Banca Ifis

Draft Financial statements and reports

2021

Report and financial statements

2021

This version is additional to the official version compliant with the Delegated Regulation (EU) 2019/815 of the European Commission (ESEF Regulation - European Single Electronic Format) published on the website www.bancaifis.it/

Letter from the President to Shareholders

Sebastien Egon Fürstenberg
Chairman of Banca Ifis S.p.A.

Dear Shareholders,

For Banca Ifis, 2021 was a very important year, which testified to our Group's financial solidity as well as its the managerial and industrial excellence. The ability to adapt to a new scenario and the resilience shown, combined with the dedication and sense of responsibility of our employees, under the leadership of the new CEO, Frederik Geertman, are the most valuable achievement produced by 2021 for the entire Bank.

Several ESG initiatives were launched in 2021, confirming the Bank's commitment to sustainable development of our company and the territories in which we operate. The initiatives launched in the field of environmental sustainability include Banca Ifis joining the Net-Zero Banking Alliance, the United Nations initiative that aims to accelerate the sustainable transition of the banking sector.

We have always focused on people, aware of their great value. A team of qualified, dynamic professionals with an average age of under 40, 54% of whom are women (in the case of senior management, 40%): a record in the banking sector, of which we are proud and which has enabled us to obtain – for the first time in Italy – certification for gender equality from the Winning Women Institute. These are just some of the results that bear witness to Banca Ifis' ability to integrate sustainability into its business model.

Guided by the values that inspire our long-term vision, in 2021, Mr. Geertman, our senior management and all the Group's people worked enthusiastically to accelerate the Bank's growth and prepare the 2022-2024 business plan, presented last 10 February.

An ambitious plan that is based on a solid development model and that envisages significant growth for the Group over the three-year period, with the affirmation of our leadership in the Bank's core businesses. This plan also benefits from the transfer of the registered office of the parent company La Scogliera to Switzerland, motivated by personal reasons of my own. A transaction that – keeping the promise made to the market in 2019 – also optimised the Bank's capital structure from a regulatory perspective, in addition to confirming the controlling shareholder's focus on the Group's long-term sustainability and growth.

The Bank's solidity has allowed us to face and manage even emergency situations such as the Covid-19 pandemic or the war in Ukraine, which we are experiencing at this historic time, and to continue to generate value for all stakeholders.

Sebastien Egon Fürstenberg, Chairman of Banca Ifis S.p.A.

Letter from the CEO to Shareholders

Frederik Herman Geertman
CEO of Banca Ifis S.p.A.

Dear Shareholders,

In 2021 Banca Ifis, in response to a general improvement in the macroeconomic scenario and thanks to its ability to seize the opportunities offered by the recovery, achieved significant financial results and laid a sound foundation for the implementation of its 2022-24 business plan.

Net profit of 100,6 million Euro was generated during the year, up 46.2% and above the guidance given to financial markets for 2021. Profit, net of the PPA and real estate gains, was up on 2020 and 10% higher than in 2019. An all-time record was set during the year in terms of revenues (602,5 million Euro), cash recoveries of purchased NPL portfolios (345 million Euro) and purchases of NPL portfolios (3,7 billion Euro).

The transfer of the registered office of the controlling shareholder La Scogliera to the Canton of Vaud – driven by the personal motivations of the Founder – made it possible to optimise the Group's capital structure from a regulatory point of view, with CET1 standing at 15.44% as at 31 December 2021. The transaction also confirms the focus on long-term growth of the controlling shareholder and reinforces the stability of the dividend policy.

Thanks to its profitability and solid capital and liquidity position, in February 2022 Banca Ifis obtained an issuer rating of Baa3 (investment grade) from Moody's with a stable outlook.

Through the acquisition of the operating branch of Aigis Banca – placed in compulsory administrative liquidation by Italy's Ministry of Economy and Finance in May 2021 – the Bank confirmed its role in supporting the national economy. During the year we continued to work on the integration of two companies of value, Credifarma Spa and Farbanca Spa, which will give rise to Banca Credifarma, the first Italian centre specialising in financial services for pharmacies: a particularly important sector given the current historical context.

In the NPL sector, where over 3,7 billion Euro of non-performing loans was purchased, the Bank confirmed its leadership in the small ticket unsecured segment, with a market share of 46%. Period purchases will make a solid contribution to the Bank's profitability in the coming years. In the Commercial & Corporate Banking Sector, the process of digitalisation and development of services for SMEs from an omnichannel perspective was accelerated and partnerships were signed with other institutions in order to increase the capacity to distribute products and services without increasing fixed costs. In addition, projects were launched to improve the Bank's efficiency, and a new centralised procurement function was set up to optimise purchases.

The Group's positioning and reputation also improved during the year thanks to the new projects carried out in the field of sport, culture and sustainable mobility in support of communities and society: for the first time in its history, Banca Ifis entered the rankings of The Banker's Top 500 Banking Brands, the list of the 500 largest banks in the world by brand value.

In the ESG area, in 2021 the Bank strengthened its distinctive positioning towards a more sustainable and inclusive future, with the establishment of the Sustainability Committee and concrete initiatives in the three ESG areas: environmental, joining the Net-Zero Banking Alliance; social, becoming the first bank in Italy to receive gender equality certification from the Winning Women Institute; and governance, with an "A" rating awarded by MSCI.

Finally, in 2021, a new organisational structure was set up, with the appointment of two Joint General Managers. The positive results achieved by the Bank were the result of the passion and distinctive skills of all the people working in the Group, as well as the constant, solid support of its controlling shareholder. Drawing on our enthusiasm and dedication, we plan to accelerate our journey towards sustainable growth, certain that we will achieve the goals of the new business plan.

Frederik Herman Geertman, Chief Executive Officer of Banca Ifis S.p.A.

Summary

Board of Directors in office at approval of the reports and separate financial statements

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Ernesto Fürstenberg Fassio
Chief Executive Officer	Frederik Herman 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 Reporting Manager	Mariacristina Taormina

Banca Ifis

Fully paid-up share capital: 53.811.095 Euro
ABI 3205.2
Tax Code and
Venice Companies Register Number: 02505630109
VAT number: 04570150278
Enrolment in the Register of Banks no.: 5508
Registered and administrative office
Via Terraglio, 63 – 30174 Mestre – Venice
Website: www.bancaifis.it

FCI
Facilitating Open Account – Receivables Finance
Member of FCI

2. Directors' report

2.1 Highlights

Below is the Bank's main equity and economic data.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
Cash and cash equivalents	86.518	157.667	(71.149)	(45,1%)
Financial assets measured at fair value through other comprehensive income	614.008	774.550	(160.542)	(20,7%)
Receivables due from banks measured at amortised cost	560.254	982.748	(422.494)	(43,0%)
Receivables due from customers measured at amortised cost	9.012.107	7.837.586	1.174.521	15,0%
Total assets	12.008.877	11.303.385	705.492	6,2%
Payables due to banks	2.736.860	2.396.928	339.931	14,2%
Payables due to customers	6.420.164	6.016.634	403.531	6,7%
Debt securities issued	1.056.987	1.100.089	(43.102)	(3,9%)
Equity	1.364.562	1.335.930	28.632	2,1%

INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	YEAR		YEAR	
	2021	2020	ABSOLUTE	%
Net banking income	334.284	334.140	144	0,0%
Net credit risk losses	(55.958)	(89.443)	33.485	(37,4)%
Net profit (loss) from financial activities	278.325	244.696	33.630	13,7%
Operating costs	(210.139)	(200.236)	(9.905)	4,9%
Gross profit	63.727	60.563	3.163	5,2%
Net profit	56.468	59.504	(3.036)	(5,1)%

2.2 KPI

KPI	YEAR		CHANGE
	2021	2020	
ROE	4,2%	4,4%	(0,2)%
ROA	0,5%	0,5%	0,0%
Cost/Income ratio	62,9%	59,9%	3,0%
Total capital ratio(1)	21,90%	23,99%	(2,1)%
CET1 Ratio(1)	16,65%	18,25%	(1,6)%
Number of company shares (in thousands)	53.811	53.811	9,5%
Number of shares outstanding at year end (2) (in thousands)	53.472	53.460	1195,6%
Book value per share	25,52	24,99	52,9%
EPS	1,06	1,11	(5,0)%
Dividend per share (3)	0,95	0,47	48,0%
Payout ratio	89,96%	42,2%	47,8%

(1) CET1 and Total Capital include earnings generated by the Banking Group at 31 December 2021, net of the estimated dividend.
(2) Outstanding shares are net of treasury shares held in the portfolio.
(3) The data for FY 2021 refers to the dividend proposed by the Board of Directors of Banca Ifis.

2.3 Context

The year 2021 was characterised by a global economic recovery, despite the resurgence of the COVID-19 pandemic recorded since November, with Italy showing higher rates of increase in production than the major European economies (+6,6% the volume estimate of Italian GDP published by ISTAT on 01 March 2022).

The improvement in the scenario with respect to what was experienced in 2020 is well evidenced by the PMI (Purchasing Managers' Index), which at the end of 2021 reached a significantly higher value (62,0 points for the manufacturing indicator in December 2021 compared with 53 in December 2020) and still maintained at a level above 50 corresponding to expansionary expectations.

In this context of overall recovery, the fourth quarter of 2021, while maintaining a significant increase in trend terms, recorded an economic increase of only 0,6%, much smaller than the previous two quarters of +2,6% and +2,7% (source: ISTAT January 2022). This slowdown is the result of the significant uncertainties in the scenario that have been evident since the autumn and which have led the Bank of Italy, in its first Economic Bulletin for 2022, to reduce its GDP growth forecast from +4,0% to +3,8%. In actual fact, in Italy growth was high in the third quarter of 2021, sustained by the expansion of household consumption thanks to a dynamism of the domestic market not seen for some time, but also by the growth of exports, supported by the recovery of international tourism. The contribution of exports was such that the current account surplus remained at a high level despite the worsening of the energy balance. Subsequently, however, product development slowed down in the last quarter of 2021 in both industry and the service sector. The rise in the number of infections has, consequently, reawakened consumer caution, worsening the climate of confidence and penalising, above all, spending on services. To this contingency linked to the pandemic, which in any case, at this point in time, seems to be in the process of being reabsorbed at least in its most serious aspects, risks have been added linked to the increase in energy and raw material prices, to bottlenecks in global supply chains and geopolitical tensions, first and foremost the conflict between Russia and the Ukraine.

As a counterbalance to these risks, however, we find the considerable support to growth that may come from the stimulus measures financed with the national budget and European funds, in particular those outlined in the National Recovery and Resilience Plan (PNRR). In the Bank of Italy's estimates, the set of measures introduced in 2021 and planned for the coming years would support economic activity by a total of around 5 percentage points in the four-year period 2021-24, just under half of which would be attributable to the PNRR interventions, assuming they are implemented effectively and without significant delays.

Finally, as explained more extensively in the paragraph on “Outlook”, the macro forecasting scenario will be conditioned by the foreseeable downsizing of the expansive monetary policy and, above all, by the speed with which this change of course will be implemented. At the time of writing this market environment, the major central banks are maintaining a cautious profile despite increases in inflation not seen since the early 1980s. Indeed, at the end of January the Fed kept rates unchanged at between 0 and 0,25%, but announced a gradual increase starting from March 2022 with 3 or 4 planned interventions for the year, while the ECB has not yet modified rates and has stated that it will only gradually reduce purchases while maintaining an expansive monetary policy.

Reference markets

ENTERPRISES

After the 2020 lockdown, which saw factories closed and production halted in many sectors and all the uncertainty linked to the evolution of the pandemic, gloomy forecasts were widespread on the performance of Italian companies. On the other hand, the two-year period 2020-2021 was less negative than expected, with the exception of economic activities linked to tourism and some service sectors: the December 2021 edition of Banca Ifis' Market Watch SMEs observatory revealed that only slightly more than a third of Italian SMEs thought that the two-year period 2020-2021 would be worse than the previous one, while the same percentage thought it would be even better; the remaining 26% declared a substantial unchanged performance. This indication provided by our entrepreneurs was reflected in the Bank of Italy's Economic Bulletin 1-2022: the expansion of industrial production in the first 9 months of 2021 had a pace of around +1,0% per quarter and only weakened in the last three months. The production of Italian companies was supported by the growth of domestic consumption and the positive performance of exports, which in the first three quarters of 2021 measured an increase of +0,5%, +3,4% and +3,4%, respectively. In 2021, as a whole, growth of Italian exports was higher on EU markets than sales on non-EU markets, but it cannot be overlooked that exports to the latter grew by 16,3%, placing them at levels higher than in 2019, demonstrating the ability of Italian entrepreneurs to enter new markets as a solution after a period of crisis. In the last three months of 2021, exports slowed down mainly related to difficulties in sourcing raw materials and intermediate products due to blockages and slowdowns in international supply chains.

In the evaluations of companies, noted in the surveys that the Bank of Italy conducted between November and December, investment growth will continue in 2022, albeit at a reduced pace compared to 2021.

Until June 2021 (see table below), credit disbursed to businesses has shown uninterrupted growth linked to the support measures introduced. The conditions at which credit was offered have been favourable thanks to the liquidity offered by the monetary policy and public guarantees. Starting July, the downward trend in the stock of business loans that characterised this component through 2019 resumed. In assessing this dynamic, one cannot fail to mention how much companies have strengthened their liquidity position: in September 2021, the stock related to the accounts of companies showed 122 billion Euro more than at the end of 2019, representing an increase of 12%.

Banks: loans to residents in Italy - non-financial companies and producer households

Despite scenario uncertainties, one in two SMEs expects the two years of 2022-2023 to be better than the previous two years while only 12% expect a worsening (Market Watch PMI December 2021, Banca Ifis). The survey confirms expectations of macroeconomic data: almost 70% of SMEs expect revenue growth on the domestic market and practically the same proportion also expect an increase in exports. An increase that, according to 20% of the companies interviewed, will be even greater than 50% for the Italian market. There are three main levers that companies believe are necessary to achieve these targets:

1. 40% will work on **product quality**, the true distinctive element of Italian competitiveness;
2. 33% believe it is necessary to expand the **range of their offerings**;
3. another 27% intend to use **price leverage**.

Among the risks reported by our small and medium enterprises that could threaten the recovery there is, first of all, the shortage of raw materials, reported by 70% of the sample. This is followed by rising energy costs (up 45%), commitments related to sustainability and digital transition, indicated by 23% of companies. Risks, therefore, but also stimuli that will drive innovation and investment.

Non-Performing Exposures

Faced with the expected increase in the riskiness of households and businesses, the estimates of the Banca Ifis Research Department, published in the February 2022 edition of the Npl Market Watch, project an increase in the deterioration rate on bank balance sheets, with the rate of deterioration rising from 1,0% in 2021 to 2,4% in 2022, before falling to 1,9% in 2023 and returning to pre-Covid values in 2024, subject to shocks linked to economic and other risks described above. These increases in flows of new impaired goods are lower than what could be hypothesised even only six months ago thanks to a further and general improvement in the economic context, considering that in September 2021 an increase in Italian GDP of +5,1% was hypothesised. In any case, loans expected to move from performing to non-performing will remain more contained than the peaks reached in 2009 and 2012-2014.

2.4 Impact of regulatory changes

In 2021 the following updates were made, impacting banking/financial, accounting and tax regulations and, more specifically:

- New Definition of Default (the "New DoD"): following the issuance by the EBA of the "Guidelines on the application of the definition of default under Article 178 of Regulation (EU) no. 575/2013" (EBA/GL/2016/07) of the "Regulatory Technical Standards on the materiality threshold for credit obligations in arrears" and the related Delegated Regulation (EU) no. 171/2018 of the European Commission of 19 October 2017 (EBA/RTS/2016/06), in turn transposed at national level by the Bank of Italy, new rules on the "Default Classification of Counterparties" were introduced with effect from 1 January 2021. These new rules require the application of more restrictive prudent criteria than those adopted to date by Italian intermediaries, a summary of which is provided below:

New Definition of Default: summary of main changes		
Key	**Existing rules (until 31.12.2020)**	**New rules (from 01.01.2021)**
Classification as non-performing past due exposures	A customer is classified as having non-performing past due exposures if they are in arrears for more than 90 consecutive days and the total amount of exposures past due is at least 5% of the total exposures to the customer.	The customer is classified as an having non-performing past due exposures if it has arrears that simultaneously exceed the following significant thresholds for more than 90[1] consecutive days: - absolute threshold: Euro 100 for "retail" exposures; Euro 500 for other "non-retail" exposures; relative threshold: 1% of the total amount of all exposures accrued on the contracts that the client has in place with the Bank.
Offsetting	The offsetting of past due amounts against funds on other credit facilities not used or partially used by the customer is permitted.	Offsetting is no longer permitted. Consequently, the Bank is required to classify the customer as "Defaulting" even if there is availability on other undrawn credit facilities.
Stay in Default status	Classification as a performing company occurs when the conditions for a default classification no longer exist.	The status of Default remains for at least 90 days from the moment in which the client settles the payment arrears with the Bank or remedies an overrun.
Joint obligations	There are no rules for the propagation of the status of Default in the case of joint obligations (e.g. "co-ownership").	New "propagation of Default status" rules are provided: - if a joint obligation is classified as "at Default", this classification is also extended to the relationships relating to the individual parties that are part of that obligation (insolvent); only if all the parties involved in a joint obligation relationship are individually classified as "in default", this classification will also be extended to the joint obligation relationships linked to them.
Classification at banking group level	The classification of a customer as having non-performing past due exposures at one Group company does not imply the same automatic classification at the other Group companies.	If a counterparty is classified as "Default" by a Group company, this classification will automatically be propagated to all the other Group companies with which the counterparty has dealings.

- Judgement no. 236/2021 of the Constitutional Court which declared the constitutional illegitimacy of art. 3, paragraph 8, of Law Decree no. 183 of 2020, limited to the extension to 31 December 2021 provided by said article to the emergency regulations regarding the suspension of executions and ineffectiveness of

[1] The counting of days in arrears should be suspended, *inter alia*, in the event that the repayment of the obligation is the subject of a dispute between the debtor and the bank on the *an* or *quantum* of the payment obligation (see para. 19 of the EBA Guidelines) or legislation providing for this suspension or other legal restrictions (see para. 18 of the EBA Guidelines). With reference to exposures to public administrations, relating to the supply of goods or services, the EBA Guidelines allow the application of a term of 180 days with respect to the nominal maturity date of the receivable in order to verify the fulfilment of the conditions specified therein.

attachment orders against, among others, the entities of the National Health Service referred to in art. 117, paragraph 4, of Decree-Law no. 34 of 19 May 2020 ("**Judgement no. 236/2021**")

- Resolutions of the Council of Ministers of 13 January 2021, 21 April 2021 and 23 July 2021 and Law Decree no. 221/2021, which extended first until 30 April 2021, then until 31 July 2021 and until 31 December 2021 and ultimately until 31 March 2022 the state of emergency following the spread of the Covid-19 pandemic;
- Italian Law Decree no. 73/2021 (the "Sostegni-Bis Decree"), which contains the following measures:
  - With regard to guarantees on portfolios of new medium/long-term loans granted to companies with no more than 499 employees for the implementation of research, development and innovation projects and/or investment programmes, an increase in the investment portfolios to 500 million Euro is granted, provided that the duration is between a minimum of 6 years and a maximum of 15 years and at least 60% of the loans are for research, development and innovation projects and/or investment programmes;
  - Extension to 31 December 2021 of temporary measures to support business liquidity and extension to 10 years of the maximum duration of loans with public guarantee (Sace), compared to the previous limit of 6 years;
  - Extension to 31 December 2021 of the moratorium for SMEs, for revocable credit facilities and for loans granted against advances on loans existing on 29 February 2020 or, if higher, for both the drawn and the unused portion.
- Law no. 21 of 26 February 2021 converting Decree Law no. 183/2020 (the “Milleproroghe” Decree), which in art. 3, paragraph 11-*sexies* established the obligation, for financial reports relating to financial years beginning on or after 1 January 2021, to prepare them in XHTML format, marking certain information in the consolidated financial statements with the Inline XBRL specification.

2.5 Financial and income results

Statement of financial positions items

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
Cash and cash equivalents	86.518	157.667	(71.149)	(45,1)%
Financial assets mandatorily measured at fair value through profit or loss	135.760	127.433	8.327	6,5%
Financial assets measured at fair value through other comprehensive income	614.008	774.550	(160.542)	(20,7)%
Receivables due from banks measured at amortised cost	560.254	982.748	(422.494)	(43,0)%
Receivables due from customers measured at amortised cost	9.012.107	7.837.586	1.174.521	15,0%
Equity investments	650.540	638.362	12.178	1,9%
Property, plant and equipment and intangible assets	136.051	107.191	28.860	26,9%
Tax assets	304.727	350.173	(45.446)	(13,0)%
Other assets	508.912	327.676	181.236	55,3%
Total assets	**12.008.877**	**11.303.385**	**705.492**	**6,2%**
Payables due to banks measured at amortised cost	2.736.860	2.396.928	339.932	14,2%
Payables due to customers measured at amortised cost	6.420.164	6.016.634	403.530	6,7%
Debt securities issued	1.056.987	1.100.089	(43.102)	(3,9)%
Tax liabilities	36.084	39.814	(3.730)	(9,4)%
Provisions for risks and charges	62.191	48.836	13.355	27,3%
Other liabilities	332.029	365.154	(33.125)	(9,1)%
Equity	1.364.562	1.335.930	28.632	2,1%
Total liabilities and equity	**12.008.877**	**11.303.385**	**705.492**	**6,2%**

Cash and cash equivalents

At 31 December 2021 this item amounts to 86,5 million Euro, and includes, in compliance with the requirements for balance sheet items set out in the 7th October 2021 update of Bank of Italy Circular no. 262/2005, on demand receivables due from banks, which were previously reported under financial assets measured at amortised cost. Solely for the purpose of enabling a like-for-like comparison to be made, the figures for the previous year have been restated on a conventional basis on the basis of these new provisions, and therefore the related sight receivables due from banks have been classified under "Cash and cash equivalents".

Financial assets mandatorily measured at fair value through profit or loss

The item totalled 135,8 million Euro at 31 December 2021 and consisted of loans and debt securities that have not passed the SPPI Test, as well as UCITS units.

Below is the breakdown of this line item.

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
Debt securities	13.550	849	12.701	1.496,0%
Equity securities	26.466	20.659	5.807	28,1%
UCITS units	72.515	74.641	(2.126)	(2,8)%
Loans	23.229	31.284	(8.055)	(25,7)%
Total	**135.760**	**127.433**	**8.327**	**6,5%**

The increases in debt securities essentially relate to new subscriptions in securities of NPL loan securitisations for approximately 12,4 million Euro.

The positive performance of equities is consistent with the Equity Investment team's expansive strategy, which resulted in net new investments of approximately 2,3 million Euro during the year, and saw net revaluations of 3,5 million Euro in equities held.

In the area of UCITS, non-strategic securities of the Proprietary Finance function were divested for approximately 10 million Euro, and this effect was by the enhancement of the existing portfolio and new equity investments.

In the case of loans measured at fair value, the trend is related to a significant early repayment.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income totalled 614,0 million Euro at 31 December 2021, down 20,7% from December 2020, and included the debt securities characterised by the "Held to Collect & Sell" (HTC&S) business model that passed the SPPI test as well as equity securities for which the Bank elected .

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
Debt securities	515.277	721.216	(205.939)	(28,6)%
Equity securities	98.731	53.334	45.397	85,1%
Total	**614.008**	**774.550**	**(160.542)**	**(20,7)%**

The debt securities held in the portfolio at 31 December 2021 total 515,3 million Euro, down 28,6% with respect to the balance at 31 December 2020. Government securities held in the portfolio at 31 December 2021 amount to 469,6 million Euro. The net negative fair value reserve for these debt securities comes to a total of 3,7 million Euro, as compared with the positive balance of 1,8 million Euro at 31 December 2020.

Issuer/Maturity	1 year	2 years	3 years	5 years	Over 5 years	Total
Government bonds	276.234	-	-	29.197	164.216	469.647
% of total	53,6%	0,0%	0,0%	5,7%	31,9%	91,1%
Banks	-	2.079	6.252	255	-	8.586
% of total	0,0%	0,4%	1,2%	0,0%	0,0%	1,7%
Other issuers	-	-	-	20.845	16.199	37.044
% of total	0,0%	0,0%	0,0%	4,0%	3,1%	7,2%
Total	**276.234**	**2.079**	**6.252**	**50.297**	**180.415**	**515.277**
% of total	**53,6%**	**0,4%**	**1,2%**	**9,8%**	**35,0%**	**100,0%**

The fair value component relating to equity securities, amounting to 98,7 million Euro, mainly attributable to shares in the Bank of Italy (30,0 million Euro), to equity investments in leading companies in the banking and insurance sector (24,0 million Euro), the energy sector (21,5 million Euro) and telecommunications (8,5 million Euro), is up 85,1% on 31 December 2020. The increase of 45,4 million Euro (of which 15 million Euro concentrated in Bank of Italy shares) is consistent with the strategy of creating a proprietary portfolio that guarantees stable dividends. The associated net fair value reserve shows a negative balance of 12,5 million Euro at the end of 2021, which is in line with the figure at 31 December 2020.

