.151)	(18)	**(22.053)**	(20.516)	**(42.570)**
Carrying amount	5.122	28.398	146	**33.666**	1.789.382	**1.823.048**
Coverage ratio	*26,9%*	*41,5%*	*10,7%*	***39,6%***	*1,1%*	***2,3%***

The 16,2 million Euro increase in net non-performing exposures on 31 December 2020 is mainly due to the inclusion in the category of unlikely to pay of an individually significant position relative to the Corporate Banking segment. The segment related to SME financing increased non-performing loans by 7,0 million Euro.

KPI	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Cost of credit quality[(1)]	1,09%	2,43%	n.a.	(1,34)%
Net Npe ratio	2,2%	1,8%	n.a.	0,4%
Gross Npe ratio	2,9%	3,0%	n.a.	(0,1)%
Total RWAs	1.474.518	1.473.951	567	0,0%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).

NPL SEGMENT

This is the Banca Ifis Group's Segment dedicated to non-recourse acquisition and managing secured and unsecured distressed retail loans, as well as third party portfolio management. The business is closely associated with converting non-performing loans into performing assets and collecting them.

The table below shows the loans portfolio of the Npl Segment, by method of transformation and accounting criterion; the "impact through profit or loss" refers to the components of the net banking income deriving from the booking at amortised cost of the related loans portfolio; in particular, interest income from amortised cost is included for 111,6 million Euro and other components of the net interest income from cash flow changes for 87,7 million Euro, as reported in the summary table of "Economic data" below in this paragraph.

NPL SEGMENT PORTFOLIO (in thousands of Euro)	OUTSTANDING NOMINAL AMOUNT	CARRYING AMOUNT	CARRYING AMNT / RES. NOM. AMNT	INTEREST ON INCOME STATEMENT	ERC	MAIN METHOD OF ACCOUNTING
Cost	202.663	31.208	15,4%	-	50.011	Acquisition cost
Non-judicial	11.656.771	412.972	3,5%	81.131	703.578	
of which: Collective (curves)	*11.196.112*	*200.397*	*1,8%*	*2.040*	*319.329*	*Cost = NPV of flows from model*
of which: Plans	*460.659*	*212.575*	*46,1%*	*79.091*	*384.249*	*Cost = NPV of flows from model*
Judicial	7.183.432	930.473	13,0%	118.095	2.020.462	
of which: Other positions undergoing judicial processing	*2.882.830*	*295.105*	*10,2%*	*-*	*669.358*	*Acquisition cost*
of which: Writs, Property Attachments, Garnishment Orders	*1.471.088*	*472.163*	*32,1%*	*100.341*	*1.139.417*	*Cost = NPV of flows from model*
of which: Secured and Corporate	*2.829.514*	*163.205*	*5,8%*	*17.754*	*211.687*	*Cost = NPV of flows from model*
Total	**19.042.866**	**1.374.653**	**7,2%**	**199.226**	**2.774.051**	

The business can be divided up into three macro categories:

- post-acquisition management, when all information retrieval operations take place to help decide the most appropriate conversion method, the receivable is classified in a so-called "staging" area and recognised at cost (31,2 million Euro at 30 September 2021, compared to 170,4 million Euro at 31 December 2020, following the progressive release of the portfolios acquired in 2020, which reduce the positions measured at cost at end September 2021) with no contribution to profit or loss. As a rule, 6-12 months later, the positions are directed towards the most appropriate form of management, depending on their characteristics;
- non-judicial operations, which deal with practices that can be handled through collection by settlement. Practices awaiting information about the most appropriate collection instrument are classified into a basin called “mass management” and at 30 September 2021 come to 200,4 million Euro as compared with 173,8 million Euro at 31 December 2020. Practices on which a realignment plan has been agreed and formalised, record an increase (28,9%), coming in at 212,6 million Euro at 30 September 2021 (165,0 million Euro at 31 December 2020);
- legal management, which covers all practices in the various stages of legal processing, ranging from obtaining a court order to a garnishment order. Practices awaiting the most appropriate legal action are included in the category of “Other positions undergoing judicial processing” and come to 295,1 million Euro at 30 September 2021 (296,3 million Euro at 31 December 2020); practices in phases of writ, attachment order and garnishment order are allocated to a specific basin, which records an increase of 7,3%, coming in at 472,2 million Euro as compared with the 440,2 million Euro recorded in December 2020. The judicial management basin include all “Secured and Corporate” positions of corporate banking origin or real estate, equal to 163,2 million Euro at 30 September 2021, as compared with 158,0 million Euro at 31 December 2020.

Finally, the Group occasionally seizes market opportunities in accordance with its business model by selling portfolios of positions yet to be processed to third parties.

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Interest income from amortised cost	111.566	103.766	7.800	7,5%
Interest income notes and other minority components	1.210	923	287	31,1%
Other components of net interest income from change in cash flow	87.660	27.811	59.849	215,2%
Funding costs	(19.809)	(21.234)	1.425	(6,7)%
Net interest income	**180.627**	**111.266**	**69.361**	**62,3%**
Net commission income	**1.693**	**3.026**	**(1.333)**	**(44,1)%**
Other components of net banking income	(336)	(262)	(74)	28,2%
Gain on sale of receivables	2.267	2.694	(427)	(15,9)%
Net banking income	**184.251**	**116.724**	**67.527**	**57,9%**
Net credit risk losses/reversals	(16.973)	-	(16.973)	n.a.
Net profit (loss) from financial activities	**167.278**	**116.724**	**50.554**	**43,3%**
Operating costs	**(120.296)**	**(100.005)**	**(20.291)**	**20,3%**
Pre-tax profit from continuing operations	**46.982**	**16.719**	**30.263**	**181,0%**
Income taxes for the period relating to continuing operations	(14.842)	(3.934)	(10.908)	277,3%
Profit (loss) for the period	**32.140**	**12.785**	**19.355**	**151,4%**

INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2021	2020	ABSOLUTE	%
Interest income from amortised cost	38.271	34.894	3.377	9,7%
Interest income notes and other minority components	673	459	214	46,6%
Other components of net interest income from change in cash flow	27.603	13.251	14.352	108,3%
Funding costs	(6.631)	(7.492)	861	(11,5)%
Net interest income	**59.916**	**41.112**	**18.804**	**45,7%**
Net commission income	**609**	**548**	**61**	**11,1%**
Other components of net banking income	(89)	577	(666)	(115,5)%
Gain on sale of receivables	587	1.469	(882)	(60,0)%
Net banking income	**61.023**	**43.707**	**17.316**	**39,6%**
Net credit risk losses/reversals	(8.139)	-	(8.139)	n.a.
Net profit (loss) from financial activities	**52.884**	**43.707**	**9.177**	**21,0%**
Operating costs	**(37.655)**	**(34.373)**	**(3.282)**	**9,5%**
Pre-tax profit from continuing operations	**15.229**	**9.334**	**5.895**	**63,2%**
Income taxes for the period relating to continuing operations	(4.811)	(2.197)	(2.614)	119,0%
Profit (loss) for the period	**10.418**	**7.137**	**3.281**	**46,0%**

The net profit from financial activities of the Npl Segment therefore amounted to 167,3 million Euro (116,7 million Euro at 30 September 2020, up 43,3%). The significant increase in this result as compared with the same period

of last year is due to the changed economic-health situation that struck the country last year and the effects of which have today been very much attenuated. In actual fact, in March 2020, widespread court closure was ordered by the government, which resulted in a halt to legal collections and, consequently, a paralysis of the production of legal deeds to recover equity from third parties.

“Interest income from amortised cost”, referring to the interest accruing at the original effective interest rate, rose 7,5% from 103,8 million Euro to 111,6 million Euro at 30 September 2021, largely thanks to the increase in receivables at amortised cost.

The item "Other components of net interest income from changes in cash flow" increased from 27,8 million Euro at 30 September 2020 to 87,7 million Euro at 30 September 2021, precisely due to the changed pandemic context. This item includes:

- out-of-court settlements of 41,4 million Euro, consisting of 58,4 million Euro in connection with recovery plans, offset in part by negative changes of 17 million Euro in connection with the valuation of statistical curves,
- legal management for 46,3 million Euro, where the contribution of actions for injunction, attachment and garnishment orders is 43,2 million Euro while that of the secured and corporate pool is 3,1 million Euro.

The cost of funding decreased compared to the same period of the previous year due to a reduction in the internal transfer rate.

The reduction in net commission income is due to both the increase in commission payable on collections and payments and the reduction in commission income deriving from servicing activities on third party portfolios.

The item "Net adjustments/reversals for credit risk" refers to the write-down of receivables following a detailed analysis, now in its closing stages, carried out also in response to the Covid-19 pandemic, in terms of greater collection times, mainly on higher vintage positions.

In line with debt collection activities, operating costs rise by 20,3%, going from 100,0 million Euro at 30 September 2020, to 120,3 million Euro at 30 September 2021. This increase is essentially due to the variable costs linked to debt collection.

Consequently, period profit of the Npl Segment is approximately 32,1 million Euro, up 151,4% on the same period of last year.

Below is the breakdown of net loans by supervisory risk category.

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Net bad loans	1.039.238	1.041.196	(1.958)	(0,2)%
Net unlikely to pay	310.758	339.799	(29.041)	(8,5)%
Net non-performing past due exposures	2.580	90	2.490	n.s.
Total net non-performing exposures to customers (stage 3)	**1.352.576**	**1.381.085**	**(28.509)**	**(2,1)%**
Net performing exposures (stages 1 and 2)	23.897	24.518	(621)	(2,5)%
Total on-balance-sheet receivables due from customers (1)	**1.376.473**	**1.405.603**	**(29.130)**	**(2,1)%**

(1) Total on-balance-sheet receivables due from customers include loans connected with the servicing activity for 1,8 million Euro and 1,9 million Euro respectively at 30 September 2021 and 31 December 2020.

The Npl Segment's receivables qualify as POCI - Purchased or originated credit-impaired -, the category introduced by the accounting standard IFRS 9. These are loans that were non-performing at the date they were acquired or originated.

KPI	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Nominal amount of receivables managed	19.042.866	19.787.379	(744.513)	(3,8)%
Total RWAs	2.128.813	2.211.695	(82.882)	(3,7)%

Total Estimated Remaining Collections (ERC) amounted to approximately 2,8 billion Euro.

NPL SEGMENT NON-PERFORMING LOAN PORTFOLIO PERFORMANCE	30.09.2021	31.12.2020
Opening loan portfolio	**1.403.711**	**1.278.220**
Purchases	47.059	224.291
Sales	(9.045)	(26.095)
Gains on sales	2.264	5.000
Interest income from amortised cost	111.566	139.114
Other components of interest from change in cash flow	87.660	42.538
Adjustments to receivables	(16.974)	-
Collections	(251.588)	(259.357)
Closing loan portfolio	**1.374.653**	**1.403.711**

Total purchases in the first nine months of 2021 came to 47,1 million Euro, down on the 100,3 million Euro of the first nine months of the previous year. During the first nine months of 2021, sales were completed for a total price of 9,0 million Euro, which generated profits of 2,3 million Euro.

The item "Collections" equal to 251,6 million includes the instalments collected during the period from re-entry plans, from garnishment orders and transactions carried out rises by 37,4% on the collections of 183,1 million Euro made in the first nine months of 2020.

Similarly, funding from settlement plans (equal to the nominal amount of all the instalments under the plans entered into with the debtors in the period) was up, reaching 317,1 million Euro at 30 September 2021 compared to 222,9 million Euro at 30 September 2020.

At the end of the period, the portfolio managed by the Npl Segment included 1.830.601 positions, for a nominal amount of approximately 19 billion Euro.

GOVERNANCE & SERVICES AND NON-CORE SEGMENT

The segment comprises, among other things, the resources required for the performance of the services of the Planning and Management Control, Finance, Operations, Marketing Communication and External Relations and HR, as well as the structures responsible for raising, managing and allocating financial resources to the operating segments. The Segment in question also includes the Proprietary Finance business (proprietary securities desk) and the sub-fund Cap.Ital.Fin. S.p.A., a company operative in salary- or pension-backed loans. The Segment also includes run-off portfolios originated from the former Interbanca as well as other personal loan portfolios.

INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**41.324**	**40.068**	**1.256**	**3,1%**
Net commission income	**(590)**	**576**	**(1.166)**	**(202,4)%**
Other components of net banking income	11.203	4.792	6.411	133,8%
Net banking income	**51.937**	**45.437**	**6.500**	**14,3%**
Net credit risk losses/reversals	(13.476)	(17.647)	4.171	(23,6)%
Net profit (loss) from financial activities	**38.461**	**27.790**	**10.671**	**38,4%**
Operating costs	**(35.099)**	**(44.994)**	**9.895**	**(22,0)%**
Gains (Losses) on disposal of investments	-	24.161	(24.161)	(100,0)%
Pre-tax profit from continuing operations	**3.362**	**6.957**	**(3.595)**	**(51,7)%**
Income taxes for the period relating to continuing operations	(1.155)	(1.637)	482	(29,4)%
Profit (loss) for the period	**2.207**	**5.322**	**(3.115)**	**(58,5)%**

INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	**19.059**	**12.821**	**6.238**	**48,7%**
Net commission income	**241**	**86**	**155**	**180,2%**
Other components of net banking income	2.671	(1.170)	3.841	(328,3)%
Net banking income	**21.971**	**11.737**	**10.234**	**87,2%**
Net credit risk losses/reversals	898	(4.267)	5.165	(121,0)%
Net profit (loss) from financial activities	**22.869**	**7.470**	**15.399**	**206,1%**
Operating costs	**(13.773)**	**(12.395)**	**(1.378)**	**11,1%**
Pre-tax profit from continuing operations	**9.096**	**(4.925)**	**14.021**	**(284,7)%**
Income taxes for the period relating to continuing operations	(2.875)	1.163	(4.038)	(347,2)%
Profit (loss) for the period	**6.220**	**(3.762)**	**9.982**	**(265,3)%**

The Segment's net banking income amounted to 51,9 million Euro, up 6,5 million Euro compared to the same period of the previous year: in particular, the Segment saw an increase in the margin of the Governance & Services Area of 9,4 million Euro, slightly offset by a decline in the Non-Core Area of 2,9 million Euro. This variation can be broken down as follows:

- the interest margin has increased overall by 1,3 million Euro on the same period of 2020. The increase relates to the Proprietary Finance division for 7,2 million Euro thanks to its full operations on securities during the period, and for 2,9 million Euro to treasury activities which benefited in September from the positive contribution of the TLTRO for exceeding the target growth of assets in the special period (March 2020/March 2021). This positive change is partially offset for 9,6 million Euro to the reduction in net interest income on the non core portfolio in run-off and the consequent physiological reduction in the PPA reversal;
- net commissions decreased by 1,2 million Euro, mainly due to the effect of commission expenses related to the self-securitisation transaction carried out by the Banca Ifis Group in the first half of 2021 involving loans in the Npl Segment (0,8 million Euro) and the physiological decrease in those associated with the portfolio of the Non-Core Area in run-off of 0,4 million Euro;
- other components of net banking income grew by 6,4 million Euro. This effect is the combined result of growth in the Non-Core Area for 7,2 million Euro and in the Proprietary Finance segment of the Governance & Services Area for 6,2 million Euro, which more than offset the 2020 lower gains from repurchases of its own bonds for 7,4 million Euro. In particular, growth in the Non-Core Area was driven by the positive result associated with the sale of two credit positions and by lower write-downs of the portfolio at fair value compared with the first nine months of last year; the positive result in the Proprietary Finance division, on the other hand, was associated with higher dividends received from the Group's securities portfolio and better results on trading and hedges.

In terms of funding, Rendimax continues to constitute the Group's main source of finance, with a comprehensive cost of approximately 43,1 million Euro, slightly lower than the same period of last year (44,9 million Euro) due to the decrease in average assets under management (4.328 million Euro at 30 September 2021 as compared with 4.419 million Euro at 30 September 2020, -2,1%) and average rates falling slightly below the first nine months of 2020 (1,33% versus 1,35%). At 30 September 2021, the carrying amount of bonds was 1.073,5 million Euro,

down slightly from the figure at 31 December 2020. In the first quarter of 2021, a bond issued by the merged company Interbanca, which had reached maturity, was repaid in full for approximately 62,6 million Euro. In economic terms, interest expense accrued on all issues dropped by 2,8 million Euro, coming in at a total of 23,6 million Euro (as compared with 26,9 million Euro at 30 September 2020).

Funding raised through the issuance of securities from securitised loans amounted to 1.218,0 million Euro at 30 September 2021. During the period, the restructuring of a securitisation arranged by the subsidiary Farbanca was completed, which involved the issue of new securities to arrive at a total of 372,3 million Euro of senior notes in issue.

Access is also noted to funding through TLTRO transactions for a carrying amount of 2.036,5 million Euro.

As regards the cost of credit, a decrease is seen to net adjustments, which come to 13,5 million Euro, as compared with 17,6 million Euro at 30 September 2020. This change is mainly attributable to the Non-Core Area.

Operating costs come to 35,1 million Euro, down 9,9 million Euro on 30 September 2020. The change is mainly due to non-recurring effects that affected the two periods under comparison. In particular, the first nine months of 2021 include in other income 3,4 million Euro related to the positive difference that emerged during the provisional allocation of the purchase price of the former Aigis Banca business unit, while the first nine months of 2020 included 6,9 million Euro related to the employee solidarity fund.

At 30 September 2021, total net receivables for the Segment amounted to 2.261,3 million Euro, up 30,2% on the figure at 31 December 2020 (1.737,2 million Euro). The increase of approximately 524,1 million Euro is substantially related to the Proprietary Finance division business, which operates mainly through the purchase of government securities. At the same time, run-off portfolios in the sector decreased by about 122,7 million Euro.

It should be noted that within the Governance & Services and Non-Core Segment, there are receivables belonging to the POCI category, mainly referring to non-performing exposures resulting from the business combination with the former GE Capital Interbanca Group:

- net non-performing loans: 20,2 million Euro at 30 September 2021, down on the 25,1 million Euro of 31 December 2020;
- net performing exposures: 16,5 million Euro at 30 September 2021, declining compared to the 17,2 million Euro at 31 December 2020.

The following table shows the gross and net amounts as well as the relevant coverage ratios of receivables due from customers for each supervisory risk category.

GOVERNANCE & SERVICES AND NON-CORE SEGMENT (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS (1)
POSITION AT 30.09.2021						
Nominal amount	23.526	53.561	7.064	**84.151**	2.218.179	**2.302.330**
Impairment losses	(7.873)	(26.182)	(1.278)	**(35.333)**	(5.675)	**(41.008)**
Carrying amount	15.653	27.379	5.786	**48.818**	2.212.504	**2.261.322**
Coverage ratio	*33,5%*	*48,9%*	*18,1%*	***42,0%***	*0,3%*	***1,8%***
POSITION AT 31.12.2020						
Nominal amount	22.090	51.180	3.479	**76.749**	1.695.232	**1.771.981**
Impairment losses	(6.424)	(19.612)	(769)	**(26.805)**	(7.968)	**(34.773)**
Carrying amount	15.666	31.568	2.710	**49.944**	1.687.264	**1.737.208**
Coverage ratio	*29,1%*	*38,3%*	*22,1%*	***34,9%***	*0,5%*	***2,0%***

(1) In the Governance & Services and Non-Core Segment, at 30 September 2021, there were government securities amounting to 1,620,4 million Euro (1,095,3 million Euro at 31 December 2020).

The coverage of non-performing exposures in the Segment is affected by receivables belonging to the so-called "POCI" category, whose gross values already take into account the estimate of expected losses. The coverage of the performing portfolio at 30 September 2021 has reduced by approximately 0,2% as compared with 31 December 2020 due to the increase of the portion of government securities held in the portfolio.

4.

Reclassified Financial Statements

Reclassified financial statements

4.1 Reclassified Consolidated Balance Sheet

ASSETS (in thousands of Euro)	30.09.2021	31.12.2020
Cash and cash equivalents	2.621	82
Financial assets held for trading through profit or loss	6.289	20.870
Financial assets mandatorily measured at fair value through profit or loss	150.656	136.978
Financial assets measured at fair value through other comprehensive income	611.256	774.555
Receivables due from banks measured at amortised cost	1.330.894	1.083.281
Receivables due from customers measured at amortised cost	9.751.356	9.135.402
Property, plant and equipment	117.988	115.149
Intangible assets	60.755	60.970
of which:		
- goodwill	*38.791*	*38.798*
Tax assets:	335.109	381.431
a) current	40.645	74.255
b) deferred	294.464	307.176
Other assets	402.518	317.478
Total assets	**12.769.442**	**12.026.196**

LIABILITIES AND EQUITY (in thousands of Euro)	30.09.2021	31.12.2020
Payables due to banks measured at amortised cost	2.513.546	2.367.082
Payables due to customers measured at amortised cost	5.729.912	5.471.874
Debt securities issued measured at amortised cost	2.291.824	2.069.083
Financial liabilities held for trading	4.617	18.551
Tax liabilities:	49.763	48.154
a) current	13.673	12.018
b) deferred	36.090	36.136
Other liabilities	498.102	438.311
Post-employment benefits	8.830	9.235
Provisions for risks and charges	67.141	53.944
Valuation reserves	(23.332)	(19.337)
Reserves	1.367.272	1.320.871
Share premiums	102.972	102.491
Share capital	53.811	53.811
Treasury shares (-)	(2.847)	(2.948)
Equity attributable to non-controlling interests	27.641	26.270
Profit for the period	80.190	68.804
Total liabilities and equity	**12.769.442**	**12.026.196**

4.2 Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	30.09.2021	30.09.2020
Net interest income	**362.614**	**260.801**
Net commission income	**62.860**	**55.495**
Other components of net banking income	23.757	5.407
Net banking income	**449.231**	**321.703**
Net credit risk losses/reversals	(62.439)	(47.856)
Net profit (loss) from financial activities	**386.792**	**273.847**
Administrative expenses:	(265.384)	(212.298)
a) personnel expenses	(103.711)	(89.310)
b) other administrative expenses	(161.673)	(122.988)
Net allocations to provisions for risks and charges	(9.353)	(20.920)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(14.269)	(13.087)
Other operating income/expenses	21.433	16.902
Operating costs	**(267.572)**	**(229.403)**
Gains (losses) on disposal of investments	-	24.161
Pre-tax profit from continuing operations	**119.220**	**68.605**
Income taxes for the period relating to continuing operations	(37.662)	(16.143)
Profit for the period	**81.558**	**52.462**
Profit for the period attributable to non-controlling interests	1.368	116
Profit for the period attributable to the Parent company	**80.190**	**52.346**

4.3 Reclassified Consolidated Statement of Comprehensive Income

ITEMS (in thousands of Euro)	30.09.2021	30.09.2020
Profit for the period	**81.558**	**52.462**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**2.461**	**(19.394)**
Equity securities measured at fair value through other comprehensive income	2.290	(19.191)
Defined benefit plans	171	(203)
Other comprehensive income, net of taxes, to be reclassified to profit or loss	**(3.634)**	**(1.246)**
Exchange differences	(541)	(2.406)
Financial assets (other than equity securities) measured at fair value through other comprehensive income	(3.093)	1.160
Total other comprehensive income, net of taxes	**(1.173)**	**(20.640)**
Total comprehensive income (Item 10 + 170)	**80.385**	**31.822**
Total consolidated comprehensive income attributable to non-controlling interests	1.371	113
Total consolidated comprehensive income attributable to the Parent company	**79.014**	**31.709**

5.

Notes

5.1 Accounting policies

5.1.1 Statement of compliance with international accounting standards

This Consolidated Interim Report at 30 September 2021 of the Banca Ifis Group was prepared in accordance with Borsa Italiana's Rules for companies listed on the STAR segment (article 2.2.3 paragraph 3), which require publishing an interim report within 45 days of the end of each quarter, and considering Borsa Italiana's notice no. 7587 of 21 April 2016. Therefore, in accordance with said notice, concerning the contents of the Consolidated Interim Report, the Group made reference to the pre-existing paragraph 5 of article 154-ter of Italian Legislative Decree no. 58, dated 24 February 1998.

The Consolidated Interim Report at 30 September 2021 does not include all the information required for the preparation of the annual Consolidated financial statements in accordance with IFRS accounting standards. For this reason, it is necessary to read the Consolidated Interim Report together with the Consolidated financial statements at 31 December 2020. The preparation criteria, the valuation and consolidation criteria and the accounting standards adopted in the preparation of this Consolidated Interim Report comply with the accounting standards adopted in the preparation of the Consolidated financial statements at 31 December 2020, with the exception of the adoption of the new or amended accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as set out below.

IFRS refers to international accounting standards IASs/IFRSs in force at said date issued by the International Accounting Standards Board (IASB), together with the relevant interpretations (IFRICs and SICs). These standards were endorsed by the European Commission in accordance with the provisions in article 6 of European Union Regulation no. 1606/2002. This regulation was implemented in Italy with Italian Legislative Decree no. 38 of 28 February 2005.