Receivables due from banks measured at amortised cost

Total receivables due from banks measured at amortised cost at 31 December 2021 amounted to 560,3 million Euro, compared to 982,7 million Euro at 31 December 2020. As described above, in compliance with the requirements of the 7th update of October 2021 of Bank of Italy Circular no. 262/2005, on demand receivables due from banks are shown under the item "Cash and cash equivalents". Consequently, for the sole purpose of enabling a like-for-like comparison, the figures for the previous year have been restated on a conventional basis on the basis of these new provisions, and the related receivables from banks on demand have been included in the item "Cash and cash equivalents".

At 31 December 2021, the item consists of receivables from central banks in the amount of 348,8 million Euro (690,4 million Euro at 31 December 2020), which constitute the funding maintained in order to ensure the orderly performance of management activities. The remaining balance relates to bank debt securities measured at amortised cost of 140,4 million Euro, a significant increase compared to the balance of 56,7 million Euro at 31 December 2020, and various loans falling due of 71,1 million Euro (235,6 million Euro at the end of 2020). In an overall view, cash and cash equivalents and loans to banks recorded a decrease in 2021, which, especially in the last quarter, was driven by the distribution of 2019 dividends, the decrease in Rendimax deposits (155 million Euro), the run-off of non-resident deposits (25 million Euro), as well as new purchases of NPL portfolios and an increase in the turnover of the Factoring Area.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amounted to 9.012,1 million Euro. The growth of 15,0% compared to 31 December 2020 (7.837,6 million Euro) is driven by the subscription of debt securities, mainly government bonds, for approximately 1,0 billion Euro in addition to the growth in loans due to the economic recovery recorded post-pandemic.

RECEIVABLES DUE FROM CUSTOMERS (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 31.12.2021						
Nominal amount	128.116	204.546	120.240	452.902	8.817.116	**9.270.018**
Impairment losses	(90.242)	(87.714)	(5.864)	(183.820)	(74.091)	**(257.911)**
Carrying amount	37.874	116.832	114.376	269.082	8.743.025	**9.012.107**
Coverage ratio	70,4%	42,9%	4,9%	40,6%	0,8%	**2,8%**
Gross ratio	1,4%	2,2%	1,3%	4,9%	95,1%	**100,0%**
Net ratio	0,4%	1,3%	1,3%	3,0%	97,0%	**100,0%**
POSITION AT 31.12.2020						
Nominal amount	170.019	219.665	34.583	424.267	7.700.858	**8.125.125**
Impairment losses	(117.295)	(104.924)	(2.534)	(224.753)	(62.786)	**(287.539)**
Carrying amount	52.724	114.741	32.049	199.514	7.638.072	**7.837.586**
Coverage ratio	69,0%	47,8%	7,3%	53,0%	0,8%	**3,5%**
Gross ratio	2,1%	2,7%	0,4%	5,2%	94,8%	**100,0%**
Net ratio	0,7%	1,5%	0,4%	2,5%	97,5%	**100,0%**

The increase in net impaired receivables with respect to 31 December 2021 was determined by the application of the New Dod regulations, and the intervening judgement no. 236/2021 of the Constitutional Court, which declared unconstitutional the extension of the block on executions against, among others, the National Health Service entities; determining a change in the criteria for the transition to PDU of the exposures to the latter, and therefore leading to the classification as non-performing past due exposures of approximately 65 million Euro.

Equity investments

DESCRIPTION	31.12.2021	31.12.2020
Ifis Finance Sp. Z o.o.	26.356	26.356
Ifis Rental Services S.r.l.	120.895	120.895
Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.)	432.700	362.000
Ifis Npl Servicing S.p.A. (formerly Fbs S.p.A.)	-	70.700
Cap.Ital.Fin S.p.A.	26.093	14.052
Credifarma S.p.A.	8.800	8.800
Farbanca S.p.A.	32.652	32.520
Ifis Finance I.F.N. S.A.	3.039	3.039
Ifis Npl 2021-1 SPV S.r.l.	5	-
Total	**650.540**	**638.362**

Equity investments in Group companies come to 650,5 million Euro as compared with the 638,4 million of 2020. The item saw the entry of the equity investment related to the vehicle Ifis Npl 2021-1 SPV S.r.l. and underwent changes mainly due to the capital contribution to cover the losses related to 2020 and 2021 of the company Cap.Ital.Fin S.p.A.. In addition, 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 two companies: Ifis Npl Investing, Ifis Npl, and in particular with respect to 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.

Intangible assets and property, plant and equipment

Property, plant and equipment amounted to 116,6 million Euro, compared with the 87,5 million Euro at 31 December 2020, up 33,3%, mainly in view of investments and improvements to Group offices.

At the end of December 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 year, there were no indications requiring to test the assets for impairment.

Intangible assets came to 19,5 million Euro, in line with those at 31 December 2020 of 19,7 million Euro, consisting entirely of software.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

The following table shows the breakdown of current tax assets by type.

CURRENT TAX ASSETS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	2021	2020	ABSOLUTE	%
Irap (regional tax on productive activities)	3.389	5.590	(2.201)	(39,4)%
Ires (corporate income tax)	8.829	10.773	(1.944)	(18,0)%
Ires on sale of receivables	21.278	21.278	-	0,0%
Credits from DTA conversion	167	21.475	(21.308)	(99,2)%
Other	221	879	(658)	(74,9)%
Total current tax assets	**33.884**	**59.995**	**(26.111)**	**(43,5)%**

The reduction in current tax assets is primarily driven by the use of existing receivables for offsetting purposes, including 21 million Euro deriving from the conversion of the former "Cura Italia" DTAs.

Below are details of deferred tax assets:

DEFERRED TAX ASSETS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	2021	2020	ABSOLUTE	%
Receivables due from customers (Italian Law no. 214/2011)	199.622	213.274	(13.652)	(6,4)%
Past tax losses that can be carried forward	30.869	34.432	(3.563)	(10,3)%
Aid for economic growth that can be carried forward	8.247	13.647	(5.400)	(39,6)%
Goodwill	12.573	12.573	-	0,0%
Provisions for risks and charges	13.936	13.430	506	3,8%
FVOCI reserve	2993	714	2.279	319,2%
Other	2.603	2.107	496	23,5%
Total deferred tax assets	**270.843**	**290.177**	**(19.334)**	**(6,7)%**

Deferred tax assets amount to 270,8 million Euro as compared with 290,2 million Euro at 31 December 2020 and mainly comprise 199,6 million Euro for impairment losses on receivables deductible during following years and which can be transformed into tax credits in accordance with Italian Law no. 214/2011 and 39,1 million Euro for tax losses and surplus previous ACE that can be carried forward to subsequent tax periods. With reference to the reduction in prepaid tax, of 19,3 million Euro, please note that the Bank has benefited from the extension of Art. 55 of Italian Decree Law no. 18/2020 (the "Cura Italia" Decree), proceeding to transfer the deferred tax assets on previous tax losses and ACE benefit into tax credits for 4,5 million.

The item also included 12,6 million for the tax redemption of goodwill booked on the consolidated financial statements relative to the purchase of the controlling equity investment in Ifis Npl Servicing S.p.A. (formerly FBS S.p.A.) and 13,9 million Euro in temporary differences on provisions for risks and charges.

Finally, please note that, pursuant to the current Tax Consolidation arrangements, the deferred tax asset receivable related to the taxable profit for the year was included in Other Assets as an approximately 20,6 million Euro Receivable due from La Scogliera.

The main types of deferred tax liabilities are shown below:

DEFERRED TAX LIABILITIES (in thousands of Euro)	AMOUNT AT		CHANGE	
	2021	2020	ABSOLUTE	%
Receivables due from customers	2.793	2.873	(80)	(2,8)%
Property, plant and equipment	308	479	(171)	(35,7)%
Receivables for interest on arrears	28.763	31.406	(2.643)	(8,4)%
Financial assets	381	1.022	(641)	(62,7)%
Other	35	36	(1)	(2,8)%
Total deferred tax liabilities	**32.280**	**35.816**	**-3.536**	**(9,9)%**

Deferred tax liabilities, amounting to 32,3 million Euro, mainly include 28,8 million Euro on receivables recognised for interest on arrears that will be taxed upon collection and 2,8 million Euro on misalignments of trade receivables.

Other assets and liabilities

Other assets, of 508,9 million Euro as compared to a balance of 327,7 million Euro at 31 December 2020, include:

- financial assets held for trading for 4,3 million Euro, mainly relating to transactions hedged by opposite positions entered amongst financial liabilities held for trading. The change is attributable to the unwinding of derivative transactions during 2021;
- other assets for 504,6 million Euro (306,8 million Euro at 31 December 2020), of which 20,6 million Euro refer to the receivable due from the parent company La Scogliera S.p.A. by virtue of the tax consolidation agreements (24,9 million Euro at 31 December 2020). The increase in the item is driven by the purchase of tax credits for superbonus and other building tax bonuses for 295,7 million Euro (corresponding to a nominal amount of 340,9 million Euro), only partially offset by IRES refunds received via the parent company.

Other liabilities come to 332,0 million Euro as compared with 365,2 million Euro at 31 December 2020, and consist of:

- trading derivatives for 6,0 million Euro (18,6 million Euro at 31 December 2020), mainly referring to transactions hedged by opposite positions entered amongst financial assets held for trading;
- 6,4 million Euro liabilities for post-employment benefits (6,0 million Euro at 31 December 2020);
- 319,6 million Euro for other liabilities (340,6 at 31 December 2020, largely referred to amounts due to customers that have not yet been credited (18,2 million Euro) as well as operating payables for approximately 81,0 million Euro. The latter includes an estimate of the costs associated with the transfer of the registered office of the parent company La Scogliera to Switzerland for 11,5 million Euro (for further details, please see section "2.13 Significant events during the year").

Funding

FUNDING (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
a) Payables due to banks	**2.736.860**	**2.396.928**	**339.932**	**14,2%**
- Payables due to Central banks	*2.236.942*	*2.116.961*	*119.981*	5,7%
- Other payables	*499.918*	*279.967*	*219.951*	78,6%
b) Payables due to customers	**6.420.165**	**6.016.634**	**403.531**	**6,7%**
- Repurchase agreements		-		
- Rendimax and Contomax	*4.517.172*	*4.459.954*	*57.218*	1,3%
- Other term deposits	*211.006*	*236.246*	*(25.240)*	(10,7)%
- Lease payables	*14.471*	*15.099*	*(628)*	(4,2)%
- Other payables	*1.677.516*	*1.305.335*	*372.181*	28,5%
c) Debt securities issued	**1.056.987**	**1.100.089**	**(43.102)**	**(3,9)%**
Total funding	**10.214.012**	**9.513.651**	**700.361**	**7,4%**

Total funding at 31 December 2021 was 10.214,0 million Euro (+7,4% compared to 31 December 2020) and is represented for 62,9% by Payables due to customers (compared to 63,2% at 31 December 2020), for 26,8% by Payables due to banks (compared to 25,2% at 31 December 2020), and for 10,3% by Debt securities issued (11,6% at 31 December 2020).

Payables due to customers at 31 December 2021 totalled 6.420,2 million Euro, up 6,7% compared to 31 December 2020. The increase is mainly driven by growth in demand current accounts (+43,8% compared to December 2020) offset by a contraction in term deposits.

Payables due to banks amounted to 2.736,9 million Euro, up 14,2% compared to 31 December 2020. The change was mainly due to repurchase agreements with underlying notes from the securitisation notes issued by the subsidiary Ifis Npl Investing as underlying assets.

Debt securities issued amounted to 1.057,0 million Euro at 31 December 2021. The line item comprised 654,4 million Euro in senior bonds issued by Banca Ifis, as well as the 402,3 million Euro Tier 2 bond.

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	YEAR		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	11.632	10.459	1.173	11,2%
Legal and tax disputes	33.542	18.092	15.450	85,4%
Personnel expenses	3.659	6.341	(2.682)	(42,3)%
Other provisions	13.358	13.944	(586)	(4,2)%
Total provisions for risks and charges	**62.191**	**48.836**	13.355	27,3%

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

Provisions for credit risk related to commitments and financial guarantees granted

At 31 December 2021, this line item amounted to 11,6 million Euro and reflected the impairment losses on commitments and financial guarantees granted by the Bank recognised in accordance with standard IFRS 9, showing growth by approximately 1,2 million Euro.

Legal and tax disputes

At 31 December 2021, the Bank had set aside 33,5 million Euro in provisions. The main components are summarised below:

- 11,5 million Euro for 27 disputes concerning Trade receivables (the plaintiffs seek 31,7 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;
- 8,3 million Euro (the plaintiffs seek 62,6 million Euro in damages) for 10 disputes concerning the Corporate Banking & Commercial Lending Area deriving from the former Interbanca;
- 11,5 million Euro deriving from the acquisition of the business unit of the former Aigis Banca, directly recorded as a greater liability, of which 1,2 million Euro was already included in the book value of the business unit acquired and 10,2 million Euro as a greater liability recorded at the time of the PPA.
- 2,3 million Euro (the plaintiffs seek 2,6 million Euro in damages) for 26 disputes concerning the Leasing Area and trade receivables.

Personnel expenses

At 31 December 2021, provisions are entered for staff for 3,7 million Euro (6,3 million Euro at December 2020), 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 31 December 2021, "Other provisions" were in place for 13,4 million Euro (13,9 million Euro at 31 December 2020) consisting mainly of 7,8 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.

Equity

At 31 December 2021, Equity totalled 1.364,6 million Euro, up 2,1% from 1.335,9 million Euro at 31 December 2020.

The breakdown of the item and the change compared to the previous year are detailed in the tables below:

EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS AT		CHANGE	
	2021	2020	ABSOLUTE	%
Share capital	53.811	53.811	-	0,0%
Share premiums	102.972	102.491	481	0,5%
Valuation reserves:	(16.581)	(10.934)	(5.647)	51,6%
- Securities	(16.233)	(10.733)	(5.500)	51,2%
- Post-employment benefits	(348)	(201)	(147)	73,1%
Reserves	1.170.739	1.134.006	36.733	3,2%
Treasury shares	(2.847)	(2.948)	101	(3,4)%
Net profit	56.468	59.504	(3.036)	(5,1)%
Equity	**1.364.562**	**1.335.930**	**28.632**	**2,1%**

EQUITY: CHANGES	(in thousands of Euro)
Equity at 31.12.2020	**1.335.930**
Change in opening balances	-
Increases:	**57.986**
Profit for the year	56.468
Change in valuation reserve:	
- Securities	
Other changes	1.518
Decreases:	**29.354**
Dividends resolved and suspended	25.132
- of which profit reserves	
Purchase of own instruments	
Change in valuation reserve:	4.057
- Securities	3.910
- Post-employment benefits	147
- Exchange differences	
Other changes	165
Equity at 31.12.2021	**1.364.562**

The main changes in equity are:

- the positive change relative to the result for the year pertaining to the Bank of 56,5 million Euro;
- the net negative change of 3,9 million Euro in the valuation reserve for the year was attributable to the fair value adjustment of the financial instruments classified as Financial assets measured at fair value through other comprehensive income;
- the negative change of 0,1 million Euro in the valuation reserve connected with the change in actuarial losses on employee severance indemnity;
- other net increases of 1,4 million Euro, primarily connected with the Bank's share-based remuneration mechanisms for senior management, other than stock options, as explained.
- the negative change of 25,1 million Euro, due to 2020 dividends declared and not distributed.

Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	31.12.2021	31.12.2020
Common equity Tier 1 Capital (CET1)	1.269.199	1.269.899
Tier 1 Capital (T1)	1.269.199	1.269.899
Total own funds	**1.669.199**	**1.669.899**
Total RWAs	**7.621.420**	**6.959.557**
Common Equity Tier 1 Ratio	16,65%	18,25%
Tier 1 Capital Ratio	16,65%	18,25%
Ratio – Total Own Funds	**21,90%**	**23,99%**

Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Bank at 31 December 2021 net of the estimated dividend.

Consolidated own funds, risk-weighted assets and prudential ratios at 31 December 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.

For the purposes of calculating capital requirements at 31 December 2021, in continuity with what has been done since 30 June 2020, Banca Ifis has applied the temporary support provisions set out in EU Regulation no. 873/2020 (the "quick-fix").

Moreover, 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).

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

Income statements items

Formation of net banking income

Net banking income totalled 334,3 million Euro, in line with the figure at 31 December 2020, of 334,1 million Euro. The latter had seen the contribution of approximately 69,3 million Euro (41,7 in 2021) in dividends received from the subsidiary Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.). Excluding this effect, the 2021 net banking income was positively impacted by the economic recovery, recorded in the year, in connection with the improvement in the pandemic trend.

NET BANKING INCOME (in thousands of Euro)	YEAR		CHANGE	
	2021	2020	ABSOLUTE	%
Net interest income	195.622	194.165	1.457	0,8%
Net commission income	73.892	65.725	8.167	12,4%
Other components of net banking income	64.769	74.250	(9.481)	(12,8)%
Net banking income	**334.283**	**334.140**	**143**	**0,0%**

Net interest income was in line with the previous year, coming in at 195,6 million Euro because of the reasons previously discussed with reference to net banking income.

The physiological decrease in the contribution of the "reversal PPA" continued, amounting to 25,2 million Euro in 2021 (compared with 57,4 million Euro in the previous year).

Net commission income totalled 73,9 million Euro, up 12,4% from 31 December 2020.

Commission income, totalling 85,6 million Euro compared to 73,4 million Euro at 31 December 2020, came primarily from factoring commissions on the turnover generated by individual customers (with or without recourse, in a flat or monthly scheme), arrangement fees for structured finance transactions, leases, third-party servicing, as well as from other fees usually charged to customers for services.

In particular, the item benefited from the contribution of approximately 4,0 million Euro deriving from the activities of lead arranger of the Structured Finance segment.

Commission expense, totalling 11,7 million Euro compared to 7,7 million Euro in the prior year, largely referred to fees paid to banks and financial intermediaries such as management fees, fees paid to third parties for the distribution of leasing products, as well as brokerage operations carried out by approved banks and other credit brokers.

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

- 49,2 million Euro from dividends (72,3 million Euro at 31 December 2020);
- -3,6 million Euro in the negative result from trading activities (negative result of -4 million Euro at 31 December 2020), mainly driven by the cost of cross currency swaps entered into in order to neutralise the exchange rate risk deriving from loans to customers in currencies other than the Euro;
- 7,5 million Euro in gains on the disposal of assets measured at amortised cost (16,4 million Euro at 31 December 2020);
- 11,7 million Euro the net positive result of other financial assets and liabilities measured at fair value through profit or loss (a loss of 10,0 million Euro in 2020). This result is related to the revaluation of an equity security and certain investment instruments due to the performance of the underlying assets.

Formation of net profit (loss) from financial activities

Net profit from financial activities totalled 278,3 million Euro, compared to 244,7 million Euro at 31 December 2020 (+13,7%).

FORMATION OF NET PROFIT FROM FINANCIAL ACTIVITIES (in thousands of Euro)	YEAR		CHANGE	
	2021	2020	ABSOLUTE	%
Net banking income	334.283	334.140	143	0,0%
Net credit risk losses/reversals	(55.958)	(89.443)	33.485	(37,4)%
Net profit (loss) from financial activities	**278.325**	**244.697**	**33.628**	**13,7%**

Net credit risk losses totalled 56,0 million Euro at 31 December 2021, compared to net losses of 89,4 million Euro at 31 December 2020 (-37,4%). It should be remembered that during 2020 Banca Ifis made additional value adjustments of approximately 31 million in order to take into account the macroeconomic context attributable to the pandemic as well as the potential effects of the lack of support measures by the government.

Formation of net profit for the year

FORMATION OF NET PROFIT (in thousands of Euro)	YEAR		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
Net profit (loss) from financial activities	**278.325**	**244.697**	**33.628**	**13,7%**
Operating costs	(210.139)	(200.236)	(9.903)	4,9%
Profit (loss) on equity investments	(4.459)	(8.059)	3.600	(44,7)%
Gains (Losses) on disposal of investments	-	24.161	(24.161)	(100,0)%
Pre-tax profit from continuing operations	**63.727**	**60.563**	**3.164**	**5,2%**
Income tax expense	(7.259)	(1.059)	(6.200)	585,5%
Net profit	**56.468**	**59.504**	**(3.036)**	**(5,1)%**

The cost/income ratio totalled 62,9%, compared to 59,9% at 31 December 2020. Operating costs totalled 210,1 million Euro, showing an increase on 31 December 2020 (4,9%).

OPERATING COSTS (in thousands of Euro)	YEAR		CHANGE	
	31.12.2021	31.12.2020	ABSOLUTE	%
Administrative expenses:	220.465	188.011	32.454	17,3%
a) personnel expenses	106.895	93.549	13.346	14,3%
b) other administrative expenses	113.570	94.462	19.108	20,2%
Net allocations to provisions for risks and charges	10.401	26.655	(16.254)	(61,0)%
a) commitments and guarantees granted	2.860	8.897	(6.037)	(67,9)%
b) other net allocations	7.541	17.758	(10.217)	(57,5)%
Net impairment losses/reversals on property, plant and equipment	8.971	7.234	1.737	24,0%
Net impairment losses/reversals on intangible assets	7.477	7.714	(237)	(3,1)%
Other operating income/expenses	(37.175)	(29.378)	(7.797)	26,5%
Operating costs	**210.139**	**200.236**	**9.903**	**4,9%**

Personnel expenses rose by 14,3% to 106,9 million Euro (93,5 million Euro for the period ended 31 December 2020). This growth is due to higher allocations for variable remuneration of approximately 4,5 million Euro compared to 2020 - a year that was affected by prudential policies related to the uncertainty of the pandemic. The number of Bank employees at 31 December 2021 was 1.271 as compared with 1.188 resources at 31 December 2020.

Other administrative expenses amounted to 113,6 million Euro at 31 December 2021, up by 20,2% on the previous year. The item also includes 11,5 million Euro related to the expenses incurred directly for the transfer of the registered office of the parent company La Scogliera to Switzerland.

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	YEAR		CHANGE	
	2021	2020	ABSOLUTE	%
Expenses for professional services	**49.824**	**28.720**	**21.104**	**73,5%**
Legal and consulting services	47.214	26.369	20.845	79,1%
Auditing	430	447	(17)	(3,8)%
Outsourced services	2.180	1.904	276	14,5%
Direct and indirect taxes	**14.299**	**13.588**	**711**	**5,2%**
Expenses for purchasing goods and other services	**49.447**	**52.154**	**(2.707)**	**(5,2)%**
Software assistance and hire	13.586	13.350	236	1,8%
FITD and Resolution fund	10.697	8.226	2.471	30,0%
Advertising and inserts	6.166	7.991	(1.825)	(22,8)%
Property expenses	4.211	4.917	(706)	(14,4)%
Customer information	3.622	4.491	(869)	(19,3)%
Telephone and data transmission expenses	2.922	3.405	(483)	(14,2)%
Securitisation costs	2.360	2.151	209	9,7%
Car fleet management and maintenance	1.705	1.894	(189)	(10,0)%
Postage and archiving of documents	788	1.083	(295)	(27,2)%
Business trips and transfers	368	1.090	(722)	(66,2)%
Other sundry expenses	3.022	3.556	(534)	(15,0)%
Total other administrative expenses	**113.570**	**94.462**	**19.108**	**20,2%**

The sub-item “Legal and consulting services” comes to 49,8 million in 2021, up 73,5% on the 28,7 million of 2020. The item includes 11,5 million Euro relating to the costs for the transfer of the registered office of the parent company to Switzerland, as well as the effect of the reorganisation of the Group's structures (8,4 million Euro).

“Direct and indirect taxes” came to 14,3 million Euro as compared with 13,6 million Euro at 31 December 2020, rising by 45,2%. The item also includes stamp duty of 11,9 million Euro, the charge-back of which to customers is included in the item “Other operating income”.

“Expenses for purchasing goods and other services” amounted to 49,4 million Euro, down 5,2% from 52,2 million Euro in December 2020. The change in this item is due to the contrasting effect in some of the most significant items, in particular:

- FITD and Resolution fund amounted to 10,7 million Euro, up 30,0% compared to 8,2 million Euro at 31 December 2020;
- Advertising expenses, amounting to 6,2 million Euro, fell by 1,8 million Euro compared with the previous year, which was impacted by the rebranding project;
- Securitisation costs up 9,7% over 2020 due to activities aimed at selling portfolios;
- Customer information expenses decrease 19,3% due to cyclicity in underlying activities
- Telephone and data transmission expenses of 2,9 million Euro drop by 14,2%, also due to the smart working activated following the health emergency;
- Travel and transfers decreased by 66,2% to 0,3 million Euro due to the effect of the changed working methods imposed with the start of the health emergency.

Net allocations to provisions for risks and charges amounted to 10,4 million Euro compared to 26,7 million Euro at 31 December 2020. The trend should be read in relation to the provisions made in 2020 for 6,1 million Euro relating to the Solidarity Fund.