The currency of account is the Euro and, if not indicated otherwise, amounts are expressed in thousands of Euro.

Assets and liabilities, as well as costs and revenues, have been offset only if required or permitted by an accounting standard or the relevant interpretation.

The criteria for recognising, measuring and derecognising assets and liabilities and the methods for recognising revenue and costs adopted in preparing the Consolidated Interim Report at 30 September 2021 are unchanged from those used to prepare the Consolidated financial statements at 31 December 2020, to which reference should be made for further details.

Information on the business as a going concern

The Bank of Italy, Consob and Isvap, with document no. 2 issued on 6 February 2009 ("Disclosure in financial reports on the going concern assumption, financial risks, asset impairment tests and uncertainties in the use of estimates"), together with the subsequent document no. 4 of 4 March 2010, require directors to assess with particular accuracy the existence of the company as a going concern, as per IAS 1.

Unlike in the past, present conditions on financial markets and in the real economy, together with the negative short-term forecasts, require particularly accurate assessments of the going concern assumption, as records of

the company's profitability and easy access to financial resources may no longer be sufficient in the current context.

In this regard, having examined the risks and uncertainties connected to the present macro-economic context, also in consideration of the evolution of the Covid-19 pandemic, the Banca Ifis Group can indeed be considered as a going concern, in that it can be reasonably expected to continue operating in the foreseeable future. Therefore, the Consolidated Interim Report at 30 September 2021 is prepared in accordance with this fact.

Uncertainties connected to credit and liquidity risks are considered insignificant or, at least, not significant enough to raise doubts over the company's ability to continue as a going concern, thanks also to the good profitability levels that the Group has consistently achieved, to the quality of its loans, and to its current access to financial resources.

5.1.2 Scope and methods of consolidation

The Consolidated Interim Report of the Banca Ifis Group has been drawn up on the basis of the accounts at 30 September 2021 prepared by the directors of the companies included in the consolidation scope.

At 30 September 2021, the Group consisted of the parent company, Banca Ifis S.p.A., the full subsidiaries Ifis Finance Sp. z o.o., Ifis Rental Services S.r.l., Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.), Cap.Ital.Fin. S.p.A., Ifis Npl Servicing S.p.A. (formerly Gemini S.p.A.) and Ifis Real Estate S.p.A., Ifis Finance I.F.N. S.A. controlled 99,99%, the 70% subsidiary Credifarma S.p.A., Farbanca S.p.A., acquired at the end of 2020 and controlled 70,77% and the vehicle Ifis Npl 2021-1 SPV S.r.l., of which the majority of the shares were acquired in June 2021.

To this end, it is noted that on 1 January 2021, a corporate reorganisation was completed in the Npl Segment, aiming to guarantee the separation and independence of the acquisition of credits and debt collection through three companies: Ifis Npl Investing, Ifis Npl Servicing and Ifis Real Estate (for more details, see the specific paragraph in the "5.3 Significant events that occurred in the period" section). As regards the companies involved and their business names, please note that as compared with the situation at 31 December 2020:

- on 1 January 2021, Ifis Npl S.p.A. was renamed Ifis Npl Investing S.p.A.;
- Ifis Npl Servicing S.p.A. (formerly Fbs S.p.A.) was merged by incorporation into Ifis Npl Investing with effect from 1 January 2021;
- Gemini S.p.A. was renamed Ifis Npl Servicing S.p.A. starting 1 January 2021.

As these are transactions "under common control", there have been no changes in the scope of consolidation or impact on the Group's Consolidated Interim Report at 30 September 2021.

All the companies included in the consolidation area were consolidated using the line-by-line method.

The financial statements of the Polish subsidiary Ifis Finance Sp. z o.o. and of the Romanian subsidiary Ifis Finance I.F.N. S.A., both expressed in foreign currencies are translated into Euro by applying the period-end exchange rate to assets and liabilities. As for the income statement, the items are translated using the average exchange rate, which is considered as a valid approximation of the spot exchange rate. Exchange differences arising from the application of different exchange rates for the statement of financial position and the income statement, as well as the exchange differences from the translation of each investee company's equity, are recognised under capital reserves.

Assets and liabilities, off-balance-sheet transactions, income and expenses, as well as the profits and losses arising from relations between the consolidated companies are all eliminated.

Business combinations must be recognised by applying the principles established by IFRS 3; purchases of equity investments in which control is obtained and counting as business combinations must be recognised by applying the acquisition method, which requires:

- identification of the acquirer;
- determination of the acquisition date;
- recognition and measurement of the identifiable assets acquired, the liabilities assumed and any minority interest in the acquiree;
- recognition and measurement of goodwill or a gain from a bargain purchase.

The cost of an acquisition is determined as the sum of the amount transferred, measured at fair value at the acquisition date and the amount of the minority interest in the acquiree. For each business combination, the Group decides whether to measure any minority interest in the acquiree at fair value or in proportion to the minority share of the acquiree's net identifiable assets. Acquisition costs are expensed in the period of competence and classified as administrative expenses.

Any contingent amount is recognised at the fair value at the acquisition date.

Goodwill is initially stated at cost represented by the excess of the total amount paid and the amount recognised for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the new valuation still shows a fair value of the net assets acquired higher than the amount, the difference (profit) is recognised in the income statement.

After its initial recognition, goodwill is measured at cost net of accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a CGU and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the disposal. The goodwill associated with the disposed operation is determined on the basis of the relative values of the disposed operation and the portion of the CGU is retained.

The consolidation process of the subsidiaries resulted in the following goodwill being recognised under the item intangible assets: 38,0 million Euro for the consolidation of the form Fbs Group, 771 thousand Euro at period end exchange rates for the Polish subsidiary Ifis Finance Sp. z.o.o.

In May 2021, Banca Ifis acquired the business unit of the former Aigis Banca, the process of allocating the cost of the acquisition, which is currently underway, provisionally identified a negative difference between the cost of the combination and the fair value of the assets acquired, liabilities assumed and identifiable contingent

liabilities. This difference, which came to 3,4 million Euro, has been entered in this Consolidated Interim Report of the Banca Ifis Group under "Other operating income".

Equity investments in exclusively controlled companies

COMPANY NAME	HEAD OFFICE	REGISTERED OFFICE	TYPE (1)	INVESTMENT		VOTING RIGHTS % (2)
				PARTICIPATING COMPANY	SHARE %	
Ifis Finance Sp. z o.o.	Warsaw	Warsaw	1	Banca Ifis S.p.A.	100%	100%
Ifis Rental Services S.r.l.	Milan	Milan	1	Banca Ifis S.p.A.	100%	100%
Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.)	Florence, Milan and Mestre (VE)	Mestre (VE)	1	Banca Ifis S.p.A.	100%	100%
Ifis Real Estate S.p.A.	Milan	Milan	1	Ifis Npl Servicing S.p.A. (formerly Gemini S.p.A.)	100%	100%
Cap. Ital. Fin. S.p.A.	Naples	Naples	1	Banca Ifis S.p.A.	100%	100%
Ifis Npl Servicing S.p.A. (formerly Gemini S.p.A.)	Mestre (VE)	Mestre (VE)	1	Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.)	100%	100%
Ifis Finance I.F.N. S.A.	Bucharest	Bucharest	1	Banca Ifis S.p.A.	99,99%	99,99%
Farbanca S.p.A.	Bologna	Bologna	1	Banca Ifis S.p.A.	70,77%	70,77%
Credifarma S.p.A.	Rome	Rome	1	Banca Ifis S.p.A.	70%	70%
Ifis Npl 2021-1 SPV S.r.l.	Conegliano (TV)	Conegliano (TV)	1	Banca Ifis S.p.A.	51%	51%
Indigo Lease S.r.l.	Conegliano (TV)	Conegliano (TV)	4	Other	0%	0%
Ifis ABCP Programme S.r.l.	Conegliano (TV)	Conegliano (TV)	4	Other	0%	0%
Emma S.P.V. S.r.l.	Conegliano (TV)	Conegliano (TV)	4	Other	0%	0%
Urano Spv S.r.l.	Milan	Milan	4	Other	0%	0%

Key

(1) Type of relationship:

1 = majority of voting rights in the Annual Shareholders' Meeting
2 = dominant influence in the Annual Shareholders' Meeting
3 = agreements with other shareholders
4 = other forms of control
5 = joint management pursuant to Article 26, paragraph 1, Italian Legislative Decree no. 87/92
6 = joint management pursuant to Article 26, paragraph 2, Italian Legislative Decree no. 87/92

(2) Voting rights in the Annual Shareholders' Meeting, distinguishing between effective and potential voting rights

Significant judgements and assumptions in determining the scope of consolidation

In order to determine the scope of consolidation, Banca Ifis assessed whether it meets the requirements of IFRS 10 for controlling investees or other entities with which it has any sort of contractual arrangements.

An entity controls another entity when the former has all the following:

- power over the investee;
- exposure to variable returns;

- and the ability to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights gives control over the investee. The Group reconsiders whether or not it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the period of competence are included in the Consolidated Interim Report from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the period and each of the other components of the Statement of Comprehensive Income are attributed to the shareholders of the parent company and minority interests, even if this implies that the minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of the subsidiaries, in order to ensure compliance with the Group's accounting standards. All assets and liabilities, equity, revenues, costs and inter-group financial flows relating to transactions between Group entities are derecognised completely during the consolidation phase.

Changes in the investment in a subsidiary that do not involve the loss of control are recognised in equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognised in the Income Statement. Any retained interest must be measured at fair value.

The assessment carried out led the Bank to include the subsidiaries listed in the previous paragraph, as well as the SPVs (Special Purpose Vehicles) set up for securitisation purposes, for which control is considered to exist in accordance with IFRS 10; in the scope of consolidation at the reporting date. These SPVs, with the exception of the vehicle Ifis Npl 2021-1 SPV S.r.l. for which the Group holds the majority of the shares at 30 September 2021, are not companies legally belonging to the Banca Ifis Group.

5.1.3 Risks and uncertainties related to estimates

Using accounting standards often requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities. In making the assumptions underlying the estimates, management considers all available information at the reporting date of this Consolidated Interim Report, as well as any other factor deemed reasonable for this purpose, also as a consequence of the current situation connected with the Covid-19 pandemic.

Specifically, it made estimates concerning the carrying amounts of some items recognised in the Consolidated Interim Report at 30 September 2021, as per the relevant accounting standards. These estimates are largely based on the expected future recoverability of the amounts recognised and were made on a going concern basis. Such estimates support the carrying amounts reported at 30 September 2021.

Furthermore, the estimates and assumptions used in the preparation of this report are affected by the reasonably foreseeable impacts of the Covid-19. It is not possible to exclude that additional impacts in the forthcoming months, whose timing and amount cannot presently be forecast, may impact the hypotheses and assumptions underlying the estimation processes with respect to those considered in the estimates prepared for the

Consolidated Interim Report at 30 September 2021, thereby requiring changes to be made to the values of the assets and liabilities booked, which cannot currently be estimated or foreseen.

The risk of uncertainty in the estimates, considering the materiality of the reported amounts of assets and liabilities and the judgement required of management, substantially concerns the measurement of:

- fair value of receivables and financial instruments not quoted in active markets;
- receivables of the Npl Segment;
- receivables managed by the Pharma BU, and specifically the interest on arrears considered recoverable;
- measurement of the Expected Credit Loss for receivables other than the Npl Segment;
- provisions for risks and charges;
- post-employment benefits;
- goodwill, other intangible assets and gain on bargain purchase.

Fair value of receivables and financial instruments not quoted in active markets

In the presence of receivables and financial instruments not quoted in active markets or illiquid and complex instruments, it is necessary to activate adequate valuation processes characterised with certain judgement on the choice of valuation models and related input parameters, which may sometimes not be observable in the market. There is a degree of subjectivity involved in assessing whether certain inputs are observable and categorising them within the fair value hierarchy accordingly. For qualitative and quantitative information on the method to determine the fair value of instruments measured at fair value, reference should be made to paragraph A.2 - Part relating to the main items of the consolidated financial statements at 31 December 2020.

Npl Segment exposures

Concerning specifically the measurement of the receivables in the Npl Segment, the Risk Management Department, when assessing the Bank's capital adequacy (ICAAP), regularly assesses the so-called model risk, since the characteristics of the business model imply a high level of variability concerning both the amount collected and the date of actual collection.