Other net operating income amounted to 37,2 million Euro, up 26,5% compared to the previous year. The item referred mainly to revenue from the recovery of expenses charged to third parties. The relevant cost item is included in other administrative expenses, namely under legal expenses and indirect taxes, as well as recoveries of expenses associated with leasing operations.

Losses on disposal of investments include the effects of the impairment of the pre-existing goodwill allocated to Cap.Ital.Fin of 4,5 million Euro.

Pre-tax profit from continuing operations amounted to 63,7 million Euro (+5,2% compared to 31 December 2020).

Income taxes come to 7,3 million Euro, as compared with 1,1 million Euro at 31 December 2020, which also suffered the effects of the non-deductibility of the charge relating to the applications for “facilitated settlement of tax disputes” mentioned previously. The tax rate for 2021 is 11,39% compared with a theoretical tax rate of 33,07% (27,5% IRES + 5,57% IRAP), primarily due to the effect of the ACE deduction (-6,40%) and the partial taxation of dividends received by the Bank, 95% of which are excluded from IRES taxation and 50% from IRAP taxation (-21,75).

In view of the foregoing, net profits come to 56,5 million Euro (-5,1% on last year).

2.6 Main risks and uncertainties

Taking into account the business carried out and the results achieved, the Bank's financial position is proportionate to its needs. Indeed, the Group's financial policy is aimed at favouring funding stability and diversification rather than the immediate operating needs. The main risks and uncertainties deriving from the present conditions of financial markets, including following the current situation linked to the COVID-19 pandemic and to the military conflict between Russia and Ukraine, do not represent a particular problem for the Group's financial balance and, in any case, they are not likely to threaten business continuity.

Reference should be made to Part A of the Notes to the Financial Statements for further information on the risks, uncertainties and impacts of the COVID-19 epidemic and to the information given in Part E of this same document about the Bank's risks, typical of the banking sector.

2.7 Banca Ifis shares

The share price

As from 29 November 2004, Banca Ifis S.p.A.'s ordinary shares have been listed on the STAR segment of Borsa Italiana (the Italian stock exchange). The transfer to STAR occurred a year after the listing on the Mercato Telematico Azionario (MTA, an electronic stock market) of Borsa Italiana S.p.A.. Previously, as from 1990, the shares had been listed on the Mercato Ristretto (MR, a market for unlisted securities) of Borsa Italiana. The following table shows the share prices at the end of the year. As from 18 June 2012, Banca Ifis joined the FTSE Italia Mid Cap index.

Official share price	31.12.2021	31.12.2020	31.12.2019	31.12. 2018	31.12. 2017
Share price at period-end	17,07	9,18	14,00	15,44	40,77

Outstanding shares	31.12.2021	31.12.2020	31.12.2019	31.12. 2018	31.12. 2017
Number of shares outstanding at period end (in thousands)(1)	53.472	53.460	53.452	53.441	53.433

(1) Outstanding shares are net of treasury shares held in the portfolio.

Payout ratio

For 2021, the Board of Directors proposed to the Shareholders' Meeting to distribute a dividend of 0,95 Euro per share.

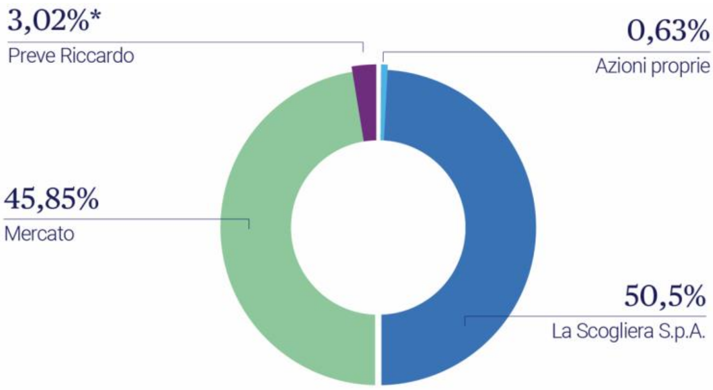
Payout ratio (in thousands of Euro)	2021	2020	2019	2018	2017
Net profit	56.468	59.504	27.346	82.806	154.906
Dividends (1)	50.798	25.126	58.797	56.125	53.433
Payout ratio(1)	**90,0%**	**42,2%**	**215,0%**	**67,8%**	**34,5%**

(1) The 2021 data refers to the dividend proposed by the Board of Directors.

Shareholders

The share capital of Banca Ifis at 31 December 2021 amounted to 53.811.095 Euro and is broken down into 53.811.095 shares for a nominal amount of 1 Euro each.

Below are Banca Ifis's shareholders that, either directly or indirectly, own equity instruments with voting rights representing over 3% of Banca Ifis's share capital:



Corporate governance rules

Banca Ifis has adopted the Corporate Governance Code for listed companies. The Bank's Board of Directors has established the Control and Risk Committee, the Appointments Committee and the Remuneration Committee. The Board of Directors has also appointed a Supervisory Body with autonomous powers of initiative and control pursuant to Italian Legislative Decree no. 231/2001.

Internal dealing rules

Banca Ifis regulations on internal dealing is aligned with the relevant EU legislation (EU Regulation no. 596/2014, Market Abuse Regulation).

The Policy currently in force governs the requirements placed on the Bank concerning trading by the Relevant Persons as well as the Closely Related People in shares or other debt instruments issued by Banca Ifis as well as financial instruments linked to them. This is to ensure the utmost transparency in the Bank's disclosures to the market.

Specifically, this Policy governs:

- the requirements related to identifying the Relevant Persons and Closely Related People;
- the handling of information concerning the Transactions that the Relevant Persons submitted to the Bank;
- the handling of closed periods, i.e. those periods during which the Relevant Persons must refrain from trading in shares or other debt instruments issued by Banca Ifis as well as financial instruments linked to them.

This document is available on the company website, www.bancaifis.it, in the "Corporate Governance" Section.

Rules for the handling of inside information

Internal procedures for handling inside information and the list of individuals who have access to inside information are aligned with the mentioned Market Abuse Regulation.

In compliance with Article 115-bis of Italian Legislative Decree no. 58/1998, Banca Ifis has created a list of individuals who, in performing their professional and work duties or in carrying out their activity, have access to inside information (the list of insiders). Banca Ifis constantly updates this list.

In addition, it adopted a Group policy for the handling of inside information in order to:

- prevent individuals who, based on their duties, have no reason to know such information from accessing it;
- identify the individuals who have access to such information at all times.

This policy also describes the process of handling inside information of third-party issuers, also with reference to the management of passive market surveys.

2.8 Significant events during the year

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

Below is a summary of the most significant events that occurred during the year and before the approval of this document.

2.8.1 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.

2.8.2 Agreement for the cessation 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). There are no non-competition obligations.

2.8.3 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.

2.8.4 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.

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

The Extraordinary Shareholders' Meeting 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, will work 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.

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

On 14 October 2021, Banca Ifis started implementing the shareholders' resolution of 23 April 2020 on the distribution of a gross unit dividend for FY 2019 of 1,10 Euro 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.

2.8.7 The Shareholders' Meeting has unanimously approved the proposal to alter the ratio of variable to fixed components of the Chief Executive Officer's Remuneration

On 21 December 2021, the Ordinary Shareholders' Meeting of Banca Ifis, which met in a single call, chaired by Ernesto Fürstenberg Fassio, unanimously approved the proposal to change to 1,5:1 the ratio between the variable and fixed components of the CEO's remuneration. The approved increase, which has no impact on the Bank's capital strength and compliance with related capital requirements, will apply from FY 2022 and will be implemented as part of the Bank's remuneration policy to be submitted to the Shareholders' Meeting for approval of the financial statements at and for the year ending 31 December 2021.

2.8.8 Favourable opinion for the transfer of the registered office of La Scogliera S.p.A. to the Canton of Vaud (Lausanne - CH)

On 27 December 2021, Banca Ifis acknowledged the declarations made by the controlling shareholder La Scogliera S.p.A., holding 50,5% of the share capital, regarding the effectiveness on that date, following the waiver of certain suspensory conditions, of the resolution to transfer the registered office of La Scogliera to the Canton of Vaud (Lausanne - CH), approved by the Shareholders' Meeting of the controlling shareholder last June. The transfer is expected to be completed by the end of January 2022. Banca Ifis keeps its presence in Italy unchanged.

2.9 Significant subsequent events

2.9.1 Banca Ifis approves the Liquidity Funding Plan 2022

On 17 January 2022, the Board of Directors of Banca Ifis has approved the Liquidity Funding Plan 2022 for the evolution of the Bank's liquidity funding sources, with a view to sound and prudent management and in compliance with rules of prudence. The aim is to optimise the cost of funding, ensuring appropriate diversification and balance between sources in a sustainable composition and adequate to the risk tolerance thresholds. The 2022 Liquidity Funding Plan confirms the centrality and significant contribution of the Bank's direct retail funding through deposit and current account products and provides, with similar importance and relevance during the year, the increase of the stock of wholesale bonds issued by Banca Ifis with a market oriented target of 1,5 billion Euro at the end of 2022 (of which 400 million Euro of Tier 2 and 1,1 billion Euro of Senior Preferred) compared to the current value of 1,1 billion Euro.

2.9.2 Assignment by Moody's of the Baa3 rating with stable outlook

On 9 February 2022, Moody's assigned Banca Ifis a rating of Baa3 (investment grade) with a stable outlook due to the Bank's profitability and solid capital and liquidity position. The original text of the press release issued by Moody's is available on the rating agency's website (www.moodys.com).

2.9.3 Banca Ifis D.O.E.S.: 2022-2024 Business Plan approved

On 10 February 2022, the Board of Directors of Banca Ifis approved the 2022-2024 Business Plan, based on which Banca Ifis will continue to focus on the business segments with the highest opportunity for growth and profitability to strengthen market leadership: Commercial and corporate banking for SMEs and NPLs. In 2024, 164 million Euro of net profit (161 million Euro in profit pertaining to the Parent Company) and an ROE of 9% are expected; in the three-year period 2022-2024, a cumulative net profit in excess of 400 million Euro is expected. The Bank aims to create shareholder value with a dividend payout of approximately a cumulative 200 million Euro over the period 2022-2024, making for a payout ratio of around 50%. CET1 is expected to be 15,1% as of 2024 and will conservatively be above 14% throughout the plan period. In order to support a profitable growth, the Bank has defined an Industrial Plan based on four pillars, summarised in the acronym D.O.E.S, which leverage on Digitisation, Openness (i.e. the Bank-as-a-platform model), Efficiency and Sustainability. The Plan period envisages 200 new hires, of whom 150 young adults, and a training and reskilling program to strengthen and expand on employees' distinctive skills.

2.10 Outlook

The recovery of the world economy is expected to continue in 2022, albeit with less dynamism and higher inflation than in 2021. The global scenario is still characterised by risk factors such as the persistence of obstacles to the smooth functioning of global value chains, the effects of the normalisation of economic policies, the energy crisis and geopolitical tensions, especially with reference to the recent military tension in the Ukraine.

In particular, recent developments related to the military conflict between Russia and Ukraine, which began on 24 February 2022, may have negative impacts that are difficult to estimate at this time. The duration of the conflict, the sanctions imposed on Russia, the impact on the cost of raw materials as well as the slowdown in supply, production and logistics, could generate a further increase in inflation and an economic slowdown, especially in Europe.As far as Banca Ifis is concerned, the analyses conducted to date have revealed a limited number of counterparties present in the countries affected by the current conflict, corresponding to modest direct credit exposures. Similarly, Banca Ifis maintains relations with a small number of companies that have subsidiaries resident in the countries concerned. Moreover, these analyses, which are still in progress, have not yet revealed any active counterparties or exposures to companies directly affected by the sanctions introduced at international level.

Analysis of the portfolio by size, risk and sector is underway in order to identify those economic sectors which, on the basis of experience, geography of trade flows and/or company structure, are more sensitive, directly or indirectly, to the current crisis and related trade sanctions, including on the basis of developments in the situation. The outcome of these analyses will allow for the prioritisation of targeted analyses for subsequent credit and regulatory review.

Any decisions taken at an EU and international level will also be carefully monitored and any possible repercussions on Banca Ifis's operations assessed, although it is currently not possible to make any forecasts. Finally, the operations of subsidiaries in areas adjacent to the conflict area will continue to be carefully monitored in relation to the evolution of the political context. In this context, in any case, in Italy the economic recovery is expected to continue in 2022, albeit at a slower pace. Prometeia estimates Italian GDP growth at 4,0% after 6,3% in 2021, thanks to the recovery of household spending with the end of lockdowns and the resilience of investments in capital goods and construction, supported by tax incentives.

However, rising energy prices and supply bottlenecks, with reduced availability of many semi-finished products, have increased production costs. ISTAT estimates indicate inflation of 4,8% in January 2022, three quarters of which is determined by electricity and gas, whose prices have almost doubled (+93% compared with January 2021). In this context, central banks have announced tighter monetary policies with interest rate increases expected as early as 2022. However, monetary policy is not particularly effective against supply-reducing shocks. Therefore, it cannot be ruled out that inflation will be more persistent and that central banks will have to intervene more aggressively, with restrictive effects on the economy. However, the possible economic slowdown due to the crisis in Ukraine could lead central banks to implement less restrictive monetary policies. In January 2022, as a result of rising inflation and manufacturing bottlenecks, the business confidence index slowed sharply with a marked decline in confidence in the services and manufacturing segments. At an aggregate level, all components showed deterioration, particularly expectations for economic growth. The number of firms reporting barriers to production also increased between October and December 2021.

It should be pointed out that tax policies remain expansionary even though most of the exceptional interventions will be eliminated. The Italian government has given priority to supporting growth, postponing the consolidation of accounts until after 2024. In addition, Italy is among the major beneficiaries of the PNRR (the “Italian National Recovery and Resilience Plan”), the special European fund aimed at encouraging economic recovery, which represents an opportunity to boost productivity and growth in Italy in a greener and more inclusive direction.

In this context, Banca Ifis is committed to the implementation of the 2022-2024 Business Plan presented in February 2022 and focused on four pillars, summarised in the acronym D.O.E.S, which leverage on Digitisation, Openness (i.e. the Bank-as-a-platform model), Efficiency and Sustainability. Banca Ifis will continue to focus on business segments with the highest opportunity for growth and profitability to strengthen market leadership: Commercial and corporate banking for SMEs and NPLs.

2.11 Other information

Adoption of Opt-Out Option pursuant to Consob resolution no. 18079 of 20 January 2012

On 21 January 2013, Banca Ifis's Board of Directors resolved, as per Article 3 of Consob Regulation no. 18079 of 20 January 2012, to adopt the opt-out option pursuant to Article 70, paragraph 8 and Article 71, paragraph 1-bis, of Consob's Regulation on Issuers, thus exercising the right to depart from the obligations to publish information documents required in connection with significant operations like mergers, spin-offs, capital increases by contribution in kind, acquisitions and sales.

Report on Corporate Governance and Shareholding Structure

Pursuant to Article 123 bis, paragraph three, of Italian Legislative Decree no. 58 of 24 February 1998, a separate report has been prepared from this Report on Operations, which was approved by the Board of Directors and published together with the draft financial statements. This document is also made available on thee company website *www.bancaifis.it*, in the "Corporate Governance" Section.

The "Report on Corporate Governance and Shareholding Structure" has been drawn up according to the format provided by Borsa Italiana.

Together with this Report, the "Report on Remuneration" prepared pursuant to Article 123-ter of the Consolidated Law on Finance, was also made available.

Privacy Measures

Banca Ifis has consolidated a project to comply with (EU) Regulation no. 2016/679 in order to incorporate the relevant regulatory provisions into its internal privacy management model, planning a series of both technological and organisational steps.

Parent company management and coordination

Pursuant to Articles 2497 to 2497 sexies of the Italian Civil Code, it should be noted that the parent company La Scogliera S.p.A. does not carry out any management and coordination activities with respect to Banca Ifis, notwithstanding Article 2497 sexies of the Italian Civil Code, since the management and coordination of investee financial companies and banks is expressly excluded from La Scogliera's corporate purpose.

National consolidated tax regime

For the tax period closed at 31 December 2020, the companies Banca Ifis S.p.A., Ifis Npl S.p.A., Ifis Rental Services S.r.l., Cap.Ital.Fin. S.p.A. Ifis Npl Servicing S.p.a. and Gemini S.p.A., together with the parent company, La Scogliera S.p.A., opted for the application of tax consolidation in accordance with Arts. 117 et seq. of Italian Presidential Decree no. 917/86.

Transactions between these companies were regulated by means of a private written agreement between the parties.This agreement will lapse after three years.

Adhesion to the tax consolidation allows the taxable income of the participating companies to be offset against each other (using the losses and the ACE realised during the adhesion period).

As envisaged by applicable regulations, adhering entities have an address for the service of notices of documents and proceedings relating to the tax periods for which this option is exercised at the office of La Scogliera S.p.A., the consolidating company.

Under this tax regime, the taxable profits and tax losses reported by each entity for the fiscal year 2020 were transferred to the consolidating company La Scogliera S.p.A.

The credit due to the tax consolidating company, La Scogliera, entered under “Other assets” on these Financial Statements, at 31 December 2021 came to 20,6 million Euro, accrued at Banca Ifis.

Transactions on treasury shares

At 31 December 2020, Banca Ifis held 351.427 treasury shares recognised at a market value of 2,9 million Euro and a nominal amount of 351.427 Euro.

During the year, Banca Ifis, as variable pay for the 2016 and 2017 results, awarded the Top Management 12.288 treasury shares at an average price of 33,98 Euro, for a total of 418 thousand Euro and a nominal amount of 12.288 Euro, making profits of 317 thousand Euro that, in compliance with IAS/IFRS standards, were recognised under the premium reserve.

The remaining balance at the end of the year was 339.139 treasury shares with a market value of 2,8 million Euro and a nominal amount of 339.139 Euro.

Related-party transactions

In compliance with the provisions of Consob Resolution no. 17221 of 12 March 2010 and subsequently amended, as well as the prudential Supervisory provisions for banks in Circular no. 285 of 17 December 2013 of the Bank of Italy, part three, chapter 11 (on "Risk activities and conflicts of interest towards related parties”), any transactions with related parties and relevant parties are authorised pursuant to the procedure approved by the Board of Directors.

This document is publicly available on Banca Ifis's website, *www.bancaifis.it*, in the "Corporate Governance" Section.

During 2021, no significant related-party transactions were undertaken within the scope of the consolidated financial statements.

For information on individual related-party transactions, please refer to Part H of the Notes.

Atypical or unusual transactions

During 2021, the Bank did not carry out atypical or unusual transactions as defined by Consob Communication no. 6064293 of 28 July 2006.

Research and development activities

Due to its business, the Bank did not implement any research and development programmes during the year.

2.12 Annual profit distribution proposal

Dear Shareholders,

The Board of Directors proposes to allocate the profit for the year, amounting to 56.467.710 Euro, as follows:

- distributing to shareholders a cash dividend (before tax withholdings required by law) of 0,95 Euro per ordinary share with ex-dividend date (coupon no. 25) on 23 May 2022. This dividend includes the portion attributable to the company's treasury shares. As per Article 83-terdecies of Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), eligibility for the dividend is determined based on the shareholders of record on the intermediary's books as per Article 83-quater, paragraph 3 of the Consolidated Law on Finance at the end of 24 May 2022 (the record date);

- allocating the remainder to other reserves.

Payment will be made on 25 May 2022 through the authorised intermediaries with which the shares are registered on the Monte Titoli System.

Venice - Mestre, 10 March 2022

For the Board of Directors

The CEO

Frederik Herman Geertman

3. Financial Statements

3.1. Statement of Financial Position

	ASSETS (in Euro)	31.12.2021	31.12.2020
10.	Cash and cash equivalents	86.518.994	157.667.160
20.	Financial assets measured at fair value through profit or loss	140.052.074	148.302.723
	a) financial assets held for trading	4.291.497	20.869.252
	c) other financial assets mandatorily measured at fair value	135.760.577	127.433.471
30.	Financial assets measured at fair value through other comprehensive income	614.008.209	774.550.328
40.	Financial assets measured at amortised cost	9.572.361.034	8.820.333.921
	a) receivables due from banks	560.254.428	982.748.394
	b) receivables due from customers	9.012.106.606	7.837.585.527
70.	Equity investments	650.539.927	638.361.724
80.	Property, plant and equipment	116.577.830	87.455.772
90.	Intangible assets	19.474.531	19.735.447
	of which:		
	- goodwill	-	-
100.	Tax assets:	304.727.188	350.171.665
	a) current	33.884.484	59.994.194
	b) deferred	270.842.704	290.177.470
110.	Non-current assets and disposal groups	-	-
120.	Other assets	504.617.526	306.805.858
	Total assets	**12.008.877.313**	**11.303.384.597**

	LIABILITIES AND EQUITY (in Euro)	31.12.2021	31.12.2020
10.	Financial liabilities measured at amortised cost	10.214.011.441	9.513.651.505
	a) payables due to banks	2.736.859.474	2.396.928.412
	b) payables due to customers	6.420.164.639	6.016.633.725
	c) debt securities issued	1.056.987.328	1.100.089.368
20.	Financial liabilities held for trading	5.991.887	18.551.116
60.	Tax liabilities:	36.083.717	39.814.125
	a) current	3.803.952	3.998.165
	b) deferred	32.279.765	35.815.960
80.	Other liabilities	319.617.294	340.586.351
90.	Post-employment benefits	6.419.009	6.015.842
100.	Provisions for risks and charges:	62.191.161	48.835.856
	a) commitments and guarantees granted	11.632.319	10.458.613
	c) other provisions for risks and charges	50.558.842	38.377.243
110.	Valuation reserves	(16.581.115)	(10.933.882)
140.	Reserves	1.170.739.247	1.134.005.594
150.	Share premiums	102.972.388	102.490.510
160.	Share capital	53.811.095	53.811.095
170.	Treasury shares (-)	(2.846.521)	(2.947.500)
180.	Profit (loss) for the year (+/-)	56.467.710	59.503.986
	Total liabilities and equity	**12.008.877.313**	**11.303.384.597**

3.2. Income Statement

	ITEMS (in Euro)	31.12.2021	31.12.2020
10.	Interest receivable and similar income	305.739.449	301.405.673
	of which: interest income calculated using the effective interest method	290.708.926	299.286.654
20.	Interest due and similar expenses	(110.117.376)	(107.240.580)
30.	**Net interest income**	**195.622.073**	**194.165.093**
40.	Commission income	85.599.424	73.423.888
50.	Commission expense	(11.706.834)	(7.698.817)
60.	**Net commission income**	**73.892.590**	**65.725.071**
70.	Dividends and similar income	49.234.250	72.325.381
80.	Net profit (loss) from trading	(3.617.590)	(4.458.613)
100.	Profit (loss) from sale or buyback of:	7.483.117	16.414.063
	a) financial assets measured at amortised cost	2.636.997	2.301.094
	b) financial assets measured at fair value through other comprehensive income	4.937.817	6.662.718
	c) financial liabilities	(91.697)	7.450.250
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	11.669.628	(10.031.390)
	b) other financial assets mandatorily measured at fair value	11.669.628	(10.031.390)
120.	**Net banking income**	**334.284.068**	**334.139.605**
130.	Net credit risk losses/reversals on:	(55.958.212)	(89.443.156)
	a) financial assets measured at amortised cost	(55.926.032)	(90.051.416)
	b) financial assets measured at fair value through other comprehensive income	(32.180)	608.260
150.	**Net profit (loss) from financial activities**	**278.325.856**	**244.696.450**
160.	Administrative expenses:	(220.465.169)	(188.011.182)
	a) personnel expenses	(106.895.331)	(93.549.281)
	b) other administrative expenses	(113.569.838)	(94.461.901)
170.	Net allocations to provisions for risks and charges	(10.401.314)	(26.655.071)
	a) commitments and guarantees granted	(2.860.336)	(8.896.640)
	b) other net allocations	(7.540.978)	(17.758.431)
180.	Net impairment losses/reversals on property, plant and equipment	(8.971.299)	(7.234.192)
190.	Net impairment losses/reversals on intangible assets	(7.477.031)	(7.713.844)
200.	Other operating income/expenses	37.174.092	29.378.703
210.	**Operating costs**	**(210.140.721)**	**(200.235.586)**
220.	Profit (loss) on equity investments	(4.458.900)	(8.058.505)
250.	Gains (Losses) on disposal of investments	-	24.160.715
260.	**Pre-tax profit (loss) from continuing operations**	**63.726.235**	**60.563.074**
270.	Income taxes for the year relating to current operations	(7.258.525)	(1.059.088)
280.	**Profit (loss) from continuing operations, net of taxes**	**56.467.710**	**59.503.986**
300.	**Profit (Loss) for the year**	**56.467.710**	**59.503.986**