In particular, for receivables undergoing non-judicial operations, the proprietary model estimates cash flows by projecting the breakdown of the nominal amount of the receivable over time based on the historical recovery profile for similar clusters. In addition, for the positions with settlement plan funding characteristics, a deterministic model based on the measurement of the future instalments of the plan, net of the historical default rate is used. Therefore, the timely and careful management of cash flows is particularly important. To ensure expected cash flows are correctly assessed, also with a view to correctly pricing the transactions undertaken, the Group carefully monitors the trend in collections compared to expected flows.

For receivables undergoing judicial operations, i.e. for positions for which the presence of a job or a pension has been verified, a model has been developed for estimating cash flows prior to obtaining the Garnishment Order (ODA). In particular, cash flows are estimated for all those positions that have obtained a decree not opposed by the debtor from 1 January 2018.

Other files under judicial processing remain recorded at acquisition cost until the requirements for application of the above model are met or, in the residual case of positions that obtained an unopposed decree from the debtor prior to 1 January 2018, until the garnishment order is obtained.

Upon garnishment order, future cash flows are analytically determined on the basis of the objective elements known for each individual position; in this case, therefore, the estimates applied relate mainly to the identification of the duration of the payment plan.

In order to take into account the current context, still marked by the pandemic, and incorporate the effects linked to the temporary closure of production activities, already in the 2020 financial statements, corrections were made to the forecasting models that entailed, with reference to amicable management, a limited decline in collections expected for FYs 2021 and 2022, in line with the general macroeconomic forecasts.

In a similar fashion, consistently with the legislation released, certain corrections have been made to the models that cover both the secured Npl positions, as a result of the extension of collection times due to the suspension in proceeding with the attachment of properties received as collateral and for positions for which bankruptcy proceedings are in progress.

Receivables managed by the Pharma BU, and specifically the interest on arrears considered recoverable

As for the receivables of the Pharma BU, the Group estimates the cash flows from receivables due from Italy's National Health Service using a proprietary model, calculating the interest on arrears considered recoverable based on historical evidence and differentiating according to the type of collection actions taken by the Pharma BU (settlement or judicial action). Overall, the assumptions underlying the estimate of their recoverability were conservative. Banca Ifis estimates cash flows in accordance with the provisions of the joint Bank of Italy/Consob/Ivass document no. 7 of 9 November 2016 Accounting of interest on arrears as per Italian Legislative Decree no. 231/2002 on performing loans purchased outright.

Measurement of the Expected Credit Loss for receivables other than the Npl Segment

The allocation of receivables and debt securities classified as Financial assets measured at amortised cost and Financial assets measured at fair value through other comprehensive income in the three credit risk stages set forth in IFRS 9 and the calculation of the relative expected losses requires a detailed estimation process that regards primarily:

- defining the parameters for a significant increase in credit risk, which are based both on models for measuring the Probabilities of Default (PD) at the origination of financial assets and at the period end date and on other backstop criteria, such as the concession of forbearance measures or the presence of items more than 30 days past-due;
- the measurement of certain elements necessary for the determination of estimated future cash flows arising from non-performing loans: the expected debt collection times, the presumed realisable value of any guarantees, the costs that it is deemed will be incurred to recover the credit exposure and lastly the likelihood of sale for positions for which there is a disposal plan.

“Expected Credit Losses” (ECLs) are calculated based on whether the financial instrument's credit risk has significantly increased since initial recognition.

As regards the assessment of the significant increase in the credit risk, the measures implemented to support the economy that impacted it include the concession of moratoriums, which must be mentioned. With the suspension of payments of amortisation plans, the verification of past-due by more than 30 days in order to

allocate to Stage 2, also ceases. This has led the Group, already in the 2020 financial statements, to make additional provisions in respect of relations with counterparties involved by these moratoriums, or which belong to certain economic segments considered to be at higher risk of impact from Covid-19, so as to incorporate the increase in the expected risk.

Similarly, the forward-looking information has seen an update to the macroeconomic scenarios following the evolution of the economic crisis linked to the spread of Covid-19, also in view of the recommendations given by the Supervisory Authorities.

Finally, in line with what has been done for the secured portfolio of the Npl Segment, the collection times for receivables and portfolios of receivables secured by real estate for which bankruptcy proceedings are in progress have been reviewed to reflect the aforementioned suspension of real estate execution, including in the Commercial & Corporate Banking Segment.

Reference should be made to the information given in paragraph A.2 - Part relating to the main items of the Consolidated financial statements at 31 December 2020.

Goodwill and other intangible assets

Business combinations must be booked as per the standards established by IFRS 3, using the acquisition method. Goodwill is initially stated at cost represented by the excess of the total amount paid and the amount recognised for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group.

As regards the purchase price allocation (“PPA”) of the aggregation to assets, liabilities and potential liabilities of the subject acquired, as can be identified at the purchase date and measured at their respective fair values, a preventive mapping has been carried out of all the assets and liabilities for which it was considered likely to encounter significant differences in value between the fair value and the respective carrying amount.

In particular, the fair values are determined on the basis of the methodology considered to be most appropriate for each class of asset and liability acquired (for example, for the loan portfolio, the discounted cash flow method).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the new valuation still shows a fair value of the net assets acquired higher than the amount, the difference (profit) is recognised in the income statement as “gain on bargain purchase”.

Thereafter, in accordance with IAS 36, goodwill must be impairment tested annually, to check that the value can be recovered. The recoverable value is the greater of Value in Use and fair value, net of the costs of sale.

In order to determine the value in use of goodwill allocated to the cash generating units (“CGUs”) making it up, the Banca Ifis Group estimates both future cash flows in the explicit forecasting period and flows used to determine the terminal value. In a similar fashion, the Group also estimates the discounting rate of future cash flows previously estimated. The discounting rate has been determined by the Group using the “Capital Asset Pricing Model” (CAPM).

We would refer you to the more detailed information given in Part B - Information on the Consolidated Statement of Financial Position, Section 10 - Intangible assets - Item 100, Paragraph "10.3 Other information" of the Consolidated Financial Statements at 31 December 2020.

As regards the difference recognised in the income statement relating to the provisionally determined fair value and the consideration paid in relation to the acquisition of the former Aigis Banca business unit, it amounts to 3,4 million euro and has been recognised in this Consolidated Interim Report of the Banca Ifis Group as "Other operating income".

For the other cases listed, reference should be made to the valuation criteria described in paragraph "A.2 - Part relating to the main items of the Consolidated financial statements" at 31 December 2020.

5.2 Group financials and income results

5.2.1 Statement of financial position items

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Financial assets mandatorily measured at fair value through profit or loss	150.656	136.978	13.678	10,0%
Financial assets measured at fair value through other comprehensive income	611.256	774.555	(163.299)	(21,1)%
Receivables due from banks measured at amortised cost	1.330.894	1.083.281	247.613	22,9%
Receivables due from customers measured at amortised cost	9.751.356	9.135.402	615.954	6,7%
Property, plant and equipment and intangible assets	178.743	176.119	2.624	1,5%
Tax assets	335.109	381.431	(46.322)	(12,1)%
Other assets	411.428	338.430	72.998	21,6%
Total assets	**12.769.442**	**12.026.196**	**743.246**	**6,2%**
Payables due to banks measured at amortised cost	2.513.546	2.367.082	146.464	6,2%
Payables due to customers measured at amortised cost	5.729.912	5.471.874	258.038	4,7%
Debt securities issued	2.291.824	2.069.083	222.741	10,8%
Tax liabilities	49.763	48.154	1.609	3,3%
Provisions for risks and charges	67.141	53.944	13.197	24,5%
Other liabilities	511.549	466.097	45.452	9,8%
Group equity	1.605.707	1.549.962	55.745	3,6%
Total liabilities and equity	**12.769.442**	**12.026.196**	**743.246**	**6,2%**

Other financial assets mandatorily measured at fair value through profit or loss

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Debt securities	15.622	3.532	12.090	342,3%
Equity securities	27.337	20.683	6.654	32,2%
UCITS units	77.622	81.479	(3.857)	(4,7)%
Loans	30.075	31.284	(1.209)	(3,9)%
Total	**150.656**	**136.978**	**13.678**	**10,0%**

Other financial assets mandatorily measured at fair value through profit or loss total 150,7 million Euro at 30 September 2021. This item consists of loans and debt securities that did not pass the SPPI test, equity securities from minority shares and UCITS units. Without taking into account the collections for the period, the 10,0% growth compared to 31 December 2020 is mainly due, in addition to the valuation effects of the period, of approximately 6,9 million Euro, to two new loans at fair value totalling 5,0 million Euro and the subscription during the period of new units of equity securities for a total of 8,0 million Euro and of securities related to third-party

securitisations totalling 12,2 million Euro, the effect of which was partially offset by the period sale of a UCITS fund for 10,0 million Euro, an equity security for 5,7 million Euro and the extinguishment of credit exposures measured at fair value for 4,6 million Euro.

Financial assets measured at fair value through other comprehensive income

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Debt securities	516.826	721.216	(204.390)	(28,3)%
Equity securities	94.430	53.339	41.091	77,0%
Total	**611.256**	**774.555**	**(163.299)**	**(21,1)%**

Financial assets measured at fair value through other comprehensive income amounted to 611,3 million Euro at 30 September 2021, down 21,1% from December 2020. They include debt securities that have passed the SPPI test and equity securities for which the Group has exercised the OCI Option envisaged by IFRS 9.

Debt securities held in the portfolio at 30 September 2021 amounted to 516,8 million Euro, down 28,3% compared to the balance at 31 December 2020, mainly following the sales made during the first nine months of 2021. The net negative fair value reserve comes to 1,3 million Euro, down on the positive balance of 1,8 million Euro at 31 December 2020.

Here below is the breakdown by maturity of the debt securities held.

Issuer/Maturity	1 year	2 years	3 years	5 years	Over 5 years	Total
Government bonds	230.621	187.646	-	62.664	8.605	489.536
% of total	*44,6%*	*36,3%*	-	*12,1%*	*1,7%*	*94,7%*
Banks	-	-	-	6.626	-	6.626
% of total	-	-	-	*1,3%*	-	*1,3%*
Other issuers	-	-	-	10.070	10.594	20.664
% of total	-	-	-	*1,9%*	*2,0%*	*4,0%*
Total	**230.621**	**187.646**	**-**	**79.360**	**19.199**	**516.826**
% of total	***44,6%***	***36,3%***	**-**	***15,4%***	***3,7%***	***100,0%***

This item includes equity securities relating to minority interests, amounting to 94,4 million Euro, up 77,0% compared to 31 December 2020, mainly due to investments made in the period and relative to the Proprietary Finance portfolio.

Receivables due from banks measured at amortised cost

Total receivables due from banks measured at amortised cost amounted to 1.330,9 million Euro at 30 September 2021, up 22,9% on the figure booked at 31 December 2020 (1.083,3 million Euro). This item mainly refers to Receivables due from central banks (882,0 million Euro at 30 September 2021 compared to 693,8 million Euro at 31 December 2020), which constitute the supplies maintained in order to ensure the orderly performance of management activities. Net of the contribution of loans to central banks, the increase in the balance of the item recorded in the first nine months of 2021 was also due to new investments in bank securities measured at

amortised cost, the balance of which rose from 56,7 million Euro at 31 December 2020 to 128,1 million Euro at 30 September 2021.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amounted to 9.751,4 million Euro, up 6,7% on 31 December 2020 (9.135,4 million Euro). The item includes debt securities for 1,9 billion Euro (1,3 billion Euro at 31 December 2020), of which government securities for 1,6 million Euro. These debt securities are classified within the Governance & Services and Non-Core Segment.

The contribution of the Commercial & Corporate Banking Segment is essentially in line with the balance of the same period of last year. The growth in the Corporate Banking & Lending business area (+23,8%) and the substantial stability of the Leasing and Npl sectors were offset by a decrease in the Factoring area (-10,2%). An increase is also recorded of 524,1 million Euro in exposures of the Governance & Services and Non-Core Segment, mainly due to the purchase of debt securities during the first nine months of 2021.

RECEIVABLES DUE FROM CUSTOMERS BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Commercial & Corporate Banking Segment	6.113.561	5.992.591	120.970	2,0%
- of which non-performing	*177.743*	*160.826*	*16.917*	*10,5%*
Factoring Area	2.474.847	2.755.488	(280.641)	(10,2)%
- of which non-performing	*113.687*	*115.783*	*(2.096)*	*(1,8)%*
Leasing Area	1.381.482	1.414.055	(32.573)	(2,3)%
- of which non-performing	*14.198*	*11.377*	*2.821*	*24,8%*
Corporate Banking & Lending Area	2.257.232	1.823.048	434.184	23,8%
- of which non-performing	*49.858*	*33.666*	*16.192*	*48,1%*
Npl Segment	1.376.473	1.405.603	(29.130)	(2,1)%
- of which non-performing	*1.352.576*	*1.381.085*	*(28.509)*	*(2,1)%*
Governance & Services and Non-Core Segment	2.261.322	1.737.208	524.114	30,2%
- of which non-performing	*48.818*	*49.944*	*(1.126)*	*(2,3)%*
Total receivables due from customers	**9.751.356**	**9.135.402**	**615.954**	**6,7%**
- of which non-performing	***1.579.137***	***1.591.855***	***(12.718)***	***(0,8)%***

Please refer to the section "3. Contribution of operating segments to Group results - reclassified data" for a detailed analysis of receivables due from customers.

Intangible assets and property, plant and equipment

Intangible assets came to 60,8 million Euro, basically in line with those at 31 December 2020 (-0,4%).

The item refers to software for 22,0 million Euro and goodwill for about 38,8 million Euro, of which 38,0 million Euro deriving from the acquisition of the former Fbs Group and 0,8 million Euro deriving from the acquisition of the Polish subsidiary Ifis Finance Sp. z o.o.

As regards the Group's assessments on the impairment testing of such goodwill, please note that the results of this test performed at 31 December 2020 have supported the likelihood of recovery of both portions of goodwill booked. To date, the validity is confirmed of the action taken by the Group; it is believed that, also in view of the countercyclical nature of some of the Group's businesses and in particular of the Npl Segment to which the Group's most significant goodwill is allocated, the current health emergency still in progress will not have a significant impact on the consolidated results expected in the long term. For more details, we would refer you to the more extensive information given in Part B - Information on the Consolidated Statement of Financial Position, Section 10 - Intangible assets - Item 100, Paragraph 10.3 Other information of the Consolidated Financial Statements at 31 December 2020.

Property, plant and equipment comes to 118,0 million Euro, as compared with the 115,1 million Euro booked at 31 December 2020, up 2,5%.

At the end of the September 2021, the properties recognised under property, plant and equipment included the important historical building "Villa Marocco", located in Mestre – Venice and housing Banca Ifis's registered office. Since Villa Marocco is a luxury property, it is not depreciated, but it is tested for impairment at least annually. To this end, they are appraised by experts specialising in luxury properties. During the period, there were no indications requiring to test the assets for impairment.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Tax assets amounted to 335,1 million Euro, slightly down on the figure at 31 December 2020 of 381,4 million Euro (-12,1%).

Current tax assets amounted to 40,6 million Euro compared with 74,3 million Euro at 31 December 2020 (-45,3%). Prepaid tax assets come to 294,5 million Euro as compared with 307,2 million Euro at 31 December 2020 and mainly comprise 219,4 million Euro (in line with the balance at 31 December 2020) assets entered for impairment of loans, potentially able to be transformed into tax credits and 50,4 million Euro assets entered on previous tax losses and the ACE benefit (51,1 million Euro at 31 December 2020). At present, no risks are seen on the potential failure to recover prepaid tax in the medium/long-term.

Tax liabilities totalled 49,8 million Euro, slightly up (+3,3%) from 31 December 2020, equal to 48,2 million Euro.

Current tax liabilities totalled 13,7 million Euro, representing the period tax burden.

Deferred tax liabilities, totalling 36,1 million Euro, are essentially in line with 31 December 2020 and largely included 31,4 million Euro in receivables for interest on arrears that will be taxed upon receipt, 0,5 million Euro in the revaluation of property, and 2,9 million Euro in other mismatches of trade receivables and 0,8 million Euro relative to financial assets measured at fair value through other comprehensive income (FVOCI).

Tax assets are included in the calculation of "capital requirements for credit risk" in accordance with (EU) Regulation no. 575/2013 (CRR) as subsequently amended, which was transposed in the Bank of Italy's Circulars no. 285 and no. 286.

Here below is the breakdown of the different treatments by type and the relevant impact on CET1 and risk-weighted assets at 30 September 2021:

- the "deferred tax assets that rely on future profitability and do not arise from temporary differences" are deducted from CET1; at 30 September 2021, the 100% deduction amounted to 37,2 million Euro, including the Holding of the Banking Group:in this regard, please note that this deduction will be gradually absorbed by the future use of such deferred tax assets;
- the "deferred tax assets that rely on future profitability and arise from temporary differences" are not deducted from CET1 and receive instead a 250% risk weight:at 30 September 2021, these assets, including those pertaining to the Holding Company of the Banking Group, amounted to 38,1 million Euro and are offset by 30,3 million Euro from the corresponding deferred tax liabilities;
- the "deferred tax assets pursuant to Italian Law no. 214/2011", concerning impairment losses on receivables that can be converted into tax credits, receive a 100% risk weight; at 30 September 2021, the corresponding weight totalled 219,4 million Euro;
- "current tax assets" receive a 0% weight as they are exposures to the Central Government.

Overall, the Tax Assets recognised at 30 September 2021 and 100% deducted from Own Funds resulted in an expense amounting to 0,13% as a proportion of CET1, which will decline in the future as said assets are utilised against taxable income.

Other assets and liabilities

Other assets, of 411,4 million Euro as compared to a balance of 338,4 million Euro at 31 December 2020, mainly include:

- financial assets held for trading for 6,3 million Euro (down 69,9% on the figure of 20,9 million Euro of 31 December 2020), referring 6,0 million Euro to derivative transactions (which decrease significantly on the figure of 19,3 million Euro at end 2020, for the unwinding during the period of numerous positions in derivatives following the closure of the underlying credit positions), offset by mirrored positions entered amongst the financial liabilities held for trading and 0,3 million Euro in securities included in the Group's trading book (down 81,5% on the balance of 1,6 million Euro at 31 December 2020, mainly following period divestments, particularly in the third quarter of 2021);
- other assets for 402,5 million Euro (317,5 million Euro at 31 December 2020, +26,8%), of which 18,1 million Euro refer to the receivable due from the parent company La Scogliera S.p.A. by virtue of the tax consolidation agreements (83,3 million Euro at 31 December 2020). The increase in the balance of the item during the first nine months of 2021 by a total of 85,0 million Euro resulted mainly from the purchase for a net value of 202,2 million Euro of tax credits for the "superbonus" and other construction tax bonuses, partially offset by the collections of the IRES tax credit for 55,2 million Euro previously transferred to La Scogliera and the credit of 14,1 million Euro from the General Electric Group and related to the compensation already received for the adhesion to the 2019 tax peace.

Other liabilities come to 511,5 million Euro as compared with 466,1 million Euro at 31 December 2020, and consist of:

- trading derivatives for 4,6 million Euro, mainly referring to transactions hedged by opposite positions entered amongst financial assets held for trading, the balance of which has decreased significantly on

the figure of 18,6 million Euro at 31 December 2020 following the above-specified unwinding of derivative positions during the first nine months of 2021;

- 8,8 million Euro liabilities for post-employment benefits (9,2 million Euro at 31 December 2020);
- 498,1 million Euro for other liabilities (438,3 million Euro at 31 December 2020, +13,6%), largely referred to amounts due to customers that have not yet been credited as well as the payable of 58,8 million Euro for 2019 dividends suspended following the recommendations of the Supervisory Authorities (for more details, see Section "5.3 Subsequent events"), to operating payables for approximately 70,0 million Euro and to payables due to the parent company La Scogliera for 17,6 million Euro.

Funding

FUNDING (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Payables due to banks	**2.513.546**	**2.367.082**	**146.464**	**6,2%**
- Payables due to Central banks	2.036.472	2.116.961	(80.489)	(3,8)%
of which: TLTRO	*2.036.472*	*1.994.722*	*41.750*	*2,1%*
of which: Other deposits	-	*122.239*	*(122.239)*	*(100,0)%*
- Repurchase agreements	217.239	-	217.239	n.a.
- Other payables	259.835	250.121	9.714	3,9%
Payables due to customers	**5.729.912**	**5.471.874**	**258.038**	**4,7%**
- Retail	4.415.721	4.459.954	(44.233)	(1,0)%
- Other term deposits	515.048	280.484	234.564	83,6%
- Lease payables	16.820	16.891	(71)	(0,4)%
- Other payables	782.323	714.545	67.778	9,5%
Debt securities issued	**2.291.824**	**2.069.083**	**222.741**	**10,8%**
Total funding	**10.535.282**	**9.908.039**	**627.243**	**6,3%**

Total funding amounted to 10.535,3 million Euro at 30 September 2021 (+6,3% compared to 31 December 2020) and is represented for 54,4% by payables due to customers (compared to 55,2% at 31 December 2020), for 23,9% by payables due to banks (23,9% also at 31 December 2020), and for 21,7% by debt securities issued (20,9% at 31 December 2020).

Amounts due to customers amounted to 5.729,9 million Euro at 30 September 2021, an increase of 4,7% compared to 31 December 2020 essentially linked to the contribution of current and deposit accounts referring to the former Aigis Banca business unit for 302,3 million Euro.

RETAIL FUNDING (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Short-term funding (within 18 months)	3.094.538	3.196.110	(101.572)	(3,2)%
of which: DEREGULATED	*797.746*	*723.240*	*74.506*	*10,3%*
of which: LIKE/ONE	*1.112.045*	*1.084.400*	*27.645*	*2,5%*
of which: CONSTRAINTS	*1.109.783*	*1.316.288*	*(206.505)*	*(15,7)%*
of which: GERMAN DEPOSIT	*74.964*	*72.182*	*2.782*	*3,9%*
Long-term funding (beyond 18 months)	1.321.183	1.263.844	57.339	4,5%
Total funding	**4.415.721**	**4.459.954**	**(44.233)**	**(1,0)%**

Payables due to banks amounted to 2.513,5 million Euro, up 6,2% compared to 31 December 2020, mainly due to new repurchase agreements.

Securities issued amounted to 2.291,8 million Euro at 30 September 2021, up on the 2.069,1 million Euro of 31 December 2020. This increase is mainly attributable to senior notes totalling 372,3 million Euro relating to the Emma securitisation, which was restructured in June 2021, the effect of which was partially offset by the progressive repayment of the units of securities in connection with the ABCP Programme securitisation for 123,4 million Euro and the repayment in full of approximately 62,7 million Euro of the bonds issued by the former Interbanca, which matured in March 2021.

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	10.488	10.988	(500)	(4,6)%
FITD and Single Resolution Fund	5.620	-	5.620	n.a.
Legal and tax disputes	32.882	21.016	11.866	56,5%
Personnel expenses	4.896	7.148	(2.252)	(31,5)%
Other provisions	13.255	14.792	(1.537)	(10,4)%
Total provisions for risks and charges	**67.141**	**53.944**	**13.197**	**24,5%**

Below is the breakdown of the provision for risks and charges at 30 September 2021 by type of dispute compared with the amounts for the end of the prior year.

Provisions for credit risk related to commitments and financial guarantees granted

At 30 September 2021, the balance of 10,5 million Euro, an increase on the figure at the previous year (11,0 million Euro), reflects the write-down of the financial guarantees and commitments given by the Group.

FITD and Single Resolution Fund

The item at 30 September 2021 includes an estimate of 5,6 million Euro for the annual contribution to the Interbank Deposit Protection Fund due at the end of the year.

Legal and tax disputes

At 30 September 2021, provisions are entered for legal and tax disputes for a total of 32,9 million Euro (21,0 million Euro at 31 December 2020). This amount breaks down as follows:

- 11,2 million Euro for 28 disputes concerning the Trade Receivables Area (the plaintiffs seek 33,6 million Euro in damages), these disputes are mainly connected with the request for the repetition of amounts collected or payments under guarantee in relation to factoring positions without recourse;
- 6,4 million Euro (the plaintiffs seek 63,9 million Euro in damages) for 11 disputes concerning the Corporate Banking & Commercial Lending Area deriving from the former Interbanca;
- 0,9 million Euro (the plaintiffs seek 3,0 million Euro in damages) for 38 disputes concerning the Leasing Area;
- 11,0 million Euro relating to disputes concerning the former Aigis Banca business acquired in May 2021 with a petition corresponding to 15,6 million Euro;
- 1,8 million Euro (the plaintiffs seek 4,9 million Euro in damages) for 64 disputes concerning receivables of the subsidiary Ifis Npl Investing;
- 0,9 million Euro for various disputes concerning Credifarma (the plaintiffs seek 1,5 million Euro in damages);
- 408 thousand Euro (the plaintiffs seek 3,9 million Euro) for 31 disputes with customers and agents relating to Cap. Ital. Fin.;
- 120 thousand Euro for 5 disputes relating to Farbanca (the plaintiffs seek 2,8 million Euro in damages);
- 38 thousand Euro (the plaintiffs seek the same amount in damages) for disputes concerning the investee Ifis Rental Services.