3.3. Statement of Comprehensive Income

	ITEMS (in Euro)	31.12.2021	31.12.2020
10.	**Profit (Loss) for the year**	**56.467.710**	**59.503.986**
	Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**1.467.478**	**(19.487.098)**
20.	Equity securities measured at fair value through other comprehensive income	1.614.680	(19.332.274)
30.	Financial liabilities measured at fair value through profit or loss (changes in own credit risk)	-	-
40.	Hedging of equity securities measured at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	(147.202)	(154.824)
80.	Non-current assets and disposal groups	-	-
90.	Share of valuation reserves of equity accounted investments	-	-
	Other comprehensive income, net of taxes, to be reclassified to profit or loss	**(5.524.500)**	**2.207.666**
100.	Foreign investment hedges	-	-
110.	Exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated items)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(5.524.500)	2.207.666
150.	Non-current assets and disposal groups	-	-
160.	Share of valuation reserves of equity accounted investments	-	-
170.	**Total other comprehensive income, net of taxes**	**(4.057.022)**	**(17.279.432)**
180.	**Total comprehensive income (Item 10 + 170)**	**52.410.688**	**42.224.554**

3.4 Statement of Changes in Equity at 31 December 2021

	Balance at 31/12/2020	Change in opening balances	Balance at 01/01/2021	Allocation of profit from previous year		Changes during the year								Equity at 31/12/2021
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions						Comprehensive income for the year 2021	
							Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity	Derivatives on treasury shares	Stock Options		
Share capital:														
a) ordinary shares	53.811.095	-	53.811.095	-	-	-	-	-	-	-	-	-	-	53.811.095
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premiums	102.490.510	-	102.490.510	-	-	481.878	-	-	-	-	-	-	-	102.972.388
Reserves:														
a) retained earnings	1.128.725.103	-	1.128.725.103	34.372.167	-	2.332.330	-	-	-	-	-	-	-	1.165.429.600
b) other	5.280.491	-	5.280.491	-	-	(165.343)	-	-	-	-	-	194.499	-	5.309.647
Valuation reserves	(10.933.883)	-	(10.933.883)	-	-	(1.590.210)	-	-	-	-	-	-	(4.057.022)	(16.581.115)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2.947.500)	-	(2.947.500)	-	-	-	-	100.979	-	-	-	-	-	(2.846.521)
Profit (loss) for the year	59.503.986	-	59.503.986	(34.372.167)	(25.131.819)	-	-	-	-	-	-	-	56.467.710	56.467.710
Equity	**1.335.929.802**	**-**	**1.335.929.802**	**-**	**(25.131.819)**	**1.058.655**	**-**	**100.979**	**-**	**-**	**-**	**194.499**	**52.410.688**	**1.364.562.804**

3.5 Statement of Changes in Equity at 31 December 2020

	Balance at 31/12/2019	Change in opening balances	Balance at 01/01/2020	Allocation of profit from previous year		Changes during the year								Equity at 31/12/2020
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions						Comprehensive income for the year 2020	
							Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity	Derivatives on treasury shares	Stock Options		
Share capital:														
a) ordinary shares	53.811.095	-	53.811.095	-	-	-	-	-	-	-	-	-	-	53.811.095
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premiums	102.284.576	-	102.284.576	-	-	205.934	-	-	-	-	-	-	-	102.490.510
Reserves:								-						
a) retained earnings	1.163.842.767	-	1.163.842.767	-	-	(35.117.664)	-	-	-	-	-	-	-	1.128.725.103
b) other	5.280.491	-	5.280.491	-	-	-	-	-	-	-	-	-	-	5.280.491
Valuation reserves	2.690.805	-	2.690.805	-	-	3.654.745	-	-	-	-	-	-	(17.279.432)	(10.933.883)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(3.011.864)	-	(3.011.864)	-	-	-	-	64.364	-	-	-	-	-	(2.947.500)
Profit (loss) for the year	27.346.366	-	27.346.366	-	(27.346.366)	-	-		-	-	-	-	59.503.986	59.503.986
Equity	**1.352.244.236**	**-**	**1.352.244.236**	**-**	**(27.346.366)**	**(31.256.985)**	**-**	**64.364**	**-**	**-**	**-**	**-**	**42.224.554**	**1.335.929.802**

3.6 Cash Flow Statement

CASH FLOW STATEMENT Indirect method	Amount	
	31.12.2021	31.12.2020
A. OPERATING ACTIVITIES		
1. Operations	**207.884.329**	**141.469.599**
- profit (loss) for the year (+/-)	56.467.710	59.503.986
- profit/loss on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	(8.052.038)	14.490.003
- net credit risk losses/reversals (+/-)	55.958.212	89.443.156
- net impairment losses/reversals on property, plant and equipment and intangible assets (+/-)	16.448.330	14.948.036
- net allocations to provisions for risks and charges and other expenses/income (+/-)	20.802.628	26.655.071
- unpaid taxes, duties and tax credits (+/-)	7.258.525	1.059.088
- other adjustments (+/-)	59.000.962	(64.629.741)
2. Cash flows generated/absorbed by financial assets	**(341.956.468)**	**(1.167.945.827)**
- financial assets held for trading	12.960.165	(1.014.497)
- other assets mandatorily measured at fair value	5.848.522	(34.870.486)
- financial assets measured at fair value through other comprehensive income	310.550.706	386.236.622
- financial assets measured at amortised cost	(520.759.145)	(1.580.025.316)
- other assets	(150.556.716)	61.727.849
3. Cash flows generated/absorbed by financial liabilities	**68.680.457**	**1.103.214.523**
- financial liabilities measured at amortised cost	134.583.307	1.153.867.697
- financial liabilities held for trading	(12.559.229)	(3.293.125)
- other liabilities	(53.343.621)	(47.360.049)
Net cash flows generated/absorbed by operating activities A (+/-)	**(65.391.682)**	**76.738.294**
B. INVESTING ACTIVITIES		
1. Cash flows generated by	**41.736.227**	**119.800.000**
- dividends collected on equity investments	41.736.227	69.300.000
sale of property, plant and equipment	-	50.500.000
2. Cash flows absorbed by	**35.554.156**	**(81.526.778)**
purchases of equity investments	(16.637.000)	(35.559.000)
- purchases of property, plant and equipment	(34.761.728)	(37.647.956)
- purchases of intangible assets	(7.216.115)	(8.319.822)
- purchases of business units	94.168.999	-
Net cash flows generated/absorbed by investing activities B (+/-)	**77.290.383**	**38.273.222**
C. FINANCING ACTIVITIES		
- issues/buyback of treasury shares	-	-
- issues/buyback of equity instruments	-	-
- distribution of dividends and other (*)	(83.046.867)	-
Net cash flows generated/absorbed by financing activities C (+/-)	**(83.046.867)**	**-**
NET CASH GENERATED/USED DURING THE YEAR D=A+/-B+/-C	**(71.148.166)**	**115.011.516**
RECONCILIATION		
OPENING CASH AND CASH EQUIVALENTS E	**157.667.160**	**42.655.644**
TOTAL NET CASH GENERATED/USED DURING THE YEAR D	**(71.148.166)**	**115.011.516**
CASH AND CASH EQUIVALENTS: EFFECT OF CHANGES IN EXCHANGE RATES F	**-**	**-**
CLOSING CASH AND CASH EQUIVALENTS G=E+/-D+/-F	**86.518.994**	**157.667.160**

KEY:(+) generated (-) absorbed

(*) The 2021 balance represents the cash outflow for dividend payments in the year, and includes both the payment of dividends on 2020 earnings and the payment of dividends on 2019 earnings, the distribution of which had been suspended in the previous year following Bank of Italy recommendations.

4. Notes to the Financial Statements

4.1 Part A - Accounting policies

A.1 - General part

Section 1 – Statement of compliance with international accounting standards

The Separate Financial Statements at 31 December 2021 have been drawn up in accordance with the IAS/IFRS standards 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.

Concerning the interpretation and implementation of international accounting standards, the Banca Ifis referred to the "Framework for the Preparation and Presentation and Financial Statements", even though it has not been endorsed by the European Commission, as well as the Implementation Guidance, Basis for Conclusions, and any other documents prepared by the IASB or the IFRIC complementing the accounting standards issued.

The accounting standards adopted in preparing these financial statements are those in force at 31 December 2021 (including SIC and IFRIC interpretations).

The Bank also considered the communications from Supervisory Authorities (Bank of Italy, Consob, and ESMA), which provide recommendations on the disclosures to include in the financial statements concerning the most material aspects or the accounting treatment of specific transactions.

These Separate Financial Statements are subject to certification by the delegated corporate bodies and the Corporate Accounting Reporting Officer, as per Article 154 bis paragraph 5 of Italian Legislative Decree no. 58 of 24 February 1998.

The Separate Financial Statements are audited by EY S.p.A..

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the requirement for securities issuers listed on regulated markets in the European Union to prepare their annual financial report in the XHTML language, based on the ESMA-approved European Single Electronic Format (ESEF) reporting format. For 2021, it is expected that the consolidated financial statement schedules must be "branded" to the ESEF taxonomy, using an integrated computer language (iXBRL). For further details, reference should be made to section "2.4 Impact of regulatory changes" in the Management Report on Operations.

Section 2 – Basis of preparation

The financial statements consist of:

- the separate financial statements (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows);
- the Notes to the Financial Statements;

In addition, they contain the Directors' Report.

The Separate Financial Statements have been drawn up according to the general principles of IAS 1, referring also to IASB's "Framework for the preparation and presentation of financial statements", with particular attention to the fundamental principles of substance over legal form, the concepts of relevance and materiality of information, and the accruals and going concern accounting concepts.

For the preparation of these Financial Statements, reference was made to the format set out by Bank of Italy's Circular no. 262 of 22 December 2005, 7th update of 29 October 2021, as supplemented by the Bank of Italy in its "Communication of 21 December 2021 - Update of the supplements to the provisions of Circular no. 262 The banking balance: schemes and rules for completion concerning the impacts of COVID-19 and the measures implemented to support the economy". Solely for the purposes of a uniform comparison, the figures for the previous year have been restated on a conventional basis on the basis of the new provisions set out in the 7th update of Circular no. 262/2005.

The currency of account is the Euro and, if not indicated otherwise, amounts are expressed in thousands of Euro. The tables in the Notes may include rounded amounts; any inconsistencies and/or discrepancies in the data presented in the different tables are due to these rounding differences.

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 Notes to the Financial Statements do not show the items and tables required by Bank of Italy Circular no. 262/2005 as well as by the supplement "Communication of 21 December 2021 - Update of the supplements to the provisions of Circular no. 262 The banking balance: schemes and rules for completion concerning the impacts of COVID-19 and the measures implemented to support the economy" relating to items that are not applicable for Banca Ifis.

The recognition, measurement and derecognition criteria for assets and liabilities, and the procedures for recognising revenues and costs, adopted in the Financial Statements at 31 December 2021 have remained substantially unchanged from those adopted for the preparation of the 2020 financial statements of the Banca Ifis.

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/medium-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 current pandemic situation, the Banca Ifis can indeed be considered as a going concern, in that it can be reasonably expected to continue operating in the foreseeable future. Therefore, the separate financial statements at 31 December 2021 have been 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 Bank has consistently achieved, to the quality of its loans, and to its current access to financial resources.

Section 3 - Subsequent events

No significant events occurred between year-end and the preparation of these financial statements other than those already included herein.

For information on such events, please refer to the Directors' Report.

Section 4 – Other aspects

Risks, uncertainties and impacts of the COVID-19 epidemic

The upsurge of the COVID-19 pandemic in December 2021 in Italy and in the rest of Europe and the consequent legislative provisions adopted and being adopted by the various national governments, have given rise to significant uncertainty as to the economic impacts it may have on the Bank.

The results for 2021 include the impacts of COVID-19 as reasonably foreseeable at 31 December 2021. The adverse effects of COVID-19 may, however, persist beyond 2021, extending into the following months, although the timing and amount of such effects currently cannot be foreseen.

Already in 2020, in order to incorporate the impacts of the health emergency caused by the COVID-19 pandemic into the accounting valuation models used for non-performing loans, analyses were performed and new prudent logics implemented, as well as the institutional measures introduced to temporarily support the national economy.

As regards credit risk management, the Italian Government has introduced measures aimed at providing financial support to businesses and households, through moratoriums and strengthening the public credit guarantee system, in order to alleviate the liquidity tensions caused by the emergency and encourage new credit. These measures also mitigate any impact on the credit quality of banks. The Bank has therefore taken steps to revise the estimate of expected losses and the valuation of the Bank's portfolios, both in terms of collective reserves and specific reserves.

Reference should be made to the details given in Part E - Information on risks and related hedging policies.

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 Bank to make prudent corrections 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.

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.

Reference should be made to the details given in Part E - Information on risks and related hedging policies.

As described in greater detail in section 1.2 “Market risks” of Part E of this document, with reference to financial assets measured at fair value on a recurring basis, the effects of the pandemic have been characterised by limited impacts in line with the margins and dimension of the Bank’s portfolio.

As far as the Bank's operating costs are concerned, just as the slowdown in court activity has limited credit recovery activity and therefore a reduction in the Bank's margins, it has also led to a reduction in legal recovery costs and registration taxes.

As regards the impacts of the COVID-19 pandemic in IFRS 16 or IAS 19, the Bank believes these not to be significant given the business model and the dimension of the underlying assets and liabilities. Reference is made to section 10.3 Other information of Part B of this document with reference to the Bank's valuations of goodwill.

The Board of Directors, the auditing bodies and the Bank's management continue to constantly monitor the evolution of the emergency deriving from the spread of COVID-19 and to take all the decisions and implement all the measures necessary to cope with it.

Contractual amendments deriving from COVID-19

In the Corporate area, following the COVID-19 emergency, Banca Ifis has taken various actions to best address the emergency in line with the new regulations. More specifically, it has adhered to the Cura Italia Decree, to the ABI credit agreement and the Liquidity Decree, with the consequent concession of moratoriums and the disbursement of new loans backed by the Central Fund.

Already starting 2020, Banca Ifis, in line with the Cura Italia Decree and subsequent regulatory interventions aimed at extending the duration of its provisions, such as the Sostegni-bis Decree (for more details, see section 2.9 Impact of regulatory changes), implemented the following supporting measures for micro, small and medium enterprises based in Italy, which were classified as performing and had a lack of liquidity due to the COVID-19 epidemic:

- limitation to the revocation of overdrafts until 31 December 2021;
- extension until 31 December 2021 of non-instalment loans with earlier contractual due date;
- suspension until 31 December 2021 and breaking down into instalments of mortgages and lease charges.

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 these financial statements, 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, as explained previously.

Specifically, it made estimates on the carrying amounts of some items recognised in the Financial Statements at 31 December 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 31 December 2021.

Estimates are reviewed at least annually when preparing the financial statements.

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 managed by the Pharma BU, and specifically the interest on arrears considered recoverable;
- measurement of the expected credit loss;
- provisions for risks and charges;
- post-employment benefits;
- goodwill and other intangible assets.

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 financial statements of this document.

Receivables managed by the Pharma BU, and specifically the interest on arrears considered recoverable
As for the receivables of the Pharma BU, the Bank 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
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 essentially based on models for measuring the Probabilities of Default (PD) at the origination of financial assets and at the reporting date;
- 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. Reference should be made to the information given in paragraph A.2 - Part relating to the main items of these consolidated financial statements at 31 December 2021 and to the paragraph above entitled "Risks, uncertainties and impacts of the COVID-19 epidemic".

Goodwill, other intangible assets and gain on bargain purchase.
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 Bank.

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 exceeds the total amount paid, the Bank again verifies whether it correctly identified all the assets acquired and all the liabilities assumed and revises the procedures used to determine 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 Bank estimates both future cash flows in the explicit forecasting period and flows used to determine the terminal value. In a similar fashion, the Bank also estimates the discounting rate of future cash flows previously estimated. The discounting rate has been determined by the Bank using the "Capital Asset Pricing Model" (CAPM).

With regard to the difference recognised in the income statement relating to the determined fair value and the consideration paid for the acquisition of the business unit of the former Aigis Banca, please refer to the more detailed comments in Part G "Business combinations" of these financial statements.

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 Financial statements" at 31 December 2021.

Coming into effect of new accounting standards

Standards issued, effective and applicable to these financial statements

The Financial Statements at 31 December 2021 have been drawn up in accordance with the IAS/IFRS accounting standards in force at the reporting date. See the paragraph "Statement of compliance with international accounting standards".

The accounting standards used in preparing these Financial statements, as far as the classification, recognition, measurement, and derecognition of financial assets and liabilities as well as the methods for recognising revenue and costs are concerned, are the same as those used in preparing the Financial statements at 31 December 2020.

The Bank has also adopted for the first time some accounting standards and amendments effective for years beginning on or after 1 January 2021. Below are the new accounting standards and the amendments to existing accounting standards endorsed by the EU, which have not materially affected the amounts reported in the financial statements at 31 December 2021:

- "Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2";
- "Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021" (issued on 31 March 2021);
- "Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19".

Standards issued but not yet effective

The following are the new international accounting standards or amendments to them, some of which not yet endorsed by the European Commission, which are mandatory from 1 January 2022 or later. The Bank does not consider the impact of the adoption of the following interpretations and amendments of existing international accounting standards to be material:

- "Amendments to:
    - IFRS 3 Business Combinations;
    - IAS 16 Property, Plant and Equipment;
    - IAS 37 Provisions, Contingent Liabilities and Contingent Assets
    - Annual Improvements 2018-2020" (all from 1 January 2022);
- "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (from 1 January 2023);

- “Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies” (from 1 January 2023);
- “Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (from 1 January 2023);
- “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (from 1 January 2023);
- “IFRS 17 Insurance Contracts, including Amendments to IFRS 17” (from 1 January 2023).
- “Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information” (from 1 January 2023).

There were no other changes requiring disclosure as per IAS 8, paragraphs 28, 29, 30, 31, 39 and 40.

Deadlines for the approval and publication of the Financial Statements

Pursuant to Article 154-ter of Italian Legislative Decree no. 59/98 (Consolidated Law on Finance), the Bank must approve the separate financial statements and publish the Annual Financial Report, including the draft separate financial statements, the directors' report, and the declaration as per Article 154-bis, paragraph 5, within 120 days of the end of the financial year. The Board of Directors approved the Bank’s draft separate financial statements on 10 March 2022; the separate financial statements will be submitted to the Shareholders’ Meeting to be held on 28 April 2022 on single call for approval.

A.2 - Main items of the financial statements

1 - Financial assets measured at fair value through profit or loss ("FVTPL")

Classification criteria

This category comprises financial assets other than Financial assets measured at fair value through other comprehensive income and Financial assets measured at amortised cost. Specifically, this line item includes:

- financial assets held for trading, essentially consisting of debt and equity securities as well as the positive amount of derivative contracts held for trading;
- financial assets measured at fair value, i.e. non-derivative financial assets designated as such on initial recognition if the relevant conditions are met. At initial recognition, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss if, and only if, doing so would eliminate or significantly reduce a measurement or recognition inconsistency.
- financial assets mandatorily measured at fair value, consisting of financial assets that are not eligible for the measurement at amortised cost or fair value through other comprehensive income based on the relevant business model or cash flow characteristics. Specifically, this category includes:
  - debt instruments, securities and loans without cash flows that are solely payments of principal and interest consistent with a "basic lending arrangement" (so-called "SPPI test" failed);
  - debt instruments, securities and loans held within a business model that is neither “Held to collect” (whose objective is to hold the asset to collect contractual cash flows) nor “Held to collect and sell” (whose objective is achieved by both collecting contractual cash flows and selling financial assets);
  - UCITS units;
  - equity instruments for which the Bank elects not to use the option under the standard to measure them at fair value through other comprehensive income (so-called “OCI Option”).

Derivative contracts include those embedded in complex financial instruments if the host contract is not a financial asset falling within the scope of IFRS 9, which are recognised separately if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;

- the hybrid instrument they are part of is not measured at fair value with the relevant changes recognised in profit or loss.

Reclassifications to other categories of financial assets are allowed only if the entity changes its business model to manage the financial assets. In these cases, financial assets may be reclassified from the category measured at fair value through profit or loss to one of the other two categories under IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through other comprehensive income). The transfer value corresponds to the fair value at the time of the reclassification, which is applied prospectively from the reclassification date. In this case, the effective interest rate of the reclassified financial asset is calculated based on its fair value at the reclassification date, which is considered to be the date of initial recognition for the stage allocation for impairment purposes.

Recognition criteria

Financial assets are initially recognised at the date of settlement in the case of debt and equity securities, and at inception in the case of derivative contracts. At initial recognition, financial assets held for trading are measured at cost, that is the instrument's fair value, excluding the expenses and income directly attributable to the instrument, which are recognised in profit or loss.

Measurement criteria

Even after initial recognition, financial assets are measured at fair value, and the impact of the application of this method is recognised through profit or loss.

The fair value of the financial instruments included in this portfolio is calculated based on quoted prices in active markets, prices provided by market participants, or internal valuation models generally used for pricing financial instruments that take into account all relevant risk factors and are based on observable market data.

In the case of financial assets not quoted in an active market, the cost method is used as an approximation of fair value exclusively on a residual basis and in limited circumstances, that is if all the other previously mentioned measurement methods are not applicable.

Derecognition criteria

Financial assets are derecognised exclusively when all relevant risks and rewards have been substantially transferred. Should the company retain part of the relevant risks and rewards, the financial assets will continue to be recognised, even though legal ownership has been actually transferred to a third party.

Where it is not possible to ascertain the substantial transfer of the risks and rewards, financial assets are derecognised if the company no longer has control over them. Otherwise, the financial assets are recognised proportionally to the entity’s continuing involvement in the asset, measured according to the exposure to changes in the transferred assets’ value and cash flows.

Lastly, as for the transfer of collection rights, transferred financial assets are derecognised even if contractual rights to receive cash flows are maintained but an obligation to pay such flows to one or more entities is taken on.

2 - Financial assets measured at fair value through other comprehensive income ("FVOCI")

Classification criteria

This category comprises financial assets that meet both the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (“Held to Collect and Sell” Business Model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest consistent with a “basic lending arrangement”, in which consideration for

the time value of money and credit risk are typically the most significant elements of interest (so-called "SPPI test" passed).

In addition, this line item includes equity instruments not held for trading for which at initial recognition the entity used the option to measure them at fair value through other comprehensive income not to be reclassified to profit or loss (so-called "OCI Option").

Reclassifications to other categories of financial assets are allowed only if the entity changes its business model to manage the financial assets. In these cases, financial assets may be reclassified from the category measured at fair value through other comprehensive income to one of the other two categories under IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or loss). The transfer value corresponds to the fair value at the time of the reclassification, which is applied prospectively from the reclassification date. If the asset is reclassified from the category concerned to amortised cost, the fair value of the financial asset at the reclassification date is adjusted by the accumulated gain (loss) presented in the valuation reserve. If the asset is reclassified to fair value through profit or loss, the accumulated gain (loss) previously recognised within the valuation reserve is reclassified from equity to profit or loss.

Recognition criteria

Financial assets are initially recognised at the date of settlement in the case of debt and equity securities, whereas loans are recognised at the date they were granted. These assets are initially recognised at fair value, including transaction costs directly attributable to the instruments, if any.

Measurement criteria

After initial recognition, the assets measured at fair value through other comprehensive income that are not equity securities are measured at fair value, recognising the impact of the application of amortised cost, impairment, and any exchange rate changes through profit or loss. Gains and losses resulting from changes in fair value are recognised under a dedicated equity reserve until the financial asset is transferred: then, accrued profits and losses are reclassified to profit or loss.

The equity instruments the Bank elected to classify within this category are measured at fair value, and the amounts recognised through equity (Statement of comprehensive income) are not to be subsequently reclassified to profit or loss - including in the event of their disposal. The relevant dividends represent the only component of the equity securities concerned that is recognised through profit or loss.

The fair value is calculated on the basis already described for Financial assets measured at fair value through profit or loss.

In the case of Financial assets measured at fair value through other comprehensive income that are either debt securities or receivables, at each reporting date, including interim reporting dates, the Bank assesses whether a significant increase in credit risk (impairment) has occurred pursuant to IFRS 9, recognising an impairment loss to cover the expected credit losses through profit or loss.

Conversely, equity securities are not tested for impairment.

Derecognition criteria

Financial assets measured at fair value through other comprehensive income are derecognised exclusively when all relevant risks and rewards have been substantially transferred. Should the company retain part of the relevant risks and rewards, the financial assets will continue to be recognised, even though legal ownership has been actually transferred to a third party.

Where it is not possible to ascertain the substantial transfer of the risks and rewards, financial assets are derecognised if the company no longer has control over them. Otherwise, the financial assets are recognised proportionally to the entity's continuing involvement in the asset, measured according to the exposure to changes in the transferred assets' value and cash flows.

Lastly, as for the transfer of collection rights, transferred financial assets are derecognised even if contractual rights to receive cash flows are maintained but an obligation to pay such flows to one or more entities is taken on.

3 - Financial assets measured at amortised cost

Classification criteria

This category includes financial assets (specifically loans and debt securities) that meet both the following conditions:

- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows ("Held to Collect" Business Model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest consistent with a "basic lending arrangement", in which consideration for the time value of money and credit risk are typically the most significant elements of interest (so-called "SPPI test" passed).