Personnel expenses

At 30 September 2021, provisions are entered for personnel for 4,9 million Euro (7,1 million Euro at 31 December 2020), of which 4,7 million Euro connected with the Solidarity Fund established in 2020 to implement the cost rationalisation programme envisaged by the Group.

Other provisions for risks and charges

At 30 September 2021, “Other provisions” were in place for 13,3 million Euro, down 10,4% on the 14,8 million Euro recorded at 31 December 2020. The item mainly comprised 7,1 million Euro for probable contractual indemnities for loan transfers, 4,6 million Euro for supplementary indemnities for customers connected with the operations of the Leasing Area and 0,7 million Euro for the provision for complaints.

Contingent liabilities

Here below are the most significant contingent liabilities outstanding at 30 September 2021. Based on the opinion of the legal advisers assisting the subsidiaries, they are considered possible, and therefore they are only disclosed.

Tax dispute

Dispute concerning the write-off of receivables. Company involved Ifis Leasing S.p.A. (former GE Capital Interbanca Group)

The Italian Revenue Agency has reclassified the write-off of receivables made by the Company in 2004, 2005, 2006 and 2007 and added in the years between 2005 and 2014 to losses on receivables - without any actual evidence. Overall, the Agency assessed 243 thousand Euro in additional taxes and administrative penalties amounting to 100%.

Dispute concerning the assumed "permanent establishment" in Italy of the Polish company Ifis Finance Sp. z o.o.

Following the investigation carried out by the Guardia di Finanza [Financial Police Force] in regard to Direct Tax, VAT and other tax for the tax years 2016 and 2017 and 2013/2015 limited to transactions implemented with the Polish subsidiary Ifis Finance Sp. z o.o., Verification Notices were served in regard to the years 2013/2015. The Guardia di Finanza claims that it has found evidence to suggest that in the foreign country (Poland), a "permanent establishment" of Banca Ifis has been set up and not an autonomous legal subject with capacity of self-determination. In other words, by refusing to acknowledge the autonomous legal organisation of the Company with simultaneous tax residence of such in Poland, the costs and revenues of the Polish office would constitute positive or negative items producing income taxable in Italy (net of the tax credit for tax ultimately paid abroad). Overall, the Agency assessed 756 thousand Euro in additional taxes and administrative penalties amounting to 100%. The hearing was discussed at the second chambers of the Provincial Tax Commission of Venice on 12 November 2020. Judgement no. 266/2021 discussed on 12/11/2020 and deposited on 19/03/2021 fully upheld the Bank's appeal and compensated costs. The Commission in fact declared that it was a "legitimate right of the Italian parent company, seeking to expand its banking and factoring services business in Poland, to determine the operative strategy of the parent company established to this end".

On 14 October 2021, the Revenue Agency was notified of the filing of the appeal with the Veneto Regional Tax Commission ("CTR"). In short, the Agency contested the judgement of the Provincial Tax Commission from both a substantive and a formal point of view, and therefore requested its annulment on the basis of the same logical and evidential path adopted during the inspection and assessment phase to highlight the existence of the hidden permanent establishment.

Within the terms of the law, the Bank will prepare its rebuttal arguments in defence of its positions as confirmed by the Provincial Tax Commission.

Regarding all the above tax disputes, the Group, supported by its tax advisers, evaluated the risk of defeat possible, but not probable and therefore, it chose to allocate funds to the provision for risks and charges.

Reimbursements

In line with market practice, under the purchase agreement for the former GE Capital Interbanca Group, the seller made a series of representations and warranties related to Interbanca and other Investees. In addition, the agreement includes a series of special reimbursements paid by the seller related to the main legal and tax disputes involving the former GE Capital Interbanca Group companies.

Consolidated equity

At 30 September 2021, Group consolidated Equity totalled 1.605,7 million Euro (1.550,0 million Euro at 31 December 2020). The changes in consolidated equity are:

- the positive change relative to the period result pertaining to the Parent company of 80,2 million Euro;
- the positive change in Equity attributable to non-controlling interests for 1,4 million Euro, for the part share of the period results accrued by the subsidiaries Farbanca and Credifarma;
- the negative change of 25,1 million Euro related to dividends distributed during the period;
- the positive change of 0,2 million Euro of the valuation reserve connected with net actuarial gains on severance indemnity accrued during the period;
- the negative change of 0,5 million Euro in the exchange differences valuation reserve;
- the net negative change of 0,8 million Euro in the valuation reserve for securities recognised in the first nine months of 2021, due to the fair value adjustment of the financial instruments in the "Financial assets at fair value with impact on comprehensive income" portfolio (net of the gains realised on the sale of equity securities in this portfolio, represented in the accounts by a transfer from valuation reserves to reserves of profits).

The breakdown of the item and the change compared to the end of the previous year are summarised in the tables below.

EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2021	31.12.2020	ABSOLUTE	%
Share capital	53.811	53.811	-	0,0%
Share premiums	102.972	102.491	481	0,5%
Valuation reserves:	(23.332)	(19.337)	(3.995)	20,7%
- Securities	*(14.358)*	*(10.733)*	*(3.625)*	*33,8%*
- Post-employment benefits	*(258)*	*(429)*	*171*	*(39,9)%*
- Exchange differences	*(8.716)*	*(8.175)*	*(541)*	*6,6%*
Reserves	1.367.272	1.320.871	46.401	3,5%
Treasury shares	(2.847)	(2.948)	101	(3,4)%
Equity attributable to non-controlling interests	27.641	26.270	1.371	5,2%
Profit for the period attributable to the Parent company	80.190	68.804	11.386	16,5%
Group equity	**1.605.707**	**1.549.962**	**55.745**	**3,6%**

EQUITY: CHANGES	(in thousands of Euro)
Equity at 31.12.2020	**1.549.962**
Increases:	**82.221**
Profit for the period attributable to the Parent company	80.190
Change in valuation reserve:	171
- Post-employment benefits	*171*
Other changes	489
Equity attributable to non-controlling interests	1.371
Decreases:	**26.476**
Dividends distributed	25.132
Change in valuation reserve:	1.344
- Securities (net of realisations)	*803*
- Exchange differences	*541*
Equity at 30.09.2021	**1.605.707**

Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	30.09.2021	31.12.2020
Common Equity Tier 1 Capital (CET1)	1.047.496	1.038.715
Tier 1 Capital (T1)	1.101.109	1.091.858
Total Own Funds	**1.376.305**	**1.366.421**
Total RWAs	**8.968.645**	**9.203.971**
Common Equity Tier 1 Ratio	11,68%	11,29%
Tier 1 Capital Ratio	12,28%	11,86%
Ratio – Total Own Funds	**15,35%**	**14,85%**

Common Equity Tier 1, Tier 1 Capital, and Total Own Funds at 30 September 2021 do not include the profits generated by the Banking Group in the first nine months of 2021.

Consolidated own funds, risk-weighted assets and prudential ratios at 30 September 2021 were calculated based on the regulatory changes introduced by Directive no. 2019/878/EU (CRD V) and Regulation (EU) no. 876/2019 (CRR2), which amended the regulatory principles set out in Directive no. 2013/36/EU (CRD IV) and Regulation (EU) no. 575/2013 (CRR), as subsequently amended, which were transposed in the Bank of Italy's Circulars no. 285 and no. 286. The consolidated capital requirements, in compliance with the provisions of Article 19 of the CRR, are calculated by including in the prudential consolidation the Banking Group's Holding Company, which is not consolidated in the book equity.

With reference to the communication received by La Scogliera S.p.A. in June 2021, regarding the possible transfer of the Holding's headquarters to the Canton of Vaud (Lausanne), it should be noted that, if this transfer were to take place, it would have a positive impact on the Group's equity ratios compared to the current situation. This transfer would allow for the deconsolidation of the holding company from the Banca Ifis Banking Group,

with the consequent full inclusion in the consolidated shareholders' equity of the so-called minorities, which today, as established by the CRR, are included only to the extent necessary to meet the minimum capital requirements. For more details on this transaction, refer to section "5.3 Significant events" of this document.

For the purposes of calculating capital requirements at 30 September 2021, in continuity with what has been done since 30 June 2020, the Group has applied the temporary support provisions set out in Regulation (EU) no. 873/2020 (the "quick-fix").

EU Regulation no. 873/2020, relative to the transitional provisions aimed at attenuating the impact of the introduction of IFRS 9 on Own funds - defines for entities the possibility of including in their common equity tier 1 a portion of the accruals gained for expected credit losses, through different operating methods of the transitional period of reference (1 January 2018 - 31 December 2019 and 1 January 2020 - 31 December 2024).

Please note that at the time, Banca Ifis had already informed the Bank of Italy of its decision to apply the transitional provisions for the entire period.

Said portion is being included in CET1 gradually and by applying the following factors:

TEMPORARY TREATMENT IFRS 9 2018-2019	TEMPORARY TREATMENT IFRS 9 2020-2024
0,70 from 1 January 2020 to 31 December 2020	1,00 from 1 January 2020 to 31 December 2020
0,50 from 1 January 2021 to 31 December 2021	1,00 from 1 January 2021 to 31 December 2021
0,25 from 1 January 2022 to 31 December 2022	0,75 from 1 January 2022 to 31 December 2022
0,00 from 1 January 2023 to 31 December 2023	0,50 from 1 January 2023 to 31 December 2023
0,00 from 1 January 2024 to 31 December 2024	0,25 from 1 January 2024 to 31 December 2024

Again with reference to the new provisions introduced by Regulation (EU) no. 873/2020 with a potential impact on CET1, please note the temporary treatment of unrealised profit and losses due to changes in the fair value of debt instruments issued by the central, regional and local administrations; Banca Ifis has informed the Bank of Italy of its decision to apply the new transitional provisions starting 31 December 2020.

Said portion is being included in CET1 gradually and by applying the following factors.

TEMPORARY TREATMENT FOR OCI RESERVE
1,00 from 1 January 2020 to 31 December 2020
0,70 from 1 January 2021 to 31 December 2021
0,40 from 1 January 2022 to 31 December 2022

At 30 September 2021, taking into account the transitional treatment adopted to mitigate the impacts of IFRS 9 on CET1 and the prudential filter for unrealised gains and losses on financial assets at fair value, Equity amounted to 1.376,3 million Euro.

Consolidated equity includes:

- IFRS 9 transitional adjustments, pursuant to Article 473 bis of the CRR, which amount to 29,6 million Euro;

- The positive prudential filter relating to unrealised gains and losses measured at fair value measured from 31 December 2019 amounts to 0,5 million Euro;
- the exemption to the deduction of intangible assets attributable to software from the elements of CET1 for the portion of prudential amortisation calculated over three years in excess of the book amortisation; at 30 September the portion not deducted amounted to 4,6 million Euro;
- The negative impact of the application of Calendar Provisioning is 0,7 million Euro.

The 9,9 million Euro increase in Own Funds compared to 31 December 2020 was largely attributable to the following components:

- the lower 100% deduction from CET1 of "deferred tax assets that rely on future profitability and do not arise from temporary differences" totalling 37,2 million Euro - compared to 56,2 million Euro deducted at 31 December 2020;
- in this regard, please note that this deduction will be further absorbed by the future use of such deferred tax assets;
- the reduction of profit reserves for 1,8 million Euro;
- the lesser deduction of the negative components relative to investments in software, deriving from the application of prudent amortisation instead of accounting amortisation, as permitted by Regulation (EU) no. 2176/2020, where the Banca Ifis Group has decided to apply this method;
- the greater deduction of other income statement items attributable to the valuation reserve for equities designated at fair value with an impact on comprehensive income of 2 million Euro;
- a reduction in the allowable portion of non-controlling interests (Art. 84 CRR), amounting to 8,3 million Euro, as a result of a reduction in Risk weighted assets, due mainly to a reduction in factoring lending and the partial repayment of ABS securities resulting from the Npl securitisation.

The change in own funds due to the above-described phenomena has meant that at 30 September 2021, the Total capital ratio is 15,35%, up from the results achieved at 31 December 2020 of 14,85%; this trend was also reported for the CET1 ratio now 11,68%, compared to the figure at 31 December 2020, of 11,29%.