Specifically, if the above technical requirements are met, this line item includes:

- amounts due from banks, with the exception of on demand receivables (which, in compliance with the October 2021 7th update of Bank of Italy Circular no. 262/2005, are classified under "Cash and cash equivalents");
- receivables due from customers, largely consisting of:
  - demand advances to customers as part of factoring operations vis-à-vis a receivables portfolio factored with recourse and still recognised in the seller's statement of financial position, or vis-à-vis receivables factored without recourse, providing no contractual clauses that eliminate the conditions for their recognition exist;
  - loans to customers deriving from mortgages or loans extended as part of corporate banking operations;
  - distressed retail loans acquired from banks and retail lenders;
  - tax receivables resulting from insolvency proceedings;
  - repurchase and reverse repurchase agreements;
  - receivables arising from finance leases;
- debt securities acquired through subscription or private placement, with fixed or determinable payments, not quoted in active markets.

Reclassifications to other categories of financial assets are allowed only if the entity changes its business model to manage the financial assets. In these cases, which are expected to be very infrequent, the financial assets may be reclassified from the category measured at amortised cost to one of the other two categories under IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value corresponds to the fair value at the time of the reclassification, which is applied prospectively from the reclassification date. Gains or losses arising from the difference between the amortised cost of the financial asset and the relevant fair value are measured through profit or loss if the asset is reclassified to Financial assets measured at fair value through profit or loss or, if it is reclassified to Financial assets measured at fair value through other comprehensive income, through equity, within the specific valuation reserve.

Recognition criteria

These financial assets are initially recognised at the date of settlement in the case of debt and equity securities, whereas loans are recognised at the date they were granted. At initial recognition, the assets are measured at fair value, including transaction income or costs directly attributable to the asset. Costs meeting these characteristics, but to be reimbursed by the debtor or falling under normal internal administrative costs, are excluded.

Repurchase agreements or reverse repurchase agreements are recognised as funding or lending transactions. Specifically, repurchase agreements are recognised as payables for the amount received, while reverse repurchase agreements are recognised as receivables for the amount paid.

Measurement criteria

After initial recognition, receivables are measured at amortised cost, which is equal to the initial amount minus/plus principal repayments, impairment losses/reversals of impairment losses, and amortisation calculated using the effective interest method. The effective interest rate is calculated as the rate at which the present value of expected cash flows for the principal and interest is equal to the amount of the loan granted, including any costs/revenues directly attributable to the financial asset. This finance-based accounting method allows to spread the economic effect of costs/revenues over the expected residual life of the receivable.

The amortised cost method usually does not apply to short-term loans, as the effect of discounting would be immaterial. These are measured instead at their acquisition cost. A similar criterion applies to loans without a definite payment date or revocable loans. Furthermore, newly acquired distressed retail loans are measured at cost until the Bank has started taking action to collect the debt.

At each reporting date, including interim reporting dates, the Bank estimates the impairment of these assets in accordance with the impairment rules of IFRS 9, detailed in the paragraph Other information of this section A.2.

The impairment losses found are recognised through profit or loss under “Net credit risk losses/reversals” and so are the reversals of part or all of the amounts previously written down.

Impairment losses are reversed if the quality of the exposure has improved to the point of reducing the previously recognised impairment loss.

In profit or loss, under “Interest receivable and similar income”, the Bank recognises the amount represented by the gradual reversal of the discount calculated at the time the impairment loss was recognised.

In the Notes, impairment losses on non-performing exposures are classified as individual impairment losses in the mentioned income statement item even under a lump-sum calculation method.

In some cases, throughout the life of the financial assets concerned, and specifically of receivables, the parties to the agreement subsequently agree to modify the original contractual terms. When, during the life of an instrument, the contractual terms are modified, the Bank shall assess whether the original asset must continue to be recognised or, conversely, the original instrument must be derecognised and a new financial instrument recognised in its place.

Generally, modifications of a financial asset result in its derecognition and the recognition of a new asset when they are "substantial". The "substantiality" of the modification shall be assessed considering both qualitative and quantitative factors. In some cases, it will become apparent, without conducting complex analyses, that the changes introduced substantially modify the characteristics and/or contractual cash flows of a specific asset, whereas in other cases, additional analyses (including quantitative analyses) will be required to appreciate their impact and assess whether to derecognise the asset and recognise a new financial instrument.

The (quali-quantitative) analyses aimed at defining the "substantiality" of the contractual modifications made to a financial asset shall therefore consider:

- the purposes for which the modifications were made: for instance, renegotiations for business reasons or forbearance measures due to the counterparty's financial difficulties:
  - the former, intended to "retain" the customer, involve a borrower that is not in financial distress. This case includes all renegotiations aimed at adjusting the cost of debt to market conditions. These

transactions result in changes to the original contractual terms, usually at the request of the borrower, that concern aspects associated with the cost of debt, giving rise to an economic benefit for the borrower. Generally, the Bank believes that, whenever it enters into a renegotiation in order to avoid losing the client, this renegotiation shall be considered as substantial, since, in its absence, the customer could obtain financing from another intermediary and the bank would see estimated future revenue decline;
- the latter, offered for "credit risk reasons" (forbearance measures), are part of the Bank's attempt to maximise the recovery of the cash flows of the original receivable. Following the modifications, usually the underlying risks and rewards have not been substantially transferred: therefore, the accounting presentation that provides the most relevant information to users of the financial statements (expect for the following discussion about objective factors) is the one made through "modification accounting" - whereby the difference between the carrying amount and the present value of modified cash flows discounted at the original interest rate is recognised through profit or loss - rather than derecognition;

- the existence of specific objective factors affecting the substantial modifications of the characteristics and/or contractual cash flows of the financial instrument (including, but not limited to, the modification of the type of counterparty risk the entity is exposed to) that are believed to require derecognising the asset because of their impact (estimated to be significant) on the original contractual cash flows.

Derecognition criteria

A receivable is derecognised when it is considered unrecoverable and the Bank forfeits the legal right to collect it. For instance, this occurs when insolvency proceedings are settled, the borrower dies without heirs, a court issues a final ruling that the debt does not exist, etc.

As for total or partial derecognitions without a forfeiture of the right to collect the receivable, to avoid continuing to recognise receivables that, even though they are still managed by debt collection structures, are highly unlikely to be recovered, at least every half-year, the Bank identifies the exposures to be derecognised that have all of the following characteristics:

- the receivable has been written off;
- the receivable has been classified as a bad loan for more than 5 years;
- the counterparty has filed for bankruptcy, been put into administrative liquidation, or is subject to any insolvency proceedings.

Derecognitions are directly recorded under net impairment losses on receivables to the extent of the unadjusted remaining portion, and are recognised as a reduction of the principal. Partial or complete reversals of previous impairment losses are recognised as a reduction of net impairment losses on receivables.

Sold or securitised financial assets are derecognised exclusively when all relevant risks and rewards have been transferred. Should the company retain part of the relevant risks and rewards, the financial assets will continue to be recognised, even though legal ownership has been actually transferred to a third party.

In such cases, a financial liability is recognised for an amount equal to the consideration received.

If some, but not all, the risks and rewards have been transferred, financial assets are derecognised only if the company no longer has control over them. Otherwise, the financial assets are recognised proportionally to the entity's continuing involvement in them.

Finally, as for the transfer of collection rights, transferred financial assets are derecognised even if contractual rights to receive cash flows are maintained but an obligation to pay such flows to one or more entities is taken on.

5 - Equity investments

Classification criteria
The Bank obtains control when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Bank controls an investee if, and only if, the Bank has:

- power over the investee (i.e. it has existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights gives control over the investee. In support of this presumption, when the Entity holds less than a majority of the voting rights (or similar rights), the Bank shall consider all relevant facts and circumstances when assessing whether it controls the investee, including:

- Contractual arrangements with other vote holders;
- Rights arising from contractual arrangements;
- Voting rights and potential voting rights.

The Bank shall reassess whether it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control.

Recognition criteria
The cost of the acquisition is calculated as the sum of:

- the fair value at the acquisition date of assets given, liabilities assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus
- any costs directly attributable to the acquisition.

Measurement criteria
If there is objective evidence that an equity investment may be impaired, the entity shall estimate its recoverable amount, taking into account the present value of the future cash flows that it could generate, including from its ultimate disposal. If the recoverable amount is less than the carrying amount, the difference is recognised in profit or loss.

If the reasons for the impairment no longer exist as a result of an event that occurred after the recognition of the impairment loss, this is reversed through profit or loss.

Derecognition criteria
Equity investments are derecognised when the contractual rights to the cash flows from the assets expire or when the equity investment is sold by transferring substantially all the risks and rewards incidental to ownership.

6 - Property, plant and equipment
Classification criteria
The item includes property, plant and equipment held for investment purpose as well as those for functional use.

All property (either fully owned or leased) held by the company for the purposes of obtaining rent and/or a capital gain fall under investment property.

All property (either fully owned or leased) held by the company for business and expected to be used for more than one fiscal year fall under property for functional use.

Property, plant and equipment for functional use include:

- land;
- buildings;
- furniture and accessories;
- electronic office machines;
- various machines and equipment;
- vehicles;
- leasehold improvements on third-party property.

Those are physical assets held for use in production, in providing goods and services or for administrative purposes, and that are expected to be used for more than one fiscal year.

This item also includes the rights of use acquired through leases and relating to the use of property, plant and equipment.

Under IFRS 16, a lease is a contract, or part of a contract, that, in exchange for a fee, transfers the right to use an asset (the underlying asset) for a period of time.

Leasehold improvements on third-party property are improvements and expenses relating to identifiable and separable asset. Normally, this kind of investment is sustained in order to make a property rented from third parties suitable for use.

Recognition criteria

Property, plant and equipment are initially recognised at cost, including all directly attributable costs connected to the acquisition or to bring the asset into use.

Subsequently incurred expenses are added to the carrying amount of the asset, or recognised as separate assets, if they are likely to yield future economic benefits exceeding those initially estimated and if the cost can be measured reliably; otherwise, they are recognised in profit or loss.

According to IFRS 16, leases are accounted for on a right of use basis, with the lessee having a financial obligation at the inception date to make payments due to the lessor to compensate for its right to use the underlying asset during the lease term.

When the asset is made available to the lessee for use (start date), the lessee recognises both the liability and the asset consisting of the right of use.

Measurement criteria

Property, plant and equipment and investment property are measured at cost, net of any depreciation or impairment losses.

Property, plant and equipment with a finite useful life are systematically depreciated on a straight-line basis over their useful life.

Property, plant and equipment with an indefinite useful life, whose residual value is equal to or higher than their carrying amount, are not depreciated.

For accounting purposes, land and buildings are treated separately, even when acquired together. Land is not depreciated, as it has an indefinite useful life. Where the value of land is included in the value of a building, the former is considered separately by applying the component approach. The separate values of the land and the building are calculated by independent experts in this field and only for entirely owned properties.

The useful life, residual amounts and depreciation methods of property, plant and equipment are reviewed at the closure of each period and, if expectations are not in line with previous estimates, the depreciation rate for the current year and subsequent ones is adjusted.

If there is objective evidence that an individual asset may be impaired, the asset's carrying amount is compared to its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use, intended as the present value of future cash flows expected to arise from this asset. Any impairment loss is recognised in profit or loss.

When an impairment loss is reversed, the new carrying amount cannot exceed the net carrying amount that would have been measured if no impairment loss had been recognised on the asset in previous years.

The usually estimated useful lives are the following:

- buildings: not exceeding 34 years;
- furniture: not exceeding 7 years;
- electronic systems: not exceeding 3 years;
- other: not exceeding 5 years;
- improvements on third party property/leasehold improvements: not exceeding 5 years.

With reference to the asset consisting of the right of use, recorded pursuant to IFRS 16, it is measured using the cost model in accordance with IAS 16 Property, plant and equipment; in this case, the asset is subsequently depreciated on a straight-line basis over the term of the lease contract and subject to an impairment test if impairment indicators emerge.

Derecognition criteria
Property, plant and equipment are derecognised from the statement of financial position on disposal or when they are withdrawn from use and no future economic benefits are expected from their disposal. Any profit/loss that arises at the time the asset is derecognised (calculated as the difference between the net carrying amount of the asset and the amount received) is recognised in the Income Statement when the item is derecognised.

The right of use deriving from lease contracts is derecognised from the statement of financial position at the end of the lease.

7 - Intangible assets
Classification criteria
Intangible assets are non-monetary assets, identifiable even though they lack physical substance, that meet the requirements of identifiability, control over a resource and existence of future economic benefits. Intangible assets mainly include goodwill and software.

Recognition criteria
Intangible assets are recognised in the statement of financial position at cost, i.e. the purchase price and any direct cost incurred in preparing the asset for use.

Goodwill is represented by the positive difference between the acquisition cost and the fair value of the acquiree's assets and liabilities and when such positive difference is representative of the capacity to generate returns in the future.

Measurement criteria
Intangible assets with a finite useful life are systematically amortised according to their estimated useful life.

If there is objective evidence that a single asset may be impaired, the asset's carrying amount is compared to its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use, intended as the present value of future cash flows expected to arise from this asset. Any impairment loss is recognised in profit or loss.

Intangible assets with an indefinite useful life are not amortised. The carrying amount is compared with the recoverable amount at least on an annual basis. If the carrying amount is greater than the recoverable amount, a loss equal to the difference between the two amounts is recognised in profit or loss.

Should the impairment of an intangible asset (excluding goodwill) be reversed, the increased net carrying amount cannot exceed the net carrying amount that would have been measured if no impairment loss had been recognised on the asset in previous years.

Goodwill is recognised in the statement of financial position at cost, net of any accrued losses, and is not subject to amortisation. Goodwill is tested for impairment at least annually by comparing its carrying amount to its recoverable amount. To this end, goodwill must be allocated to cash-generating units (CGUs) in compliance with the maximum combination limit that cannot exceed the "operating segment" identified for internal management purposes.

The impairment loss, if any, is calculated based on the difference between the carrying amount of the CGU plus its recoverable amount, which is the higher of the CGU's fair value less costs to sell and its value in use.

The amount of any impairment losses is recognised in profit or loss and is not derecognised in the following years should the reason for the impairment be no longer valid.

Derecognition criteria

An intangible asset is derecognised from the statement of financial position on disposal or when it is withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

8 - Current and deferred taxes

Classification criteria

Current and deferred taxes, calculated in compliance with national tax laws, are recognised in profit or loss with the exception of items directly credited or debited to equity.

Current tax liabilities are shown in the statement of financial position gross of the relevant tax advances paid for the current year.

Deferred tax assets and liabilities are recognised in the statement of financial position at pre-closing balances and without set-offs, and are included in the items "Tax assets" and "Tax liabilities", respectively, except when there is a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which deferred tax liabilities or assets are expected to be settled or recovered.

Under the existing tax consolidation arrangements between the Group companies, the current corporate income (IRES) tax expense for the year is included in either Other assets or Other liabilities as Receivables due from/Payables due to the Consolidating/Parent company La Scogliera S.p.A.

Recognition and measurement criteria

Deferred tax assets and liabilities are calculated based on temporary differences—without time limits—between the value attributed to the asset or liability according to statutory criteria and the corresponding tax base, applying the tax rates expected to be applicable for the year in which the tax asset will be realised, or the tax liability will be settled, according to theoretical tax laws in force at the realisation date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- when the timing of the reversal of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that they can be recovered, based on the ability of the company concerned or the Parent company, as a result of the "tax consolidation" option, to continue to generate taxable profit, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

9 - Provisions for risks and charges

The provisions for risks and charges on commitments and guarantees granted include the provisions for credit risk set aside for loan commitments and the other guarantees granted that fall within the scope of the impairment rules in IFRS 9. As a general rule, in this case the Bank adopts the same methods for allocating items to three credit risk Stages and calculating expected credit losses as the ones described for financial assets measured at amortised cost or at fair value through other comprehensive income.

In addition, these include also the provisions for risks and charges set aside for other types of commitments and guarantees granted that, because of their specific characteristics, they do not fall within the scope of the impairment rules in IFRS 9. Specifically, other provisions for risks and charges consist of liabilities arising when:

- a legal or constructive obligation exists as a result of a past event;
- it is likely that it will be necessary to spend resources which could generate economic benefits to settle the obligation;
- the amount of the obligation can be reliably estimated.

Should all these conditions not be met, no liability is recognised.

The amount recognised as a provision represents the best estimate of the expense required to meet the obligation and reflects the risks and uncertainties regarding the facts and circumstances in question.

Where the cost deferral is significant, the amount of the provision is determined as the present value of the best estimate of the cost to settle the obligation. In this case a discount rate is used that reflects current market assessments.

The provisions made are periodically reviewed and, if necessary, adjusted to reflect the best current estimate. When the review finds that the cost is unlikely to be incurred, the provision is reversed.

10 - Financial liabilities measured at amortised cost

Classification criteria

Payables due to banks and customers and debt securities issued include the various forms of interbank funding, as well as funding from customers and through outstanding bonds, net of any buybacks.

In addition, payables incurred by the lessee as part of finance lease transactions are also included.

Recognition criteria

Payables due to banks and customers and debt securities issued are initially recognised at their fair value, which is equal to the consideration received, net of transaction costs directly attributable to the financial liability.

Measurement criteria

After initial recognition at fair value, these instruments are later measured at amortised cost, using the effective interest method.

The amortised cost method does not apply to short-term liabilities, as the effect of discounting would be insignificant.

Lease payables are revalued when there is a lease modification (e.g. a change in the perimeter of the contract), which is not accounted for/considered as a separate contract.

Derecognition criteria

Financial liabilities are derecognised when they are annulled, expired or settled. The difference between the carrying amount and the acquisition cost is recognised in profit or loss.

Liabilities are derecognised also when previously issued securities are bought back, even if such instruments will be sold again in the future. Gains and losses from such derecognition are recognised in profit or loss when the buyback price is higher or lower than the carrying amount.

Subsequent sales of the company's own bonds on the market are considered as an issuance of new debt.

11 - Financial liabilities held for trading

Classification criteria

Financial liabilities held for trading refer to derivative contracts that are not hedging instruments.

Recognition criteria

At initial recognition, financial liabilities held for trading are recognised at fair value.

Measurement criteria

Even after initial recognition, financial liabilities held for trading are measured at fair value at the reporting date, and the impact of the application of this method is measured through profit or loss. The fair value is calculated based on the same criteria as those used for financial assets held for trading.

Derecognition criteria

Financial liabilities are derecognised when they are settled or when the obligation is fulfilled, cancelled or expired. The difference arising from their derecognition is recognised in profit or loss.

12 - Foreign currency transactions

Initial recognition

At initial recognition, foreign currency transactions are recognised in the money of account, applying the exchange rate at the date of the transaction.

Subsequent recognitions

At each reporting date, including interim periods, foreign currency monetary assets and liabilities are translated using the closing exchange rate.

Non-monetary assets and liabilities recognised at historical cost are translated at the historical exchange rate, while those measured at fair value are translated using the year-end rate. Any exchange differences arising from the settlement of monetary elements or their translation at exchange rates different from those used at initial recognition or in previous financial statements are recognised in profit or loss in the period in which they arise, excluding those relating to available for sale financial assets, as they are recognised in equity.

15 - Other information

Post-employment benefits

Pursuant to IAS 19 “Employee benefits” and up to 31 December 2006, the so-called “TFR” post-employment benefit for employees of the Group's Italian companies was classified as a defined benefit plan. It therefore had to recognise this benefit by discounting it using the projected unit credit method.

Following the coming into force of the 2007 Budget Law, which brought the reform regarding supplementary pension plans - as per Italian Legislative Decree no. 252 of 5 December 2005 - forward to 1 January 2007, the employee was given a choice as to whether to allocate the post-employment benefits earned as from 1 January 2007 to supplementary pension funds or to maintain them in the company, which would then transfer it to a dedicated fund managed by INPS (the Italian National Social Security Institute).

This reform has led to changes in the accounting of post-employment benefits as for both the benefits earned up to 31 December 2006 and those earned from 1 January 2007. In particular:

- post-employment benefits earned as from 1 January 2007 constitute a “defined-contribution plan”, regardless of whether the employee has chosen to allocate them to a supplementary pension fund or to INPS's Treasury Fund. Those benefits shall be calculated according to contributions due without applying actuarial methods;
- post-employment benefits earned up to 31 December 2006 continue to be considered as a defined-benefit plan, and as such are calculated on an actuarial basis which, however, unlike the calculation method applied until 31 December 2006, no longer requires that the benefits be proportionally attributed to the period of service rendered. This is because the employee’s service is considered entirely accrued due to the change in the accounting nature of benefits earned as from 1 January 2007.

Actuarial gains/losses shall be included immediately in the calculation of the net obligations to employees through equity, to be reported in other comprehensive income.

Share-based payments

They are payments granted to employees or similar parties as remuneration for the services received that are settled in equity instruments.

The relevant international accounting standard is IFRS 2 – Share-based payments; specifically, since the Bank is to settle the obligation for the service received in equity instruments (shares “to the value of”, i.e. a given amount is converted into a variable number of shares based on the fair value at grant date), those payments fall under “equity-settled share-based payments”. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense together with a corresponding increase in equity over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The cost or revenue in the statement of profit or loss for the year represents the movement in cumulative expense recognised at the beginning and end of that year.

Treasury shares

Pursuant to regulations in force in Italy, buying back treasury shares requires a specific resolution of the shareholders' meeting and the recognition of a specific reserve in equity. Treasury shares in the portfolio are deducted from equity and measured at cost, calculated using the “Fifo” method. Differences between the purchase price and the selling price deriving from trading in these shares during the accounting period are recognised under equity reserves.

Recognition of income and costs

Income from management and guarantee services for receivables purchased through factoring activities are recognised under commission income according to their duration. Components considered in the amortised cost to calculate the effective interest rate are excluded and recognised instead under interest income.

Costs are recognised on an accrual basis. Concerning the costs of the Npl Segment, the costs incurred upfront for non-judicial debt collection operations through settlement plans, as well as legal expenses and registration fees for judicial debt collection operations, are recognised in profit or loss under "Other administrative expenses" in the period in which the positive impact of the relevant receivables deriving from the change in the underlying cash flows associated with the plans entered into or the court orders obtained is recognised in profit or loss.

Dividends

Dividends are recognised through profit or loss in the year in which the resolution concerning their distribution is passed.

Repurchase and reverse repurchase agreements

Securities received as a result of transactions that contractually require they are subsequently sold, as well as securities delivered as a result of transactions that contractually require they are subsequently repurchased, are not recognised in and/or derecognised from the financial statements.

Consequently, in cases of securities acquired under a reverse repurchase agreement, the amount paid is recognised as due from customers or banks, or as a financial asset held for trading; and in cases of securities sold under a repurchase agreement, the liability is entered under payables due to banks or customers, or under financial liabilities held for trading. Income from these commitments, made up of the coupons matured on the securities and of the difference between their spot price and their forward price, is recognised under interest income in profit or loss.

The two types of transactions are offset if, and only if, they have been carried out with the same counterparty and if such offsetting is contractually envisaged.

Amortised cost

The amortised cost of a financial asset or liability is its amount upon initial recognition, net of any principal repayments, plus or minus the overall amortisation of the difference between the initial and the maturity value calculated using the effective interest method, and deducting any impairment losses.

The effective interest rate method is a method of spreading interest income or interest expense over the duration of a financial asset or liability. The effective interest rate is the rate that precisely discounts expected future payments or cash flows over the life of the financial instrument at the net carrying amount of the financial asset or liability. It includes all the expenses and basis points paid or received between the parties to a contract that are an integral part of such rate, as well as the transaction costs and all other premiums or discounts.

Commissions considered an integral part of the effective interest rate are the initial commissions received for selling or buying a financial asset not classified as measured at fair value: for example, those received as remuneration for the assessment of the debtor's financial situation, for the assessment and the registration of sureties and, in general, for completing the transaction.

Transaction costs, in turn, include fees and commissions paid to agents (including employees that act as sales agents), advisors, brokers and dealers, levies charged by regulatory bodies and stock exchanges, and transfer taxes and duties. Transaction costs do not include financing, internal administration or operating costs.

Amortised cost applies to financial assets measured at amortised cost and at fair value through other comprehensive income, as well as financial liabilities measured at amortised cost.

Specifically concerning financial assets that are considered to be impaired at initial recognition, be they measured at amortised cost or fair value through other comprehensive income, and classified as "Purchased or Originated Credit Impaired (POCI) Financial Assets", at initial recognition, the Bank calculates a credit-adjusted effective interest rate for which it is necessary to incorporate the initial expected credit losses into cash flow estimates. The Bank uses said credit-adjusted effective interest rate to apply the amortised cost method and, therefore, calculate the relevant interest.

Purchased or Originated Credit Impaired (POCI) Financial Assets

"Purchased or Originated Credit Impaired (POCI) Financial Assets" means the exposures that were impaired at the date they were acquired or originated.

POCI financial assets include also the exposures acquired as part of sales (of either individual assets or portfolios) and business combinations.

Based on the Business Model within which the asset is managed, POCI financial assets are classified as either Financial assets measured at fair value through other comprehensive income or Financial assets measured at amortised cost. As previously mentioned, interest is accounted for by applying a credit-adjusted effective interest rate, i.e. the rate that, upon initial recognition, discounts all the asset's estimated future cash receipts at amortised cost considering also lifetime expected credit losses.

The Bank regularly reviews said expected credit losses, recognising impairment losses or gains through profit or loss. Favourable changes in lifetime ECLs are recognised as an impairment gain, even if said lifetime ECLs are lower than those incorporated into cash flow estimates at initial recognition.

"Purchased or Originated Credit Impaired Financial Assets" are usually allocated to Stage 3 at initial recognition.

A subsequent improvement in the counterparty's creditworthiness, which may be reflected in the present value of cash flows, shall cause the exposure to be classified within Stage 2.

These assets shall never be allocated to Stage 1, as the expected credit loss must always be calculated over a time horizon equal to their remaining useful life.

Impairment of financial instruments

Under IFRS 9, the relevant impairment provisions apply to financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income that are not equity securities, and loan commitments and guarantees granted that are not measured at fair value through profit or loss.

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

The general impairment model requires allocating the financial instruments within the scope of IFRS 9. The three Stages, which reflect the deterioration in credit quality:

- Stage 1: financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date;
- Stage 2: financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that individually do not have objective evidence of impairment;
- Stage 3: financial assets that have had a significant increase in credit risk since initial recognition with objective evidence of impairment at the reporting date. This coincides with non-performing exposures, i.e. those classified as bad loans, unlikely to pay, or non-performing past due exposures according to the rules of the Bank of Italy.

In this context, the Bank has adopted a method for determining the "significant" increase in credit risk with respect to the initial recognition date, which involves classifying the instruments in Stages 1 and 2, combining statistical (quantitative) and performance (qualitative) elements, as part of the estimate of impairment of performing loans.

To identify the significant increase in credit risk, Banca Ifis applies the following quantitative and qualitative transfer criteria to the loan portfolio according to the type of counterparty defined by segmenting receivables into portfolios:

- The only quantitative transfer criterion is the Significant Deterioration for which, to identify the “significant increase in credit risk” on exposures within rated portfolios (Italian companies), an approach was used backed by quantitative analyses, under which the exposure is allocated to Stage 2 if the change in the one-year PD between the origination and the measurement date exceeds a given threshold;
- Qualitative transfer criteria:
  - "Rebuttable presumption – 30 days past due": the Standard establishes that, regardless of how the entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The entity can rebut this presumption if it has reasonable and supportable information that demonstrates that the credit risk has not increased significant since initial recognition even though the contractual payments are more than 30 days past due. However, Banca Ifis has not pursued this option;
  - Forbearance: according to this criterion, a financial instrument is allocated to Stage 2 when the Bank classifies the exposure as forborne;
  - Watchlist: this requires identifying qualitative deterioration criteria defined by the Bank as part of the process for defining especially risky positions during credit monitoring.

According to IFRS 9, an entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date, that is:

- it has a low risk of default;
- the borrower is considered, in the short term, to have a strong capacity to meet its obligations;
- the lender expects, in the longer term, that adverse changes in economic and business conditions might reduce the ability of the borrower to fulfil its obligations.

The measurement of expected credit losses (ECLs) accounts for cash shortfalls, the probability of default, and the time value of money. Specifically, the Bank measures the loss allowance for the financial instrument as:

- expected losses at 12 months for positions that have not suffered a significant deterioration in creditworthiness (Stage 1); i.e. an estimate of the non-payments resulting from possible default events in the following 12 months, weighted by the probability that such events will occur;
- expected "Lifetime" losses for positions that have suffered a significant deterioration in creditworthiness (Stage 2); in this case, it estimates the cash shortfalls resulting from default events that are possible over the expected life of the financial instrument, weighted by the probability of that default occurring and discounted at the measurement date (ECL).

To ensure its collective impairment calculations are in the closest possible compliance with regulatory requirements, the Bank has defined a specific methodological framework. This involved developing quantitative methods and analyses based on proprietary datasets as well as qualitative methods and analyses to essentially model the following risk parameters and the methodological aspects relevant to the calculation of impairment under IFRS 9:

- estimated Probability of Default (PD);
- estimated Loss Given Default (LGD);
- estimated Exposure at Default (EAD);
- definition of the stage allocation transfer logic;
- calculation of the expected credit losses including point-in-time factors;
- calculation of the expected credit losses including forward-looking elements.

Concerning the exposures to Banks, Central Governments, and Public-sector Entities (low default portfolios), the Bank used default rates associated with migration matrices provided by public information of Moody's ratings or other external providers.

On some subsidiaries, even though the collective write-downs are determined using a lump sum approach, and therefore according to the level of risk calculated (PD, LGD and EAD), on the basis of internal evidence, the analytical write-downs may use different calculation methods (by way of example, adopting a judgemental approach rather than a lump sum approach), on the basis of the legal experience accrued on forecast cash flow on default positions. The Risk Management Department periodically compares the balance of the provisions for impairment with the estimated losses expected, obtained using the risk levels forecast on the basis of internal evidence, which can be traced to the same impaired positions.

As for the securities portfolio, considering the methodological complexity associated with developing a dedicated model, the Bank decided to use the calculation of impairment under IFRS 9, that the outsourcer of the computer system provides at consortium level (i.e. estimating risk parameters, calculating the Stage allocation and ECLs). Specifically, the formula used to calculate the impairment of the tranches allocated to Stage 1 and 2 is consistent with the approach to credit exposures. The Stage allocation of performing debt securities requires using an external rating of the issue or, if this is not available, the issuer; in short, the securities are allocated to the different Stages based on specific transfer criteria associated with this type of portfolio. Exposures are allocated to Stage 3 if credit risk has deteriorated to the point that the security is considered impaired, i.e. classified as non-performing, including in the case of financial instruments in default.

In developing the above methods, the Bank has considered multiple solutions, the current and prospective complexity of its portfolio, as well as how to maintain and update risk parameters.

A multi-period approach to risk parameters has been developed exclusively for the PD; the other credit risk parameters (LGD and CCF) are applied on a constant basis until maturity. LGD has been estimated on the basis of proprietary historical data with the exception of the counterparties Banks, Central Governments, and Public-sector Entities (excluding municipalities), for which, in the absence of objective historical data, a sector LGD has been used.

The Bank has adopted econometric models (based on the stress test framework - “satellite” models), aimed at forecasting the evolution of the institute’s risk factors (i.e. mainly PD, LGD, EAD and migrations between statuses for credit risk) on the basis of a joint forecast of the evolution of the economic and financial indicators (see macroeconomic scenario).

The satellite models meet the need to identify the existence of a significant relationship between the general economic conditions (i.e. macroeconomic and financial variables) and a proxy variable of the risk factor (i.e. target variable) e.g. the credit rating of counterparties (which represents the respectively probability of default as a summary of the PD factor) and the recovery rates (summarising the LGD factor for bad loans).

The Risk Management Department has included the forecasts defined by its satellite models in the structures at the end of the PD lifetime. For the purpose of applying macroeconomic shifts, the migration matrices have been defined between the different credit statuses of each perimeter and the scaling factors derived, to be applied to the curves as per the defined method. Starting out, therefore, from an initial transition matrix, the approach used allows for a stressed matrix to be obtained.

The satellite models developed for the PD have also been applied to the danger rate, used in LGD.

For Stage 3 exposures that are not individually tested for impairment, the Bank defines a lifetime provision in line with the concept of expected credit loss. Specifically concerning LGD, to calculate the collective losses for Stage 3 exposures (mainly non-performing past due and unlikely-to-pay), the Bank made certain adjustments to ensure consistency with the measures used for performing loans.

A.3 - Disclosure of transfers of financial assets between portfolios

No financial assets were transferred between portfolios during 2021.

A.4 - Fair value disclosure

Qualitative disclosure

Fair value is the price that would be received to sell an asset or the price paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date, under current market conditions (i.e. the exit price), regardless of the fact that said price is directly observable or that another measurement approach is used.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

IFRS 13 establishes a fair value hierarchy based on the extent to which inputs to valuation techniques used to measure the underlying assets/liabilities are observable.Specifically, the hierarchy consists of three levels.

- Level 1: the instrument's fair value is measured based on (unadjusted) quoted prices in active markets.

- Level 2: the instrument's fair value is measured based on valuation models using inputs observable in active markets, such as:
  - quoted prices for similar assets or liabilities;
  - quoted prices for identical or similar assets or liabilities in non-active markets;
  - observable inputs such as interest rates or yield curves, implied volatility, default rates and illiquidity factors;
  - inputs that are not observable but supported and confirmed by market data.
- Level 3: the instrument's fair value is measured based on valuation models using mainly inputs that are unobservable in active markets.

Each financial asset or liability of the Bank is categorised in one of the above levels, and the relevant measurements may be recurring or non-recurring (see IFRS 13, paragraph 93, letter a). The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input.

The choice among the valuation techniques is not optional, since these shall be applied in a hierarchical order: indeed, the fair value hierarchy gives the highest priority to (unadjusted) quoted prices available in active markets for identical assets or liabilities (Level 1 data) and the lowest priority to unobservable inputs (Level 3 data).

Valuation techniques used to measure fair value are applied consistently on an on-going basis.

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

In the absence of quoted prices in an active market, the fair value measurement of a financial instrument is performed using valuation techniques maximising the use of inputs observable on the market.

The use of a valuation technique is intended to estimate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. In this case, the fair value measurement may be categorised in Level 2 or Level 3, according to what extent inputs to the pricing model are observable. In the absence of observable prices in an active market for the financial asset or liability to be measured, the fair value of the financial instruments is measured using the so-called comparable approach (Level 2), requiring valuation models based on market inputs.

In this case, the valuation is not based on the quoted prices of the financial instrument being measured (identical asset), but on prices, credit spreads or other factors derived from the official quoted prices of instruments that are substantially similar in terms of risk factors and duration/return, using a given calculation method (pricing model).

In the absence of quoted prices in an active market for a similar instrument, or should the characteristics of the instrument to be measured not allow to apply models using inputs observable in active markets, it is necessary to use valuation models assuming the use of inputs that are not directly observable in the market and, therefore, requiring to make estimates and assumptions (non observable input - Level 3). In these cases, the financial instrument is measured using a given calculation method that is based on specific assumptions regarding:

- the trend in future cash flows, possibly contingent on future events whose probability of occurring can be derived from historical experience or based on behavioural assumptions;
- the level of specific inputs not quoted on active markets: for the purposes of estimating them, information acquired from prices and spreads observed on the market shall have a higher priority. If these are not available, entities shall use historical data about the specific underlying risk factor or specialist research on the matter (e.g. reports by ratings agencies or primary market players).

In the cases described above, entities may make valuation adjustments taking into account the risk premiums considered by market participants in pricing instruments. If not explicitly considered in the valuation model, valuation adjustments may include:

- model adjustments: adjustments that take into account any deficiencies in the valuation models highlighted during calibration;
- liquidity adjustments: adjustments that take into account the bid-ask spread if the model calculates a mid-price;
- credit risk adjustments: adjustments related to the counterparty or own credit risk;
- other risk adjustments: adjustments related to a risk premium "priced" in the market (e.g. relating to the complexity of valuation of an instrument).

With regard to the valuation of financial assets and liabilities measured at fair value on a recurring basis, the method used by the Bank for receivables mandatorily measured at fair value is the Discounted Cash Flow Model, which discounts the expected cash flows of each loan at a market rate that takes into account elements such as the risk-free rate for equal maturities, the funding cost, the lifetime credit risk of the counterparty and the cost of capital absorption.

In order to measure unquoted equity instruments, the Bank mainly uses income or financial models (Discounted Cash Flow Model or market multiples for comparable entities).

With specific reference to the valuation of UCITS units, the approach used on the basis of the methods presented above for the valuation is the Net Asset Value determined by the AMC. It must be verified whether, in determining the NAV, the fund's assets have been measured at fair value in accordance with the IVS (International Valuation Standards) and/or the RICS Valuation (Professional Standards Red Book). A discount is applied to the NAV determined in this way using a structured rate as described above.

As for over-the-counter (OTC) derivatives not quoted in active markets, their fair value is calculated based on measurement techniques that take into account all risk factors that could affect the value of the financial instrument concerned, using observable market inputs (interest rates, exchange rates, share indices, etc.) adjusted as appropriate to account for the creditworthiness of the specific counterparty, including the counterparty's credit risk (CVA, Credit Value Adjustment) and/or the Bank's own credit risk (DVA, Debt Value Adjustment).

As for the measurement of financial assets and liabilities measured at fair value on a non-recurring basis, the relevant portfolio consists of on-balance-sheet exposures classified as performing with a residual life exceeding one year (medium-long term). Therefore, all exposures classified as in default, the ones with a residual life less than one year, and unsecured loans are excluded from the measurement, as the Bank believes that their amortised cost can be used as an approximation of fair value.

For the purposes of measuring performing loans at fair value, given the absence of prices directly observable on active and liquid markets, entities shall use valuation techniques based on a theoretical model meeting the requirements of IAS/IFRS standards (Level 3). The approach used to determine the fair value of receivables is the Discounted Cash Flow Model, i.e. the discounting of expected future cash flows at a risk-free rate for the same maturity, increased by a spread representative of the counterparty's risk of default plus a liquidity premium.

As for acquired tax receivables, the Bank believes their amortised cost can be used as an approximation of fair value.The only element of uncertainty concerning these receivables due from tax authorities is the time required for collecting them; currently, there are no significant differences in the time it takes for the tax authorities to repay their debts. It should also be noted that Banca Ifis is one of the leading players in this operating segment, which makes it a price maker in the case of sales.

In general, for the purposes of the Level 3 fair value measurement of assets and liabilities, reference is made to:

- market rates calculated, according to market practice, using either money market rates for maturities less than one year, and swap rates for greater maturities, or the rates quoted in the market for similar transactions;
- Banca Ifis's credit spreads;
- financial statements and information from business plans.

A.4.2 Measurement processes and sensitivity

In compliance with IFRS 13, for financial assets and liabilities measured at fair value categorised within level 3, the Bank tests their sensitivity to changes in one or more unobservable inputs used in the fair value measurements like, by way of example and in no means exhaustive discount rates applied to cash flows or expected cash flows themselves.

A.4.3 Fair value hierarchy

Concerning recurring fair value measurements of financial assets and liabilities, Banca Ifis transfers them between levels of the hierarchy based on the following guidelines.

Debt securities are transferred from level 3 to level 2 when the inputs to the valuation technique used are observable at the measurement date. The transfer from level 3 to level 1 is allowed when it is confirmed that there is an active market for the instrument at the measurement date. Finally, they are transferred from level 2 to level 3 when some inputs relevant in measuring fair value are not directly observable at the measurement date.

Equity securities classified as assets measured at fair value through other comprehensive income are transferred between levels when:

- observable inputs became available during the period (e.g. prices for identical assets and liabilities defined in comparable transactions between independent and knowledgeable parties). In this case, they are reclassified from level 3 to level 2;
- inputs directly or indirectly observable used in measuring them are no longer available or current (e.g. no recent comparable transactions or no longer applicable multiples). In this case, the entity shall use valuation techniques incorporating unobservable inputs.

Quantitative information

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

Financial assets/liabilities measured at fair value (in thousands of Euro)	31.12.2021			31.12.2020		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	1.474	2.817	135.760	11.623	19.250	117.430
a) financial assets held for trading	1.474	2.817	-	1.620	19.250	-
b) financial assets measured at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	135.760	10.003	-	117.430
2. Financial assets measured at fair value through other comprehensive income	575.409	-	38.599	749.322	-	25.228
3. Hedging derivatives	-	-	-	-	-	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**576.883**	**2.817**	**174.359**	**760.945**	**19.250**	**142.658**
1. Financial liabilities held for trading	-	5.992	-	-	18.551	-
2. Financial liabilities measured at fair value	-	-	-	-		-
3. Hedging derivatives	-	-	-	-		-
Total	**-**	**5.992**	**-**	**-**	**18.551**	**-**

Key:
L1 = Level 1: fair value of a financial instrument quoted in an active market;
L2 = Level 2 fair value measured using valuation techniques based on observable market inputs other than the financial instrument's price;
L3 = Level 3 fair value calculated using valuation techniques based on inputs not observable in the market.

At 31 December 2021, the impact of applying the Credit Value Adjustment to the book values of the derivatives with a positive mark-to-market amounted to 0,2 million Euro (related to derivatives held for trading); as for the instruments with a negative mark-to-market, there was no impact resulting from the application of the Debit Value Adjustment to the book values of the derivatives.

With respect to financial assets that are mandatorily measured at fair value, as of December 2020, 10,0 million Euro related to units of non-strategic UCITS in the Proprietary Finance function were classified as Level 1, which were then divested during 2021.

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets measured at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	**117.429**	**-**	**-**	**117.429**	**25.228**	**-**	**-**	**-**
2. Increases	65.193	-	-	65.193	30.125	-	-	-
2.1. Purchases	42.892	-	-	42.892	30.124	-	-	-
2.2. Profit taken to:	-	-	-	-	-	-	-	-
2.2.1. Income Statement	18.719	-	-	18.719	-	-	-	-
- of which capital gains	17.216	-	-	17.216	-	-	-	-
2.2.2. Equity	-	X	X	X	-	-	-	-
2.3. Transferred from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	3.582	-	-	3.582	1	-	-	-
3. Decreases	**46.862**	**-**	**-**	**46.862**	**16.754**	**-**	**-**	**-**
3.1. Sales	22.701	-	-	22.701	15.000	-	-	-
3.2. Reimbursements	12.314	-	-	12.314	-	-	-	-
3.3. Losses taken to:	-	-	-	-	-	-	-	-
3.3.1. Income Statement	7.345	-	-	7.345	-	-	-	-
- of which capital losses	7.345	-	-	7.345	-	-	-	-
3.3.2. Equity	-	X	X	X	1.754	-	-	-
3.4. Transferred to other levels	4.502	-	-	4.502	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**135.760**	**-**	**-**	**135.760**	**38.599**	**-**	**-**	**-**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis (in thousands of Euro)	31.12.2021				31.12.2020			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortised cost	9.572.361	2.232.706	-	7.385.266	8.977.966	1.219.095	-	7.793.548
2. Property, plant and equipment held for investment purpose	485	-	-	485	565	-	-	565
3. Non-current assets and disposal groups	-	-	-	-	-	-	-	-
Total	**9.572.846**	**2.232.706**	**-**	**7.385.751**	**8.978.531**	**1.219.095**	**-**	**7.794.113**
1. Financial liabilities measured at amortised cost	10.214.011	1.059.227	-	9.072.568	9.513.651	768.887	-	8.714.031
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**10.214.011**	**1.059.227**	**-**	**9.072.568**	**9.513.651**	**768.887**	**-**	**8.714.031**

Key
CA = Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

A.5 - Disclosure on day one profit/loss

With reference to the provisions of IFRS 7 par. 28, a financial instrument must initially be recognised at a value equal to its fair value which, unless there is evidence to the contrary, is equal to the price paid/collected in trading. The above standard governs such cases by establishing that an entity may recognise a financial instrument at a fair value other than the consideration given or received only if the fair value is evidenced:

- by comparison with other observable current market transactions in the same instrument;
- through valuation techniques using exclusively, as variables, data from observable markets.

In other words, the assumption under IFRS 9, whereby fair value is equal to the consideration given or received, may be overcome only if there is objective evidence that the consideration given or received is not representative of the actual market value of the financial instrument being traded.

Such evidence must be derived only from objective and non-refutable parameters, thus eliminating any hypothesis of discretion on the part of the evaluator.

The difference between the fair value and the negotiated price, only when the above conditions are met, is representative of the day one profit and is immediately recognised in the income statement.

No such transactions were carried out as part of the Bank's operations during 2021.

4.2 Part B - Statement of financial position

ASSETS

Section 1 - Cash and cash equivalents - Item 10

1.1 Cash and cash equivalents: breakdown

	31.12.2021	31.12.2020
a) Cash	33	35
b) On demand deposits at Central banks	-	-
c) Current accounts and on demand deposits at banks	86.485	157.632
Total	**86.518**	**157.667**

In compliance with the requirements for balance sheet items in question set out in the 7th update of October 2021 of Bank of Italy Circular no. 262/2005, on demand receivables due from banks, previously shown under financial assets measured at amortised cost, have been included under cash and cash equivalents as of December 2021. Solely for the purpose of enabling a like-for-like comparison to be made, the figures for the previous year have been restated on a conventional basis to these new provisions, and therefore the related sight receivables due from banks have been classified under "Cash and cash equivalents".

Section 2 - Financial assets measured at fair value through profit or loss - Item 20

2.1 Financial assets held for trading: breakdown by type

Items/Amounts	31.12.2021			31.12.2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities	713	-	-	-	-	-
1.1 Structured	-	-	-	-	-	-
1.2 Other debt securities	713	-	-	-	-	-
2. Equity securities	761	-	-	1.620	-	-
3. UCITS units	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**1.474**	-	-	**1.620**	**-**	**-**
B. Derivatives						
1. Financial derivatives	-	2.817	-	-	19.250	-
1.1 held for trading	-	2.817	-	-	19.250	-
1.2 connected to the fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 for trading	-	-	-	-	-	-
2.2 connected to the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	-	**2.817**	-	**-**	**19.250**	**-**
Total (A+B)	**1.474**	**2.817**	-	**1.620**	**19.250**	**-**

The financial assets held for trading outstanding at 31 December 2021 mainly referred to interest rate derivatives that the merged entity, the former Interbanca S.p.A., negotiated with its Corporate clients up to 2009 to provide them with instruments to hedge risks such as fluctuations in interest rates. In order to remove market risk, these transactions are hedged with "back to back" trades, in which Interbanca assumed a position opposite to the one sold to corporate clients with independent market counterparties. Alongside these financial assets, the trading book also includes options and futures deriving from hedges and ancillary enhancements to the Bank's proprietary investment strategy, whose business started in the second half of last year.

2.2 Financial assets held for trading: breakdown by debtor/issuer/counterparty

Items/Amounts	31.12.2021	31.12.2020
A. On-balance-sheet assets		
1. Debt securities	713	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	712	-
d) Other financial companies	1	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity securities	**761**	**1.620**
a) Banks	506	382
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	255	1.238
d) Other issuers	-	-
3. UCITS units	-	-
4. Loans	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	**1.474**	**1.620**
B. Derivatives		
a) Central Counterparties	-	-
b) Other	2.817	19.250
Total (B)	**2.817**	**19.250**
Total (A+B)	**4.291**	**20.870**

2.5 Financial assets mandatorily measured at fair value: breakdown by type

Items/Amounts	31.12.2021			31.12.2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**-**	**-**	**13.550**	**-**	**-**	**849**
1.1. Structured	-	-	-	-	-	
1.2. Other debt securities	-	-	13.550	-	-	849
2. Equity securities	**-**	**-**	**26.466**	-	**-**	**20.659**
3. UCITS units	**-**	**-**	**72.515**	**10.003**	**-**	**64.638**
4. Loans	**-**	**-**	**23.229**	-	**-**	**31.284**
4.1 Repurchase agreements	-	-	-	-	-	-
4.2. Others	-	-	23.229	-	-	31.284
Total	**-**	**-**	**135.760**	**10.003**	**-**	**117.430**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

Other debt securities consisted of notes associated with securitisation transactions. The increases, compared to the previous year, are mainly due to new subscriptions for 12,4 million Euro, in the securitisations of NPLs.

The growth of equities is consistent with the Equity Investment team's expansive strategy; during the year this resulted in net new investments of approximately 2,3 million Euro and saw net revaluations of 3,5 million in equities held.

With regard to CIUs, non-strategic securities of the Proprietary Finance function were divested for approximately 10 million Euro, offset by the enhancement of the existing portfolio and new equity investments.

2.6 Financial assets mandatorily measured at fair value: breakdown by debtor/issuer

	31.12.2021	31.12.2020
1. Equity securities	**26.466**	**20.659**
of which: banks	-	-
of which: other financial companies	2.137	2.137
of which: non-financial companies	24.329	18.522
2. Debt securities	**13.550**	**849**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	**13.550**	849
of which: insurance companies	-	-
e) Non-financial companies	-	-
3. UCITS units	**72.515**	**74.641**
4. Loans	**23.229**	**31.284**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	2.642	2.525
of which: insurance companies	-	-
e) Non-financial companies	20.587	28.639
f) Households	-	120
Total	**135.760**	**127.433**

CIU units include 45,7 million Euro in equity funds that invest in impaired loans, 26,8 million Euro in equity funds.

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

Items/Amounts	31.12.2021			31.12.2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities	**515.277**	**-**	**-**	**721.216**	**-**	**-**
1.1 Structured	1.513	-	-	-	-	-
1.2 Other debt securities	513.764	-	-	721.216	-	-
2. Equity securities	**60.132**	**-**	**38.599**	**28.106**	**-**	**25.228**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**575.409**	**-**	**38.599**	**749.322**	**-**	**25.228**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

Debt securities, amounting to 515,3 million Euro, recorded a decrease driven by the Bank's choice of portfolio strategy in relation to the trends of the reference markets.

Level 1 “other debt securities” referred for 469,6 million to floating-rate Italian government bonds.