At 30 September 2021, not considering the filter related to the IFRS 9 transitional regime nor taking into account the prudential filter for exposures to central governments classified in the FVOCI category, Fully Loaded Own Funds amounted to 1.346 million Euro.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS WITHOUT IFRS 9 TRANSITIONAL ARRANGEMENTS (FULLY LOADED) (in thousands of Euro)	AMOUNTS AT	
	30.09.2021	31.12.2020
Common Equity Tier 1 Capital (CET1)	1.017.418	1.014.822
Tier 1 Capital (T1)	1.071.030	1.067.964
Total Own Funds	**1.346.227**	**1.342.527**
Total RWAs	**8.953.673**	**9.189.077**
Common Equity Tier 1 Ratio	11,36%	11,04%
Tier 1 Capital Ratio	11,96%	11,62%
Ratio – Total Own Funds	**15,04%**	**14,61%**

Common Equity Tier 1, Tier 1 Capital, and Total Own Funds do not include the profits generated by the Banking Group at 30 September 2021.

As previously mentioned, Article 19 of the CRR requires to include the Holding of the Banking Group not consolidated in the booked equity, in prudential consolidation. The capital adequacy ratios of the Banca Ifis Group alone, presented exclusively for information purposes, would be as showed in the following table.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: BANCA IFIS BANKING GROUP SCOPE (in thousands of Euro)	AMOUNTS AT	
	30.09.2021	31.12.2020
Common Equity Tier 1 Capital (CET1)	1.452.817	1.422.796
Tier 1 Capital (T1)	1.454.589	1.424.610
Total Own Funds	**1.857.386**	**1.827.409**
Total RWAs	**8.944.569**	**9.194.733**
Common Equity Tier 1 Ratio	16,24%	15,47%
Tier 1 Capital Ratio	16,26%	15,49%
Ratio – Total Own Funds	**20,77%**	**19,87%**

Common Equity Tier 1, Tier 1 Capital, and Total Own Funds at 30 September 2021 do not include the profits generated by the Banking Group in the first nine months of 2021.

Solvency ratios

With reference to the leverage ratio, starting from June 2021, Regulation (EU) no. 876/2019 introduced the minimum requirement of 3%, with the provision of proportional recalibration to compensate for the exclusion of certain exposures to Central Banks (Art. 429 bis CRR2); Banca Ifis availed itself of this exclusion, hence the regulatory minimum requirement to respect is 3,18%.

FINANCIAL LEVERAGE COEFFICIENT WITH/WITHOUT TRANSITIONAL ARRANGEMENTS IFRS 9/Reg. no. 876/2019 (%)	AMOUNTS AT	
	30.09.2021	31.12.2020
Financial leverage coefficient without application of transitional arrangements	8,52%	8,59%
Financial leverage coefficient with application of transitional arrangements	8,73%	9,23%

Risk-weighted assets

At 30 September 2021, taking into account the transitional treatment adopted to mitigate the impact of IFRS 9, risk-weighted assets (RWA) amounted to 8.969 million Euro, arising from credit and counterparty risk of 7.974 million Euro, operational risk of 870 million Euro, market risk of 81 million Euro and credit valuation adjustment risk of 44 million Euro.

Here below is the breakdown by Segment of risk-weighted assets.

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	of which: FACTORING AREA	of which: LEASING AREA	of which: CORPORATE BANKING & LENDING AREA			
Total RWA per Segment	**4.758.996**	**2.041.882**	**1.242.596**	**1.474.518**	**2.128.813**	**1.086.342**	**7.974.150**
Market risk	X	X	X	X	X	X	81.138
Operational risk (basic indicator approach)	X	X	X	X	X	X	869.698
Credit valuation adjustment risk	X	X	X	X	X	X	43.659
Total RWAs	**X**	**X**	**X**	**X**	**X**	**X**	**8.968.645**

For the purposes of credit risk and the calculation of capital absorption, the entry into force of CRR2 introduced important changes regarding the treatment for credit risk purposes of exposures in the form of units or shares in collective investment undertakings (CIUs). In particular, Article 132 CRR, as amended by Regulation (EU) no. 876/2019, provides for the application of methodologies for calculating capital requirements based on the granularity of information available to the Institution regarding the composition of the UCITS in its portfolio at the reference date. The availability of such information has allowed the application of the Look Through Approach methodology (or LTA), as required by art. 132 bis, par. 2 of CRR2; the UCITS portfolio at 30 September 2021 amounted to approximately 111 million Euro with an average absorption of around 145%.

The positive effect on the reduction of RWA of the Guarantee granted by the Italian State (GACS securitisations) on Senior securities related to securitisations of bad loans continued in the third quarter of 2021; the reduction in RWA amounted to 74 million Euro.

Among the new features introduced by Regulation (EU) no. 876/2019, the new methodologies provided for the calculation of the exposure value for financial derivative positions subject to counterparty risk are worthy of mention. In particular, compliance with the thresholds provided for by Art. 273 bis, paragraph 2 of CRR2 allowed the use of the simplified original exposure method and given the immateriality of derivative positions, the impact is not significant.

Disclosure regarding Sovereign Debt

On 5 August 2011, Consob (drawing on ESMA document no. 2011/266 of 28 July 2011) issued Communication no. DEM/11070007 on disclosures by listed companies of their exposures to sovereign debt and market performance, the management of exposures to sovereign debt, and their operating and financial impact.

Pursuant to said communication, please note that at 30 September 2021 the exposures to sovereign debt entirely consisted of Italian government bonds; their carrying amount totalled 2.173 million Euro, net of the negative 1,3 million Euro valuation reserve.

These securities, with a nominal amount of approximately 2.103 million Euro have a weighted residual average life of approximately 45 months.

The fair values used to measure the exposures to sovereign debt securities at 30 September 2021 are considered to be Level 1.

Pursuant to the Consob Communication, besides the exposure to sovereign debt, it is also necessary to consider receivables due from the Italian National Administration, which at 30 September 2021 totalled 673 million Euro, including 104 million Euro relating to tax receivables.

Supervisory review and evaluation process (SREP)

When comparing the results, please note that the Bank of Italy, following the Supervisory Review and Evaluation Process (SREP) to review the capitalisation targets of the system's largest intermediaries, notified the Banca Ifis Group that it needed to meet the following consolidated capital requirements in 2021, just like in 2020, 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 30 September 2021, the Banca Ifis Group met the above prudential requirements.

Procedure for determining the minimum requirement for liabilities subject to bail-in

In the third quarter of 2021, the Bank of Italy notified the Parent Company Banca Ifis and its subsidiary Farbanca of the conclusion of the process to determine the minimum requirement for eligible capital and liabilities (MREL). The minimum requirements to be met at 1 January 2022 are as follows:

MREL REQUIREMENT	
BANCA IFIS	**FARBANCA**
10% of the Total Risk Exposure Amount	8% of the Total Risk Exposure Amount
3% of Leverage Ratio Exposure	3% of Leverage Ratio Exposure

At 30 September 2021, following the monitoring process, both indicators were met above the predefined limit.

5.2.2 Income statements items

Formation of net banking income

Net banking income totalled 449,2 million Euro, up 39,6% from 321,7 million Euro at 30 September 2020. This increase of 127,5 million Euro is mainly linked to the following two factors:

- effect of the improved general economic environment from which the Group's operating segments benefited;
- contribution of 14,1 million Euro from Farbanca S.p.A. and approximately 3,1 million Euro from the former Aigis Banca business unit (not part of the Banca Ifis Group in the first nine months of 2020);
- a higher contribution from the other components of net interest and other banking income of 18,4 million Euro, as detailed below.

NET BANKING INCOME (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	362.614	260.801	101.813	39,0%
Net commission income	62.860	55.495	7.365	13,3%
Other components of net banking income	23.757	5.407	18.350	339,4%
Net banking income	**449.231**	**321.703**	**127.528**	**39,6%**

Net interest income increased by 39,0%, from 260,8 million Euro at 30 September 2020 to 362,6 million Euro at 30 September 2021, both as a result of higher underlying volumes compared to the situation in the first nine months of 2020, which had been strongly affected by the limitations related to the Covid-19 pandemic, and due to the contributions of Farbanca S.p.A. and the former Aigis Banca unit as commented in more detail in section "3. Contribution of operating segments to Group results".

Net commission comes to 62,9 million Euro, an increase on the figure at 30 September 2020, which was 55,5 million Euro (+13,3%): this trend was driven both by a greater contribution made by commission income, connected mainly with the Structured Finance division, which more than offset the greater incidence of the commission expense following the Npl acquisitions made during the first nine months of 2021, as compared with the same period of 2020.

The other components of net banking income are mainly made up as follows:

- 6,9 million Euro the net positive result of other financial assets and liabilities measured at fair value through profit or loss (up 16,3 million Euro on the negative 9,4 million Euro at 30 September 2020), which includes the net positive change to the fair value of capital instruments and units of UCITS funds;
- 10,3 million Euro in net gains on the disposal or repurchase of financial assets and liabilities, down compared to net gains of 13,5 million Euro at 30 September 2020, where the higher proceeds from the disposal of assets (10,4 million Euro in the first nine months of 2021 compared to 6,1 million Euro at 30 September 2020) only partially offset the substantial elimination in 2021 of gains on the repurchase of own liabilities;
- 6,8 million Euro for dividends generated by shares held in the Group-owned portfolio, a significant increase on the 2,9 million Euro in the first nine months of 2020.

Formation of net profit (loss) from financial activities

The Group's net profit from financial activities totalled 386,8 million Euro, compared to 273,8 million Euro at 30 September 2020 (+41,2%).

FORMATION OF NET PROFIT (LOSS) FROM FINANCIAL ACTIVITIES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net banking income	**449.231**	**321.703**	**127.528**	**39,6%**
Net credit risk losses/reversals	(62.438)	(47.856)	(14.582)	30,5%
Net profit (loss) from financial activities	**386.792**	**273.847**	**112.945**	**41,2%**

Net credit risk adjustments totalled 62,4 million Euro at 30 September 2021, compared to net losses of 47,9 million Euro at 30 September 2020. The figure for the first nine months of 2021 includes adjustments of 17,0

million Euro relative to the Npl Segment, recorded following a detailed analysis, currently approaching completion, carried out also in response to the Covid-19 pandemic, in terms of greater collection times, mainly on higher vintage positions. Further details of the changes in net impairment losses and reversals of impairment losses due to credit risk are given in detail in the section "3. Contribution of operating segments to Group results".

Formation of net profit for the period

Formation of net profit for the period is summarised in the table below:

FORMATION OF NET PROFIT (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Net profit (loss) from financial activities	**386.792**	**273.847**	**112.945**	**41,2%**
Operating costs	**(267.572)**	**(229.403)**	**(38.169)**	**16,6%**
Gains (Losses) on disposal of investments	-	24.161	(24.161)	(100,0)%
Pre-tax profit (loss) from continuing operations	**119.220**	**68.605**	**50.615**	**73,8%**
Income taxes for the period relating to continuing operations	(37.662)	(16.143)	(21.519)	133,3%
Profit (loss) for the period	**81.558**	**52.462**	**29.096**	**55,5%**
Profit (Loss) for the period attributable to non-controlling interests	1.368	116	1.252	n.s.
Profit (loss) for the period attributable to the Parent company	**80.190**	**52.346**	**27.844**	**53,2%**

Operating costs totalled 267,6 million Euro, showing an increase on 30 September 2020 (+16,6%).

OPERATING COSTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Administrative expenses:	265.384	212.298	53.086	25,0%
a) personnel expenses	103.711	89.310	14.401	16,1%
b) other administrative expenses	161.673	122.988	38.685	31,5%
Net allocations to provisions for risks and charges	9.353	20.920	(11.567)	(55,3)%
Net impairment losses/reversals on property, plant and equipment and intangible assets	14.269	13.087	1.182	9,0%
Other operating income/expenses	(21.433)	(16.902)	(4.531)	26,8%
Operating costs	**267.572**	**229.403**	**38.169**	**16,6%**

Personnel expenses rose by 16,1% to 103,7 million Euro (89,3 million Euro for the period ended 30 September 2020). The increase in this item as compared with the first nine months of 2020, is mainly due to the entry of Farbanca and the BU of the former Aigis Banca into the Banca Ifis Group, for approximately 3,7 million Euro and greater provisions made for variable remuneration of around 7,5 million Euro in 2020 (which suffered prudent policies tied to the uncertainty surrounding the pandemic). The number of Group employees at 30 September 2021 was 1.853 as compared with 1.736 resources at 30 September 2020, mainly due to the entries connected with Farbanca and the former Aigis Banca BU.

Other administrative expenses, at 30 September 2021, which come to 161,7 million Euro rise by 31,5% on 30 September 2020. The increase is attributable to higher costs for professional services and expenses for the

purchase of goods and other services mainly related both to the resumption of credit recovery activities in the Npl Segment and to the previously mentioned change in the scope of consolidation for Farbanca and for the business acquired from the former Aigis Banca and the related integration costs.