"Equity securities" referred to minority interests. The change compared to last year is consistent with the strategy of creating a portfolio of listed securities functional to generating income over time. The increase relates to new acquisitions of level 1 securities for 11,5 million Euro and the acquisition of new shares in the Bank of Italy, which amount to 30 million Euro at 31 December 2021.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Amounts	31.12.2021	31.12.2020
1. Debt securities	**515.277**	**721.216**
a) Central Banks	-	-
b) Public Administrations	469.647	708.641
c) Banks	8.585	-
d) Other financial companies	10.887	10.480
of which: insurance companies	-	-
e) Non-financial companies	26.158	2.095
2. Equity securities	**98.731**	**53.334**
a) Banks	40.668	18.597
b) Other issuers:	58.063	34.737
- other financial companies	10.795	5.961
of which: insurance companies	10.470	4.093
- non-financial companies	47.268	28.776
- other	-	-
3. Loans	**-**	**-**
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**614.008**	**774.550**

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and overall impairment losses/reversals

	Gross amount					Overall impairment losses/reversals				Overall partial write-offs[(1)]
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Purchased or originated impaired	Stage 1	Stage 2	Stage 3	Purchased or originated impaired	
Debt securities	515.528	515.528	-	-	-	(251)	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2021	**515.528**	**515.528**	-	-	-	**(251)**	-	-	-	-
Total 31.12.2020	**721.434**	**721.434**	-	-	-	**(218)**	-	-	-	-

(1) Amount to be reported for disclosure purposes.

Section 4 - Financial assets measured at amortised cost - Item 40

4.1 Financial assets measured at amortised cost: breakdown of receivables due from banks by type

Type of transaction/Amounts	31.12.2021						31.12.2020					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated impaired	L1	L2	L3
A. Receivables due from Central banks	**348.802**	**-**	**-**	**-**	**-**	**348.802**	**690.431**	**-**	**-**	**-**	**-**	**690.431**
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	27.191	-	-	X	X	X	26.659	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Others	321.611	-	-	X	X	X	663.772	-	-	X	X	X
B. Receivables due from banks	**211.452**	**-**	**-**	**140.477**	-	**73.274**	**292.317**	**-**	**-**	**58.785**	**-**	**235.584**
1. Loans	71.021	-	-	-	-	71.022	235.584	-	-	-	-	235.584
1,1. Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Term deposits	26.660	-	-	X	X	X	233.435	-	-	X	X	X
1.3 Other loans:	44.361	-	-	X	X	X	2.149	-	-	X	X	X
- Reverse repurchase	-	-	-	X	X	X	-	-	-	X	X	X
- Financing for leasing	364	-	-	X	X	X	781	-	-	X	X	X
- Other	43.997	-	-	X	X	X	1.368	-	-	X	X	X
2. Debt securities	140.431	-	-	140.477	-	2.252	56.733	-	-	58.785	-	-
2.1 Structured	9.428	-	-	7.310	-	2.252	7.116	-	-	7.116	-	-
2.2 Other debt securities	131.003	-	-	133.167	-	-	49.617	-	-	51.669	-	-
Total	**560.254**	**-**	**-**	**140.477**	**-**	**422.076**	**982.748**	**-**	**-**	**58.785**	**-**	**926.015**

Key:

L1 = Livello 1

L2 = Livello 2

L3 = Livello 3

As described above, following the 7th update of October 2021 of Bank of Italy Circular no. 262/2005, on demand receivables due from banks are shown under the item "10. Cash and cash equivalents".

4.2 Financial assets measured at amortised cost: breakdown of receivables due from customers by type

Type of transaction/Amounts	31.12.2021						31.12.2020					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage 1 and 2	Stage 3	Purchased or originated impaired	L1	L2	L3	Stage 1 and 2	Stage 3	Purchased or originated impaired	L1	L2	L3
1. Loans	**6.445.783**	**242.939**	**51.400**	**-**	**-**	**6.762.323**	**6.372.144**	**145.433**	**54.080**	**-**	**-**	**6.571.723**
1.1. Current accounts	73.782	17.783	1.148	X	X	X	65.882	33.532	534	X	X	X
1.2. Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Loans/mortgages	2.465.307	61.148	48.562	X	X	X	2.466.250	16.467	53.117	X	X	X
1.4. Credit cards, personal loans and salary-backed loans	42	-	1.147	X	X	X	-	-	-	X	X	X
1.5. Financing for leasing	1.205.257	16.346	-	X	X	X	1.219.185	10.417	-	X	X	X
1.6. Factoring	2.385.701	140.712	388	X	X	X	2.238.730	75.799	-	X	X	X
1.7. Other loans	315.694	6.950	155	X	X	X	382.097	9.209	429	X	X	X
2. Debt securities	**2.271.985**	**-**	**-**	**2.092.229**	**-**	**200.867**	**1.265.929**	**1**	**-**	**1.160.310**	**-**	**138.178**
2.1. Structured	8.968	-	-	8.329	-	596	795	-	-	-	-	795
2.2. Other debt securities	2.263.017	-	-	2.083.900	-	200.271	1.265.134	1	-	1.160.310	-	137.383
Total	**8.717.768**	**242.939**	**51.400**	**2.092.229**	**-**	**6.963.190**	**7.638.073**	**145.434**	**54.080**	**1.160.310**	**-**	**6.709.901**

Impaired purchased loans mainly relate to impaired loans from the acquisition of the former GE Capital Interbanca Group and the acquisition in May 2021 of the Aigis Banca business unit.

Finally, other debt securities include 1.648,6 million Euro in government securities with a view to optimising Bank liquidity. Level 3 securities include investments in securitisations and minibond issues.

4.3 Financial assets measured at amortised cost: breakdown of receivables due from customers by debtor/issuer

Type of transaction/Amounts	31.12.2021			31.12.2020		
	Stage 1 and 2	Stage 3	Purchased or originated impaired	Stage 1 and 2	Stage 3	Purchased or originated impaired
1. Debt securities:	**2.271.985**	**-**	**-**	**1.265.929**	**1**	**-**
a) Public Administrations	1.675.663	-	-	1.099.347	-	-
b) Other financial companies	517.465	-	-	138.649	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	78.857	-	-	27.933	1	-
2. Loans to:	**6.445.783**	**242.939**	**51.400**	**6.372.144**	**145.433**	**54.080**
a) Public Administrations	613.063	77.339	617	631.391	14.223	-
b) Other financial companies	990.463	7.873	-	1.252.678	1.567	4.856
of which: insurance companies	294	-	-	303	-	-
c) Non-financial companies	4.365.313	138.839	41.484	4.025.198	122.670	40.681
d) Households	476.944	18.888	9.299	462.877	11.829	8.543
Total	**8.717.768**	**242.939**	**51.400**	**7.638.073**	**145.434**	**54.080**

4.4 Financial assets measured at amortised cost: gross amount and overall impairment losses/reversals

	Gross amount					Overall impairment losses/reversals				Overall partial write-offs[1]
	Stage 1	of which: Low credit risk instruments	Stage 2	Stage 3	Purchased or originated impaired	Stage 1	Stage 2	Stage 3	Purchased or originated impaired	
Debt securities	2.414.619	2.414.619	-	-	-	(2.203)	-	-	-	-
Loans	6.436.920	-	500.927	426.760	51.400	(54.759)	(17.483)	(183.820)	-	(57.375)
Total 31.12.2021	**8.851.539**	**2.414.619**	**500.927**	**426.760**	**51.400**	**(56.962)**	**(17.483)**	**(183.820)**	**-**	**(57.375)**
Total 31.12.2020	**8.326.710**	**1.323.681**	**357.103**	**424.267**	**-**	**(58.174)**	**(4.818)**	**(224.753)**	**-**	**(39.834)**

(1) Amount to be reported for disclosure purposes

4.4a Loans measured at amortised cost concerned by COVID-19 support measures: gross value and overall impairment losses/reversals

	Gross amount					Overall impairment losses/reversals				Overall partial write-offs
	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Purchased or originated impaired	Stage 1	Stage 2	Stage 3	Purchased or originated impaired	
1. Loans concerned by concessions in compliance with the GLs	374	-	-	-	-	(2)	-	-	-	-
2. Loans subject to outstanding moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	82.931	-	18.851	3.383	1.727	(510)	(340)	(951)	-	-
3. Loans concerned by other concessions	-	-	-	-	-	-	-	-	-	-
4. New loans	429.839	-	29.174	2.123	8.720	(736)	(306)	(335)	-	-
Total 31.12.2021	**513.144**	**-**	**48.025**	**5.506**	**10.447**	**(1.248)**	**(646)**	**(1.286)**	**-**	**-**
Total 31.12.2020	**711.321**	**-**	**37.331**	**11.078**	**8.634**	**(911)**	**(4.732)**	**-**	**-**	**-**

Section 7 - Equity investments - Item 70

7.1 Equity investments: information on investments

Company Name	Registered office	Head Office	Equity %	Voting rights %
A. Subsidiaries				
1. Ifis Finance Sp. Z o.o.	Warsaw	Warsaw	100,00%	100,00%
2. Ifis Rental Services S.r.l.	Milan	Milan	100,00%	100,00%
3. Ifis NPL Investing S.p.A. (formerly Ifis Npl S.p.A.) (i)	Mestre	Florence, Milan and Mestre	100,00%	100,00%
4. Cap.Ital.Fin. S.p.A.	Naples	Naples	100,00%	100,00%
5. Credifarma S.p.A.	Rome	Rome	70,00%	70,00%
6. Farbanca S.p.A	Bologna	Bologna	71,06%	71,06%
7. Ifis Finance I.F.N. S.A. (ii)	Bucharest	Bucharest	99,99%	99,99%
8. Ifis Npl 2021-1 SPV S.r.l. (ii)	Conegliano (Province of Treviso)	Conegliano (Province	51,00%	51,00%
B. Joint ventures	-	-	-	-
C. Companies under significant influence	-	-	-	-

Key

(i) Starting 1 January 2021, as part of the reorganisation of the Npl Segment, the company Ifis Npl S.p.A. has been renamed Ifis Npl Investing S.p.A.
(ii) Note the joining of the Romanian company Ifis Finance I.F.N. S.A., 99,99% owned, and of the equity investments related to the vehicle Ifis Npl 2021-1 SPV S.r.l.

7.5 Equity investments: annual changes

	31.12.2021	31.12.2020
A. Opening balance	**638.362**	**610.861**
B. Increases	**16.637**	**35.560**
B.1 Purchases	137	35.560
B.2 Reversals of impairment losses	-	-
B.3 Revaluations	-	-
B.4 Other changes	16.500	-
C. Decreases	**4.459**	**8.059**
C.1 Sales	-	-
C.2 Impairment losses/reversals	-	-
C.3 Devaluations	4.459	**8.059**
C.4 Other changes	-	
D. Closing balance	**650.540**	**638.362**
E. Total revaluations	-	-
F. Total adjustments	-	-

The item "other changes" refers to the capital contribution made to the subsidiary Cap.Ital.Fin. S.p.a. The write-downs recorded refer entirely to the investment in Cap.Ital.Fin. S.p.A. and reflect the adjustment of the cost of the investment to the related carrying amount of shareholders' equity.

Section 8 - Property, plant and equipment - Item 80

8.1 Property, plant and equipment for functional use: breakdown of assets measured at cost

	31.12.2021	31.12.2020
1. Owned	**101.428**	**71.640**
a) Land	20.297	19.487
b) Buildings	67.131	42.136
c) Furniture	2.763	1.218
d) Electronic equipment	3.377	3.858
e) Other	7.860	4.941
2. Rights of use acquired through leases	**14.663**	**15.251**
a) Land	-	-
b) Buildings	13.236	13.246
c) Furniture	-	-
d) Electronic equipment	303	506
e) Other	1.124	1.499
Total	**116.091**	**86.891**
of which: obtained by enforcing collateral	-	-

Property, plant and equipment amounted to 116,1 million Euro, showing an increase of 33,6% compared to 86,9 million Euro in 2020. During the year real estate was purchased from Group companies for a total of 23,0 million Euro and some of the Bank's offices were also renovated and extended. Finally, the acquisition of the business unit of the former Aigis Banca should be mentioned, which contributed 925 thousand Euro to buildings, 103 thousand Euro to furniture, 173 thousand Euro to electronic equipment and 189 thousand Euro to other fixed assets. At the end of the period, the properties recognised under property, plant and equipment included the historical building "Villa Marocco", located in Mestre – Venice and housing Banca Ifis's registered office.

The property Villa Marocco, is not depreciated, but it is impairment tested at least once a year, as it is a prestigious property. To this end, it is appraised by experts specialising in luxury properties. The impairment test did not reveal any impairment losses to be recognised in profit or loss.

8.2 Property, plant and equipment held for investment purpose: breakdown of assets measured at cost

Assets/Amounts	31.12.2021				31.12.2020			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned	**485**	**-**	**-**	**485**	**565**	**-**	**-**	**565**
a) Land	-	-	-	-		-	-	
b) Buildings	485	-	-	485	565	-	-	565
2. Rights of use acquired through leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Land	-	-	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-	-	-
Total	**485**	**-**	**-**	**485**	**565**	**-**	**-**	**565**
of which: obtained by enforcing collateral	-	-	-	-	-	-	-	-

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

8.6 Property, plant and equipment for functional use: annual changes

	Land	Buildings	Furnishings	Electronic equipment	Other	Total 31.12.2021
A. Gross opening balance	**19.487**	**68.823**	**12.239**	**19.968**	**24.119**	**144.636**
A.1 Total net amortisation and impairment losses	-	(13.441)	(11.021)	(15.604)	(17.681)	(57.747)
A.2 Net opening balance	19.487	55.382	1.218	4.364	6.438	86.889
B. Increases	**810**	**31.218**	**2.185**	**1.582**	**4.463**	**40.258**
B.1 Purchases	810	31.218	2.185	1.574	4.160	39.947
of which from business combinations	-	925	103	173	189	1.390
B.2 Capitalised improvement expenses	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-
B.4 Fair value gains taken to:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	-	-	-	8	303	311
C. Decreases	**-**	**(6.233)**	**(640)**	**(2.266)**	**(1.917)**	**(11.056)**
C.1 Sales	-	(1.157)	(34)	(40)	(122)	(1.353)
C.2 Depreciation	-	(3.510)	(605)	(2.226)	(1.795)	(8.136)
C.3 Impairment losses taken to:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value losses taken to:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to	-	(559)	-	-	-	(559)
a) investment property	-	(559)	X	X	X	(559)
b) non-current assets and disposal groups	-	-	-	-	-	-
C.7 Other changes	-	(1.007)	(1)	-	-	(1.008)
D. Net closing balance	**20.297**	**80.367**	**2.763**	**3.680**	**8.984**	**116.091**
D.1 Total net amortisation and impairment losses	-	18.373	7.590	16.809	9.654	52.426
D.2 Gross closing balance	**20.297**	**98.740**	**10.353**	**20.489**	**18.638**	**168.517**
E. Measurement at cost	**20.297**	**80.367**	**2.763**	**3.680**	**8.984**	**116.091**

Property, plant and equipment for functional use are measured at cost and are depreciated on a straight-line basis over their useful life, with the exclusion of land with an indefinite useful life and the "Villa Marocco" property, whose residual value at the end of its useful life is expected to be higher than its book value.

Property, plant and equipment not yet brought into use at the reporting date are not depreciated.

8.7 Property, plant and equipment held for investment purpose: annual changes

	31.12.2021	
	Land	Buildings
A. Opening balance	**-**	**565**
B. Increases	**-**	**559**
B.1 Purchases	-	-
B.2 Capitalised improvement expenses	-	-
B.3 Fair value gains	-	-
B.4 Reversals of impairment losses	-	-
B.5 Exchange gains	-	-
B.6 Transfers from property for functional use	-	559
B.7 Other changes	-	-
C. Decreases	**-**	**(639)**
C.1 Sales	-	(559)
C.2 Depreciation	-	-
C.3 Fair value losses	-	(80)
C.4 Impairment losses	-	-
C.5 Exchange losses	-	-
C.6 Transfers to:	-	-
a) property for functional use	-	-
b) non-current assets and disposal groups	-	-
C.7 Other changes	-	-
D. Closing balance	**-**	**485**
E. Measurement at fair value	**-**	**485**

Buildings held for investment purposes are measured at cost and refer to leased property. They are not depreciated as they are destined for sale.

Section 9 - Intangible assets - Item 90

9.1 Intangible assets: breakdown by asset type

Assets/Amounts	31.12.2021		31.12.2020	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**-**	**X**	**-**
A.2 Other intangible assets	**19.475**	**-**	**19.735**	**-**
of which software	19.475	-	19.735	-
A.2.1 Assets measured at cost:	19.475	-	19.735	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	19.475	-	19.735	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
Total	**19.475**	**-**	**19.735**	**-**

Other intangible assets at 31 December 2021 refer exclusively to software purchase and development, amortised on a straight-line basis over the estimated useful life, which is five years from deployment.

9.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total 31.12.2021
		FIN	INDEF	FIN	INDEF	
A. Opening balance	**-**	**-**	**-**	**63.055**	**-**	**63.055**
A.1 Total net amortisation and impairment losses	-	-	-	(43.320)	-	(43.320)
A.2 Net opening balance	**-**	**-**	**-**	**19.735**	**-**	**19.735**
B. Increases	**-**	**-**	**-**	**7.286**	**-**	**7.286**
B.1 Purchases	-	-	-	7.286	-	7.286
B.2 Increases in internally generated intangible assets	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- to equity	-	-	-	-	-	-
- to profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**-**	**-**	**(7.546)**	**-**	**(7.546)**
C.1 Sales	-	-	-	-	-	-
C.2 Impairment losses/reversals	-	-	-	(7.477)	-	(7.477)
- Amortisation	-	-	-	(7.477)	-	(7.477)
- Impairment losses:	-	-	-	-	-	-
+ equity	-	-	-	-	-	-
+ profit or loss	-	-	-	-	-	-
C.3 Fair value losses:	-	-	-	-	-	-
- to equity	-	-	-	-	-	-
- to profit or loss	-	-	-	-	-	-
C.4 Transfer to non-current assets under disposal	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other changes	-	-	-	(69)	-	(69)
D. Net closing balance	**-**	**-**	**-**	**19.475**	**-**	**19.475**
D.1 Total net amortisation, impairment losses and reversals of impairment losses	-	-	-	50.796	-	50.796
E. Gross closing balance	**-**	**-**	**-**	**70.271**	**-**	**70.271**
F. Measurement at cost	-	-	-	19.475	-	19.475

Key
FIN: finite useful life
INDEF: indefinite useful life

Purchases refer exclusively to investments for the enhancement of IT systems.

Section 10 - Tax assets and liabilities - Item 100 of assets and Item 60 of liabilities

10.1 Deferred tax assets: breakdown

The main types of deferred tax assets are set out below:

Deferred tax assets	31.12.2021	31.12.2020
A. Gross deferred tax assets	**270.843**	**290.177**
A1. Receivables (including securitisations)	199.622	213.274
A2. Other financial instruments	2.993	714
A3. Goodwill	12.573	12.573
A4. Expenses spanning several years	-	-
A5. Property, plant and equipment	-	-
A6. Provisions for risks and charges	13.936	13.430
A7. Entertainment expenses	-	-
A8. Personnel-related expenses	-	-
A9. Tax losses	39.116	48.079
A10. Unused tax credits to be deducted	-	-
A11. Other	2.603	2.107
B. Set-off with deferred tax liabilities	-	**-**
C. Net deferred tax assets	**270.843**	**290.177**

Deferred tax assets of 270,8 million Euro mainly comprise 199,6 million Euro for impairment losses on receivables deductible during following years and which can be transformed into tax credits in accordance with Italian Law no. 214/2011 and 39,1 million Euro for tax losses and surplus previous ACE that can be carried forward to subsequent tax periods. With reference to the reduction in prepaid tax, of 19,3 million Euro, please note that the Bank has benefited from the extension of Art. 55 of Italian Decree Law no. 18/2020 (the “Cura Italia” Decree), proceeding to transfer the deferred tax assets on previous tax losses and ACE benefit into tax credits for 4,5 million.

The item also included 12,6 million for the tax redemption of goodwill booked on the consolidated financial statements relative to the purchase of the controlling equity investment in Ifis Npl Servicing S.p.A. (formerly FBS S.p.A., now merged into IFIS Npl Investing S.p.A.) and 13,9 million Euro in temporary differences on provisions for risks and charges.

Finally, please note that, pursuant to the current Tax Consolidation arrangements, the deferred tax asset receivable related to the taxable profit for the period was included in Other Assets as an approximately 20,6 million Euro Receivable due from La Scogliera.

In compliance with accounting standard IAS 12 - referred to in the "Banca Ifis impairment policy" - the recoverability of deferred tax assets posted as at 31 December 2021 was assessed. The result of the assessment shows that, in the presence of future taxable income, the DTAs recorded against the Deferred Tax Losses and ACE surpluses totalling 39,1 million euros are fully recoverable, albeit over the medium/long term.

10.2 Deferred tax liabilities: breakdown

The main types of deferred tax liabilities are shown below:

Deferred tax liabilities	31.12.2021	31.12.2020
A. Gross deferred tax liabilities	**32.280**	**35.816**
A1. Capital gains to be spread over multiple periods	-	-
A2. Goodwill	-	-
A3. Property, plant and equipment	308	479
A4. Financial instruments	381	1.022
A5. Personnel-related expenses	-	-
A6. Other	31.591	34.315
B. Set-off with deferred tax assets	**-**	-
C. Net deferred tax liabilities	**32.280**	**35.816**

Deferred tax liabilities, amounting to 32,3 million Euro, mainly include 28,8 million Euro on receivables recognised for interest on arrears that will be taxed upon collection and 2,8 million Euro on mismatches of trade receivables.

10.3 Changes in deferred tax assets (recognised through profit or loss)

	31.12.2021	31.12.2020
1. Opening balance	**289.388**	**318.211**
2. Increases	**22.644**	**13.108**
2.1 Deferred tax assets recognised in the year	22.644	13.108
a) relative to previous years	217	879
b) due to change in accounting standards	-	-
c) reversals of impairment losses	-	-
d) other	22.427	12.229
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	**-**	-
3. Decreases	**44.314**	**41.931**
3.1 Deferred tax assets reversed during the year	39.775	13.530
a) reversals	31.080	10.990
b) impairment losses due to unrecoverability	-	-
c) change in accounting standards	-	-
d) other	8.695	2.540
3.2 Reductions in tax rates	-	
3.3 Other decreases:	4.539	28.401
a) conversion into tax credits as per Italian Law no. 214/2011	-	
b) other	4.539	28.401
4. Closing balance	**267.718**	**289.388**

10.3bis Changes in deferred tax assets as per Italian Law no. 214/2011

	31.12.2021	31.12.2020
1. Opening balance	**213.274**	**214.627**
2. Increases	-	-
3. Decreases	**13.652**	**1.353**
3.1 Reversals	13.652	1.353
3.2 Conversion in tax credits	**-**	-
a) deriving from losses for the year	-	-
b) deriving from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	**199.622**	**213.274**

10.4 Changes in deferred tax liabilities (recognised through profit or loss)

	31.12.2021	31.12.2020
1. Opening balance	**34.793**	**36.807**
2. Increases	**2.321**	**4.942**
2.1 Deferred tax liabilities recognised in the year	2.321	4.942
a) relative to previous years	-	7
b) due to change in accounting standards	-	-
c) other	2.321	4.935
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	**-**	-
3. Decreases	**5.146**	**6.956**
3.1 Deferred tax liabilities reversed during the year	5.146	6.956
a) reversals	5.146	6.956
b) due to change in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**31.968**	**34.793**

10.5 Changes in deferred tax assets (recognised through equity)

	31.12.2021	31.12.2020
1. Opening balance	**789**	**1.105**
2. Increases	**2.446**	**1.203**
2.1 Deferred tax assets recognised in the year	2.446	1.203
a) relative to previous years	-	-
b) due to change in accounting standards	-	-
c) other	2.446	1.203
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**110**	**1.519**
3.1 Deferred tax assets reversed during the year	110	1.519
a) reversals	110	1.519
b) impairment losses due to unrecoverability	-	-
c) due to change in accounting standards	-	-
d) other	-	-
3.2 Reductions in tax rates		-
3.3 Other decreases	**-**	-
4. Closing balance	**3.125**	**789**

10.6 Changes in deferred tax liabilities (recognised through equity)

	31.12.2021	31.12.2020
1. Opening balance	**1.023**	**1.494**
2. Increases	**1.616**	**438**
2.1 Deferred tax liabilities recognised in the year	1.616	438
a) relative to previous years	-	-
b) due to change in accounting standards	-	-
c) other	1.616	438
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**2.327**	**909**
3.1 Deferred tax liabilities reversed during the year	2.327	909
a) reversals	2.327	909
b) due to change in accounting standards	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**312**	**1.023**

Section 12 - Other assets - Item 120

12.1 Other assets: breakdown

	AMOUNTS AT	
	31.12.2021	31.12.2020
Tax receivables	307.585	14.975
Accrued income and deferred expenses	9.445	9.025
Guarantee deposits	1.940	1.051
Debtors for invoices	47.307	-
Sundry receivables	97.437	281.755
Miscellaneous provisional items	7.640	-
Portfolio of effects subject to collection	33.264	-
Total other assets	**504.618**	**306.806**

Other assets amounted to 504,6 million Euro at end 2021 (+64,5% on last year).