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2021	2020	ABSOLUTE	%
Expenses for professional services	**78.675**	**51.815**	**26.860**	**51,8%**
Legal and consulting services	53.315	36.837	16.478	44,7%
Auditing	650	578	72	12,5%
Outsourced services	24.709	14.400	10.309	71,6%
Direct and indirect taxes	**28.995**	**23.416**	**5.579**	**23,8%**
Expenses for purchasing goods and other services	**54.003**	**47.757**	**6.246**	**13,1%**
Software assistance and hire	13.288	11.107	2.181	19,6%
Customer information	11.299	11.428	(129)	(1,1)%
Advertising and inserts	5.851	5.711	140	2,5%
Property expenses	4.613	4.094	519	12,7%
FITD and Single Resolution Fund	4.423	3.071	1.352	44,0%
Telephone and data transmission expenses	2.909	2.592	317	12,2%
Postage and archiving of documents	2.904	3.777	(873)	(23,1)%
Securitisation costs	2.859	1.504	1.355	90,1%
Car fleet management and maintenance	1.637	1.546	91	5,9%
Business trips and transfers	735	977	(242)	(24,8)%
Other sundry expenses	3.485	1.950	1.535	78,7%
Total other administrative expenses	**161.672**	**122.988**	**38.684**	**31,5%**

The sub-item “Legal and consulting services” comes to 53,3 million Euro at 30 September 2021, up +16,5 million Euro (+44,7%) on the 36,8 million Euro of the same period last year. The increase in the item is mainly linked to the resumption of the legal collection of receivables from the Npl Segment, the costs of which at 30 September 2021, came to 20,4 million Euro, as compared with 15,2 million Euro for the same period last year, which had for some years been characterised by the forced closure of all activities connected with the courts. It was also affected by the entry of Farbanca into the Group (impact of 2,0 million Euro) and the continued reorganisation of the Group's corporate structures, including at a technological level.

The sub-item "Outsourced services", amounting to 24,7 million Euro at 30 September 2021, records a significant increase (71,6%) on the 14,4 million Euro of the previous year. The change is mainly attributable to costs (ICT and consultancy) for internal projects and to the out-of-court debt recovery activities of the Npl Segment, also suspended following the generalised lockdown imposed by the national authorities in 2020, with a consequent general slowdown in lending activities and therefore in the volumes managed, with the closure of the courts and the consequent impediment to taking legal action for debt collection in the Npl Segment.

“Direct and indirect taxes” came to 29,0 million Euro as compared with 23,4 million Euro at 30 September 2020, rising by 23,8%. The item mainly consists of the registration tax incurred for the judicial recovery of receivables belonging to the Npl Segment, amounting to 17,5 million Euro at 30 September 2021, which shows an increase

on 30 September 2020 due to the resumption of court operations following the previously-mentioned closures of 2020 (13,4 million Euro at 30 September 2020). The item also includes costs for stamp duty of 8,9 million Euro (8,4 million Euro during the first nine months of 2020, +5,8%), the charge-back of which to customers is included in the item Other operating income.

"Expenses for purchasing goods and other services" amounted to 54,0 million Euro, up 13,1% from the 47,8 million Euro at 30 September 2020. The change in this item is due to the contrasting effect in some of the most significant items, in particular:

- software assistance and hire that goes from a balance of 11,1 million Euro at 30 September 2020 to 13,3 million Euro at 30 September 2021 (+19,6%) mainly following the projects for the digitisation and technological innovation of the Banca Ifis Group;
- expenses for customer information come to 11,3 million Euro, essentially in line with the figure of 11,4 million Euro on 30 September 2020;
- advertising expenses come to 5,9 million Euro and are in line with the 30 September 2020 figure of 5,7 million Euro (+2,5%), following the continuation of rebranding activities that had begun in the second half of 2020;
- contribution to the FITD and Single Resolution Fund that at 30 September 2021 amounted to 4,4 million Euro, up 44,0% compared to 3,1 million Euro at 30 September 2020;
- securitisation costs go from 1,5 million Euro to 2,9 million Euro (+90,1%) following the greater transactions performed in the first nine months of 2021 than in the same period of the previous year.

Net provisions for risks and charges amounted to 9,4 million Euro, down 55,3% compared to 20,9 million Euro at 30 September 2020, which included provisions of 6,9 million Euro relating to the Solidarity Fund and additional provisions on commitments to disburse funds and guarantees for a total of 7,2 million Euro mainly related to the particular macroeconomic context of 2020.

Other net operating income amounted to 21,4 million Euro, up 26,8% compared to the same period of the previous year, when it came to 16,9 million Euro. The item referred mainly to revenue from the recovery of expenses charged to third parties. The relevant cost component is included in other administrative expenses, namely under legal expenses and indirect taxes, as well as recoveries of expenses associated with leasing operations. The change is mainly due to the positive difference that emerged during the provisional allocation of the purchase price of the former Aigis Banca business unit, amounting to 3,4 million Euro.

Pre-tax profit from continuing operations amounted to 119,2 million Euro, up 73,8% compared to 30 September 2020.

Income taxes amounted to 37,7 million Euro; the tax rate at 30 September 2021 is 31,59%. The increase is due to higher pre-tax profit compared to the same period last year.

The Group's net period profit amounted to 81,6 million Euro, up 55,5% on the same period of 2020. Net of period profit pertaining to minorities of 1,4 million Euro, the profit attributable to the Parent company amounted to 80,2 million Euro, up 27,8 million Euro (+53,2%) on the same period of 2020.

5.3 Significant events that occurred in the period

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 Press sections of the institutional website www.bancaifis.it to view all press releases.

Here below is a summary of the most significant events in the period.

5.3.1 Corporate reorganisation of the Group's business in the Npl Segment

On 1 January 2021, the Npl Segment 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 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.

5.3.2 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.

5.3.3 Agreement for the termination of contracts with Luciano Colombini

On 11 February 2021 Luciano Colombini tendered his resignation, as already announced in December 2020 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 ceased office upon conclusion of the Shareholders' Meeting held on 22 April 2021.

On 11 February 2021, the Bank's Board of Directors therefore approved, with the opinion in favour given by the Remuneration Committee and the Board of Auditors, an agreement for the termination 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, 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). No non-competition obligations are envisaged.

5.3.4 Banca Ifis has developed the first securitisation in Italy of Npl backed by assignment orders

On 22 March 2021, Banca Ifis declared that for the purpose of a loan, through the subsidiary Ifis Npl Investing, it had implemented the very first securitisation in Italy of a non-performing portfolio mainly comprising unsecured loans backed by assignment orders. The transaction is an innovative solution for this type of non-performing exposure, where the debt collection procedure through compulsory enforcement (attachment of one fifth of the salary) and is at an advanced stage. The transaction aimed to collect funding for Ifis Npl Investing of up to 350 million Euro in liquidity on the institutional market, without deconsolidating the underlying credits. The loan portfolios concerned by the transaction (a portfolio of secured loans and an unsecured portfolio backed by assignment orders) owned by the subsidiary Ifis Npl Investing, was transferred to a newly-established SPV called Ifis Npl 2021-1 SPV S.r.l., which issued senior, mezzanine and junior notes.

5.3.5 The Shareholders' Meeting has approved the 2020 financial statements. Geertman CEO

The Shareholders' Meeting of Banca Ifis, which met on 22 April 2021 chaired by Sebastien Egon Fürstenberg, approved the 2020 annual financial statements and the distribution of a unitary gross dividend of 0,47 Euro per share, deducted from own funds at 31 December 2020: payment date 26 May 2021, record date 25 May 2021 and ex-dividend date (no. 23) 24 May 2021. The Shareholders' Meeting confirmed Frederik Geertman as CEO, previously coopted as director on 11 February 2021, and approved the proposal made by the majority shareholder La Scogliera S.p.A. to appoint Monica Regazzi as new independent director, to replace the resigning director Luciano Colombini. The Board of Directors, which met at the end of the Shareholders' Meeting, therefore appointed Frederik Geertman as Chief Executive Officer of Banca Ifis, granting him the relevant powers.

5.3.6 Banca Ifis intervenes to guarantee depositors of Aigis Banca with the purchase of an operative BU of the company

On 23 May 2021, Banca Ifis shared the terms and conditions of the intervention aimed at guaranteeing depositors of the former Aigis Banca, assigned under receivership by the Ministry for the Economy and Finance, with the Fondo Interbancario di Tutela dei Depositi (Interbanking Deposit Protection Fund). The Bank of Italy, which appointed the Liquidators of the former Aigis Banca, has approved the sale of its assets, liabilities and contracts to Banca Ifis. The price paid by Banca Ifis, symbolically, of one Euro, together with the intervention of the Fondo Interbancario di Tutela dei Depositi for a total of 48,8 million Euro and the terms of the contract guarantee no material impacts on the equity ratios (CET1), asset quality ratios and income statement of the Group.

5.3.7 Communication of La Scogliera S.p.A. on the transfer of the Holding company's office to the canton of Vaud (Lausanne)

On 18 June 2021, Banca Ifis took note of what was communicated by La Scogliera S.p.A. (the Bank's majority shareholder with 50,5% of the capital) regarding the approval by the Shareholders' Meeting of said majority shareholder of the transfer of the holding company's office to the canton of Vaud (Lausanne). The transfer by La Scogliera S.p.A. is subject to satisfaction of the conditions precedent established by the Shareholders' Meeting, including that relating to obtaining an opinion from the 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.

As far as the Bank (which maintains its presence in Italy) is concerned, the transfer could also have the effect of optimising its capital requirements.

5.3.8 The Extraordinary Shareholders' Meeting approves the amendments to the Articles of Association designating two Joint General Managers

The extraordinary shareholders' meeting of the shareholders of Banca Ifis held on 28 July, in a single call, chaired by Ernesto Fürstenberg Fassio, approved the amendments to Articles 10, 11, 13, 15, 17, 18, 20, 21 and 22 of the Articles of Association in view of the new organisational structure, which introduces the figures of two Joint General Managers. By provision no. 1091263 of 20 July 2021, the Bank of Italy ascertained that said amendments are not in conflict with the criterion of health, prudent management. At the end of the authorisation process, Fabio Lanza and Raffaele Zingone were appointed as Joint General Managers. As a result of the reorganisation, Alberto Staccione, who no longer holds the position of General Manager, works within the company as Chief Lending Officer. In line with the remuneration policy adopted by the Banca Ifis Group, termination of the office of General Manager does not entail the payment of indemnities or other benefits.

5.4 Significant subsequent events

5.4.1 Distribution of the 2019 dividend of Euro 1,10 per share

On 14 October, Banca Ifis started implementing the shareholders' resolution of 23 April 2020 on the distribution of a gross unit dividend for FY 2019 of Euro 1,10 per share. The amount was payable starting 20 October 2021 with record date on 19 October 2021 and ex-dividend date (no. 24) of 18 October 2021. Payment was made through the authorised financial intermediaries with which the shares are registered on the Monte Titoli System.

5.4.2 Closing of a record acquisition: 2,8 billion Euro of Npl acquired from Cerberus

On 2 November Banca Ifis has completed the largest Npl acquisition ever in the Bank's history, reaching the estimated Npl portfolio purchase target for 2021 of around 3 billion Euro ahead of schedule. The Bank has signed an agreement with a company of the Cerberus Capital Management L.P. Group ("Cerberus") for the acquisition of a portfolio of non-performing loans with a face value of 2,8 billion Euro. The stock comprises 300.000 unsecured loans originated by Italian banks and financial institutions. The receivables, due from retail customers, mainly derive from consumer loan contracts (personal loans, special-purpose loans and car loans). In terms of portfolio size, the transaction represents the most significant direct sale of Npl in 2021 in Italy, both in the primary and secondary markets.

No other significant events occurred between period end and the approval of the Interim Report at 30 September 2021 by the Board of Directors.

Venice - Mestre, 04 November 2021

For the Board of Directors

The CEO

Frederik Geertman

5.5 Declaration of the Corporate Accounting Reporting Officer

5.5.1 Declaration by the Manager charged with preparing the Company's financial reports

The undersigned Mariacristina Taormina, Manager charged with preparing the financial reports of Banca Ifis S.p.A., pursuant to the provisions of Art. 154 bis, paragraph 2 of Italian Legislative Decree no.58 dated 24 February 1998, declares that the financial information included into the Consolidated Interim Report as at 30 September 2021 corresponds to the related books and accounting records.

Venice - Mestre, November 4th, 2021

Manager charged with preparing the
Company's financial reports

Mariacristina Taormina

This report has been translated into the English language solely for the convenience of international readers

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