The increase in the item "tax receivables" refers to the purchase of tax receivables for superbonus and other building tax bonuses totalling 295,7 million Euro.

“Sundry receivables” include 20,6 million Euro in credits due to the parent company La Scogliera S.p.A. under the tax consolidation agreements (80,1 million Euro at 31 December 2020). The significant decrease is mainly attributable to the IRES refund received by La Scogliera, relating to the 2016 tax period, and reimbursed on a pro-rata basis during the year. Other items also include 55,5 million Euro in receivables due from the SPV Indigo Lease.

LIABILITIES

Section 1 - Financial liabilities measured at amortised cost - Item 10

1.1 Financial liabilities at amortised cost: breakdown of payables due to banks by type

Type of transaction/Amounts	31.12.2021				31.12.2020			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Payables due to Central banks	**2.236.957**	**X**	**X**	**X**	**2.116.977**	**X**	**X**	**X**
2. Payables due to banks	**499.903**	**X**	**X**	**X**	**279.951**	**X**	**X**	**X**
2.1 Current accounts and on demand deposits	44.230	X	X	X	26.615	X	X	X
2.2 Term deposits	42.873	X	X	X	105.822	X	X	X
2.3 Loans	412.800	X	X	X	147.514	X	X	X
2.3.1 Repurchase agreements	318.352	X	X	X	35.093	X	X	X
2.3.2 Other	94.448	X	X	X	112.421	X	X	X
2.4 Debt from buyback commitments on treasury equity instruments	-	X	X	X	-	X	X	X
2.5 Lease payables	-	X	X	X	-	X	X	X
2.6 Other payables	-	X	X	X	-	X	X	X
Total	**2.736.860**	**-**	**-**	**2.736.860**	**2.396.928**	**-**	**-**	**2.396.928**

Key
CA = Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

Payables due to banks amounted to 2.736,9 million Euro, up 14,2% compared to 31 December 2020. The increase is due to repurchase agreements with the securitisation notes issued by the subsidiary Ifis Npl Investing as underlying assets.

The fair value of payables due to banks is in line with the relevant carrying amount, considering the fact that interbank deposits are short- or very short-term.

1.2 Financial liabilities measured at amortised cost: breakdown of payables due to customers by type

Type of transaction/Amounts	31.12.2021				31.12.2020			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and on demand deposits	1.495.367	X	X	X	1.136.088	X	X	X
2. Term deposits	3.943.173	X	X	X	3.961.348	X	X	X
3. Loans	2.987	X	X	X	12.239	X	X	X
3.1 Repurchase agreements	-	X	X	X	-	X	X	X
3.2 Other	2.987	X	X	X	12.239	X	X	X
4. Debt from buyback commitments on treasury equity instruments	-	X	X	X	-	X	X	X
5. Lease payables	14.471	X	X	X	15.099	X	X	X
6. Other payables	964.166	X	X	X	891.860	X	X	X
Total	**6.420.164**	**-**	**-**	**6.335.410**	**6.016.634**	**-**	**-**	**6.022.807**

Key:
CA = Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

Current accounts and on demand deposits at 31 December 2021 included funding from the on demand Rendimax savings account and the Contomax on-line current account, amounting to 732,5 million and 52,5 million Euro, respectively; term deposits represent restricted funding from fixed-term Rendimax and Contomax accounts and time deposits. By contrast, repurchase agreements were reduced to zero. Other loans relate to the financial lease payable and the payable for the rights of use acquired through leasing.

It should be noted that the Bank does not carry out "term structured repo" transactions.

1.3 Financial liabilities measured at amortised cost: breakdown of debt securities issued by type

Type of securities/Amounts	31.12.2021				31.12.2020			
	CA	Fair Value			CA	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	1.056.689	1.059.227	-	-	1.099.678	768.887	-	293.885
1.1 structured bonds	-	-	-	-	-	-	-	-
1.2 other bonds	1.056.689	1.059.227	-	-	1.099.678	768.887	-	293.885
2. Other securities	298	-	-	298	411	-	-	411
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	298	-	-	298	411	-	-	411
Total	**1.056.987**	**1.059.227**	**-**	**298**	**1.100.089**	**768.887**		**294.296**

Key:
CA = Carrying amount
L1 = Level 1
L2 = Level 2
L3 = Level 3

Bonds include 654,4 million Euro (including interest) in senior bonds issued by the Bank, as well as the 402,3 million Euro (including interest) Tier 2 bond.

1.4 Breakdown of subordinated debts/securities

The line item "Debt securities issued" included 402,3 million Euro in subordinated notes related to Euro Tier 2 bond issued in mid-October 2017 for a nominal amount of 400 million Euro.

1.6 Lease payables

	31.12.2021	31.12.2021
Lease payables	14.471	15.099

The lease payable relates for 11,5 million Euro to lease contracts of properties and cars, all coming under the scope of application of accounting standard IFRS 16, as more extensively described in "Part M - Information on leasing" of this document.

The item also includes 3,0 million Euro for the real estate lease the former company Toscana Finanza S.p.A. entered into in 2009 for the property located in Florence, which housed the headquarters of the NPL Segment until August 2016. The term of the lease entered into with Centro Leasing S.p.A. is 18 years (from 01.03.2009 to 01.03.2027) and provides for the payment of 216 monthly instalments of 28.490 Euro, including the principal, interest and an option to buy the asset at the end of the lease for 1.876.800 Euro. The property currently houses the head office of Banca Ifis.

Section 2 - Financial liabilities held for trading - Item 20

2.1 Financial liabilities held for trading: breakdown by type

Type of transaction/Amounts	31.12.2021					31.12.2020				
	NA	Fair value			Fair value*	NA	Fair value			Fair value*
		L1	L2	L3			L1	L2	L3	
A. On-balance-sheet liabilities										
1. Payables due to banks	-	-	-	-	-	-	-	-	-	-
2. Payables due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives		-	5.992	-	-	-	-	18.551	-	-
1.1 Held for trading	X	-	5.992	-	X	X	-	18.551	-	X
1.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		-	-	-			-	-	-	
2.1 For trading	X	-	-	-	X	X	-	-	-	X
2.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**-**	**5.992**	**-**	**X**	**X**	**-**	**18.551**	**-**	**X**
Total (A+B)	**X**	**-**	**5.992**	**-**	**-**	**-**	**-**	**18.551**	**-**	**-**

Key:
NA = Nominal or notional amount
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair Value = Fair value calculated excluding changes in value due to changes in the issuer's creditworthiness compared to the date of issuance*

Concerning level 2 liabilities held for trading, see the comments in section 2 under assets.

Section 6 - Tax liabilities - Item 60

See section 10 under assets.

Section 8 - Other liabilities - Item 80

8.1 Other liabilities: breakdown

	31.12.2021	31.12.2020
Payables due to suppliers	65.322	80.255
Payables due to personnel	15.650	10.779
Payables due to the Tax Office and Social Security agencies	9.269	6.746
Sums available to customers	18.245	44.849
Accrued liabilities and deferred income	3.899	2.239
Other payables	207.233	195.719
Total	**319.618**	**340.587**

Section 9 - Post-employment benefits - Item 90

9.1 Post-employment benefits: annual changes

	31.12.2021	31.12.2020
A. Opening balance	**6.016**	**7.052**
B. Increases	**746**	**263**
B.1 Provisions for the year	21	49
B.2 Other changes	725	214
of which from business combinations	203	-
C. Decreases	**343**	**1.299**
C.1 Payments made	343	1.299
C.2 Other changes	-	-
Business combinations	-	-
D. Closing balance	**6.419**	**6.016**
Total	**6.419**	**6.016**

Liquidations represent the benefits paid to employees during the year, which in 2021 were involved by scheduled exits within the Solidarity Plan adopted by the Bank.

Other changes include both the impact of the discounting of benefits earned up to 31 December 2006 and still held in the company, which, based on the changes introduced by the new IAS 19, are recognised through equity, and the effect of the integration of the business unit relating to the former Banca Aigis (203 thousand Euro).

Pursuant to the requirements of the ESMA in the document "European common enforcement priorities for 2012 financial statements" of 12 November 2012, the discount rate used was the interest rate based on the market yield of a benchmark of AA-rated European corporate bonds with maturity over 10 years. The same interest rate was used to discount the obligations at 31 December 2020.

9.2 Other information

Under IAS/IFRS standards, a company's liabilities regarding benefits that will be paid to employees at the conclusion of the employer/employee relationship (post-employment benefits) should be recognised based on actuarial calculations of the amount that will be paid at maturity.

Specifically, these allocations must take into account the amount already earned over the period at the reporting date, projecting it into the future in order to calculate the amount that will be paid at the conclusion of the employer/employee relationship. This amount must then be discounted to take into account the time that will pass until payment.

Following the coming into force of the 2007 Budget Law, which brought the reform regarding supplementary pension plans - as per Italian Legislative Decree no. 252 of 5 December 2005 - forward to 1 January 2007, the employee was given a choice as to whether to allocate the post-employment benefits earned as from 1 January 2007 to supplementary pension funds or to maintain them in the company, which would then transfer it to a dedicated fund managed by INPS (the Italian National Social Security Institute).

This reform has led to changes in the accounting of post-employment benefits as for both the benefits earned up to 31 December 2006 and those earned from 1 January 2007.

In particular:

- post-employment benefits earned as from 1 January 2007 constitute a "defined-contribution plan", regardless of whether the employee has chosen to allocate them to a supplementary pension fund or to INPS's Treasury Fund. Those benefits shall be calculated according to contributions due without applying actuarial methods;
- post-employment benefits earned up to 31 December 2006 continue to be considered as a defined-benefit plan, and as such are calculated on an actuarial basis which, however, unlike the calculation method applied until 31 December 2006, no longer requires that the benefits be proportionally attributed to the period of service rendered. This is because the employee's service is considered entirely accrued due to the change in the accounting nature of benefits earned as from 1 January 2007.

Section 10 - Provision for risks and charges - Item 100

10.1 Provisions for risks and charges: breakdown

Items/Amounts	31.12.2021	31.12.2020
1. Provisions for credit risk related to commitments and financial guarantees granted	11.615	10.445
2. Provisions on other commitments and guarantees granted	17	14
3. Provisions for pensions	-	-
4. Other provisions for risks and charges	50.559	38.377
4.1 legal and tax disputes	33.542	18.092
4.2 personnel expenses	3.659	6.341
4.3 other	13.358	13.944
Total	**62.191**	**48.836**

10.2 Provisions for risks and charges: annual changes

	Provisions on other commitments and financial guarantees granted	Provisions for pensions	Other provisions for risks and charges	Total 31.12.2021
A. Opening balance	**14**	-	**38.377**	**38.391**
B. Increases	**3**	-	**20.776**	**20.779**
B.1 Provisions for the year	-	-	9.345	9.345
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to changes in the discount rate	-	-	-	-
B.4 Other changes	3	-	11.431	11.434
of which from business combinations	-	-	*11.037*	*11.037*
C. Decreases	-	-	**8.594**	**8.594**
C.1 Used in the year	-	-	3.861	3.861
C.2 Changes due to changes in the discount rate	-	-	-	-
C.3 Other changes	-	-	4.733	4.733
D. Closing balance	**17**	-	**50.559**	**50.576**

10.3 Provisions for credit risk related to commitments and financial guarantees granted

	Provisions for credit risk related to commitments and financial guarantees granted				
	Stage 1	Stage 2	Stage 3	Purchased and/or originated impaired	Total
Loan commitments	2.808	1.789	-	-	4.597
Financial guarantees granted	171	292	6.555	-	7.018
Total	**2.979**	**2.081**	**6.555**	**-**	**11.615**

10.6 Provisions for risks and charges - Other provisions

Legal and tax disputes

At 31 December 2021, the Bank had set aside 33,5 million Euro in provisions. This amount mainly relates to the following legal disputes:

- 11,5 million Euro for 27 disputes concerning the Trade Receivables Area (the plaintiffs seek 31,7 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;
- 8,3 million Euro (the plaintiffs seek 62,6 million Euro in damages) for 10 disputes concerning the Corporate Banking and Commercial Lending Areas deriving from the former Interbanca;
- 11,5 million Euro deriving from the acquisition of the business unit of the former Banca Aigis, directly recorded as a greater liability, of which 1,2 million Euro was already included in the book value of the business unit acquired and 10,2 million Euro as a greater liability recorded at the time of the PPA.
- 2,3 million Euro (the plaintiffs seek 2,6 million Euro in damages) for 26 disputes concerning the Leasing Area and trade receivables.

Personnel expenses

At 31 December 2021, provisions are entered for staff for 3,7 million Euro (6,3 million Euro at December 2020) connected with the Solidarity Fund established in 2020 to implement the cost rationalisation programme envisaged by the Bank.

Other provisions for risks and charges

At 31 December 2021, “Other provisions” were in place for 13,4 million Euro (13,9 million Euro at 31 December 2020) consisting mainly of 7,8 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.

Contingent liabilities

Here below are the most significant contingent liabilities outstanding at 31 December 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 Banca Ifis as the incorporating company of 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 242,7 thousand Euro in additional taxes and administrative penalties amounting to 100%.

Litigation (liability secured by GE pursuant to SPA dated 28/07/2016) related to Notice of Settlement 3% registration tax. Companies involved: Banca IFIS as the acquiring company of Interbanca S.p.A. and IFIS Rental S.r.l. - (former GE Capital Interbanca Group)

The Italian Revenue Agency has reclassified the restructuring operation of the company GE Capital Services S.r.l. as a "Transfer of business unit", requesting the application of the registration tax proportionally equal to 3% of the value of the company for a total of 3,6 million Euro.

Dispute concerning the assumed "permanent establishment" in Italy of the Polish company

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 Zoo, 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 has prepared 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 did not 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.

Section 12 - Equity - Items 110, 130, 140, 150, 160, 170 and 180

12.1 Share capital and treasury shares: breakdown

Item		31.12.2021	31.12.2020
160	Share capital (in thousands of Euro)	53.811	53.811
	Number of ordinary shares	53.811.095	53.811.095
	Nominal amount of ordinary shares	1 euro	1 euro
170	Treasury shares (in thousands of Euro)	(2.847)	(2.948)
	Number of treasury shares	339.139	351.427

12.2 Share capital - number of shares: annual changes

Items/Types	Ordinary	Other
A. Shares held at the beginning of the year	**53.811.095**	**-**
- fully paid-up	53.811.095	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	(351.427)	-
A.2 Outstanding shares: opening balance	**53.459.668**	**-**
B. Increases	**12.288**	**-**
B.1 New issues	-	-
- paid:	-	-
- business combinations	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free:	-	-
- in favour of employees	-	-
- in favour of directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	**12.288**	-
C. Decreases	**-**	-
C.1 Annulments	-	-
C.2 Buybacks of treasury shares	-	-
C.3 Company sell-offs	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	**53.471.956**	-
D.1 Treasury shares (+)	339.139	-
D.2 Shares held at the end of the year	53.811.095	-
- fully paid-up	53.811.095	-
- not fully paid-up	-	-

12.3 Share capital: other information

The share capital is composed of 53.811.095 ordinary shares with a nominal value of 1 Euro each, bearing no rights, liens and obligations, including those relating to dividend distribution and capital redemption.

12.4 Profit reserves: other information

Items/Components	31.12.2021	31.12.2020
Legal reserve	10.762	10.762
Extraordinary reserve	501.491	467.090
Other reserves	653.176	650.937
Total profit reserves	**1.165.429**	**1.128.789**
Buyback reserve	2.847	2.948
Future buyback reserve	-	-
Other reserves	2.463	2.269
Total reserves item	**1.170.739**	**1.134.006**

Total profit reserves include 633,4 million Euro as non-available reserve until approval of the financial statements for the year ended 31 December 2021. This amount is equal to the gain on bargain purchase from the acquisition of the former GE Capital Interbanca Group.

Pursuant to Article 1, paragraph 147 of the 2014 Stability Law (Italian Law no. 147 of 27.12.2013) and Article 1, paragraph 704 of the 2020 Budget Law (Italian Law no. 160 of 27.12.2019), the Bank has realigned the spread between the statutory value and tax value on certain properties. The amount corresponding to the higher values following the realignment, net of the substitute tax, generated a 15,3 million Euro untaxed reserve.

In addition, following the merger of Interbanca S.p.A. into Banca Ifis, in accordance with Article 172 paragraph 5 of the Consolidated Law on Income Tax, the surviving entity restored the merging entity's deferred tax reserves as follows:

- 4,6 million Euro special reserve as per Article 15 paragraph 10 of Italian Law no. 516 of 07/08/82;
- 2,3 million Euro revaluation reserve as per Italian Law no. 408/90.

Finally, there were an additional 20,7 million Euro in deferred tax reserves recognised by Banca Ifis and arising from the merger of Interbanca, in accordance with the following laws: no. 576/75, no. 83/72 and no. 408/90, that had been previously recognised as share capital of the latter.

Other information

1. Commitments and financial guarantees granted (other than those measured at fair value)

	Nominal amount of commitments and financial guarantees granted				Total 31.12.2021	Total 31.12.2020
	Stage 1	Stage 2	Stage 3	Purchased and/or originated impaired		
1. Loan commitments	**935.196**	**33.681**	**14.625**	-	**983.502**	**826.602**
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	2	-	-	-	2	-
c) Banks	100.008	-	-	-	100.008	60.000
d) Other financial companies	397.170	-	444	-	397.614	401.616
e) Non-financial companies	420.603	31.102	13.983	-	465.688	349.992
f) Households	17.413	2.579	198	-	20.190	14.994
2. Financial guarantees granted	**246.028**	**3.765**	**48.631**	-	**298.424**	**276.279**
a) Central Banks	-	-	-	-	-	-
b) Public Administrations	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	20.948	-	1.145	-	22.093	8.748
e) Non-financial companies	220.550	3.765	47.486	-	271.801	250.533
f) Households	4.530	-	-	-	4.530	16.998

2. Other commitments and guarantees granted

	Nominal amount	
	Total 31.12.2021	Total 31.12.2020
1. Other guarantees granted	**16.281**	**5.474**
of which: non-performing loans	11	11
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	16.281	5.474
f) Households	-	-
2. Other commitments	**363.949**	**32.348**
of which: non-performing loans	-	-
a) Central Banks	-	-
b) Public Administrations	-	-
c) Banks	317.716	-
d) Other financial companies	46.233	32.348
e) Non-financial companies	-	-
f) Households	-	-

3. Assets used as collateral for own liabilities and commitments

Portfolios	31.12.2021	31.12.2020
1. Financial assets measured at fair value through profit or loss	712	-
2. Financial assets measured at fair value through other comprehensive income	472.465	713.017
3. Financial assets measured at amortised cost	2.008.942	1.142.749
4. Property, plant and equipment	-	-
- of which: property, plant and equipment qualifying as inventories	-	-

Financial assets at fair value through other comprehensive income, just like financial assets measured at amortised cost, respectively for 469,6 million Euro and 1.648,6 million Euro, refer to government securities guaranteeing loans on the Eurosystem and a forward contract.

The rest of the financial assets measured at amortised cost refer to bank deposits backing derivative transactions.

4. Administration and mediation on behalf of third parties

Type of services	Amount
1. Execution of orders on behalf of clients	-
a) purchases	-
1. settled	-
2. unsettled	-
b) sales	-
1. settled	-
2. unsettled	-
2. Individual portfolio management	-
3. Safekeeping and administration of securities	5.130.698
a) third party securities in custody: associated with depositary bank services (excluding portfolio management)	-
1. securities issued by the reporting bank	-
2. other securities	-
b) other third party securities in custody (excluding portfolio management): other	558.356
1. securities issued by the reporting bank	-
2. other securities	558.356
c) third party securities held with third parties	513.554
d) own securities held with third parties	4.058.788
4. Other transactions	-

4.3. Part C - Income statement

Section 1 - Interest - Items 10 and 20

1.1 Interest receivable and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31.12.2021	Total 31.12.2020
1. Financial assets measured at fair value through profit or loss:	**455**	**471**	**-**	**926**	**792**
1.1. Financial assets held for trading	3	-	-	3	-
1.2. Financial assets measured at fair value	-	-	-	-	-
1.3. Other financial assets mandatorily measured at fair value	452	471	-	923	792
2. Financial assets measured at fair value through other comprehensive income	**5.437**	**-**	**x**	**5.437**	**938**
3. Financial assets measured at amortised cost:	**24.573**	**274.803**	**-**	**299.376**	**299.676**
3.1. Receivables due from banks	1.727	21.675	x	23.402	8.262
3.2. Receivables due from customers	22.846	253.128	x	275.974	291.414
4. Hedging derivatives	**x**	**x**	**-**	**-**	**-**
5. Other assets	**x**	**x**	**-**	**-**	**-**
6. Financial liabilities	**x**	**x**	**x**	**-**	**-**
Total	**30.465**	**275.274**	**-**	**305.739**	**301.406**
of which: interest income on impaired financial assets	**-**	14.205	**-**	**14.205**	**34.459**
of which: interest income on financial leases	**x**	45.633	**x**	**45.633**	**44.519**

As for Financial assets measured at fair value through profit or loss, the amounts refer to debt securities and loans that failed the SPPI test, as per IFRS 9, whereas in the case of Financial assets measured at fair value through other comprehensive income, the reported amounts are almost exclusively related to the government bonds in the portfolio.

Interest income from receivables due from customers at amortised cost referring to debt securities is associated mainly with the senior tranche of a securitisation backed by the Italian government's state-guarantee scheme for NPL-backed securities (GACS) that the Bank, as well as with the securities portfolio, established as a use of liquidity.

Interest income from impaired financial assets mainly consisted of interest income from non-performing assets that arose from the business combination with the former GE Capital Interbanca Group and the former Aigis.

1.2 Interest receivable and similar income: other information

1.2.1 Interest income on foreign currency financial assets

	31.12.2021	31.12.2020
Interest income on foreign currency financial assets	3.370	5.399

1.3 Interest due and similar expenses: breakdown

Items/Technical forms	Payables	Securities	Other transactions	31.12.2021	31.12.2020
1. Financial liabilities measured at amortised cost	(73.207)	(31.383)	-	(104.590)	(107.237)
1.1 Payables due to central banks	(2.901)	x	x	(2.901)	(1.459)
1.2 Payables due to banks	(1.612)	x	x	(1.612)	(1.642)
1.3 Payables due to customers	(68.694)	x	x	(68.694)	(68.927)
1.4 Debt securities issued	x	(31.383)	x	(31.383)	(35.209)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities measured at fair value	-	-	-	-	-
4. Other liabilities and provisions	x	x	(2)	(2)	(4)
5. Hedging derivatives	x	x	-	-	-
6. Financial assets	x	x	x	(5.525)	-
Total	**(73.207)**	**(31.383)**	**(2)**	**(110.117)**	**(107.241)**
of which: interest expense on lease payables	(234)	x	x	(234)	(231)

At 31 December 2021, interest expense on payables due to customers included 60,5 million Euro related to retail funding -- deriving mainly from the Rendimax savings account and the time deposit (61,4 million Euro in 2020).

1.4 Interest due and similar expenses: other information

1.4.1 Interest expense on foreign currency liabilities

	31.12.2021	31.12.2020
Interest expense on foreign currency liabilities	(656)	(1.323)

Section 2 – Commissions – Items 40 and 50

2.1 Commission income: breakdown

Type of services/Amounts	31.12.2021	31.12.2020
a) Financial instruments	-	-
1. Placement of securities	-	-
1.1 On a firm and/or irrevocable commitment basis	-	-
1.2 Without irrevocable commitment	-	-
2. Receipt and transmission of orders and execution of orders on behalf of customers	-	-
2.1 Receipt and transmission of orders for one or more financial instruments	-	-
2.2 Execution of orders on behalf of clients	-	-
3. Other commissions related to activities linked to financial instruments	-	-
of which: trading on own account	-	-
of which: individual portfolio management	-	-
b) Corporate finance	-	-
1. Mergers and acquisitions advisory services	-	-
2. Treasury services	-	-
3. Other commissions related to corporate finance services	-	-
c) Investment advisory activities	-	-
d) Clearing and settlement	-	-
e) Custody and administration	-	-
1. Depository bank	-	-
2. Other commissions related to custody and administration activities	-	-
f) Central administrative services for collective portfolio management	-	-
g) Fiduciary activities	-	-
h) Payment services	**1.464**	**1.227**
1. Current accounts	740	635
2. Credit cards	-	-
3. Debit cards and other payment cards	49	21
4. Bank transfers and other payment orders	147	79
5. Other fees related to payment services	528	492
i) Distribution of third-party services	**5.664**	**5.561**
1. Collective portfolio management	-	-
2. Insurance products	5.664	5.561
3. Other products	-	-
of which: individual portfolio management	-	-
l) Structured finance	**441**	**30**
m) Servicing for securitisation transactions	**150**	**450**
n) Loan commitments	**-**	**-**
o) Financial guarantees granted	**1.350**	**1.786**
of which: credit derivatives	-	-
p) Loans	**74.461**	**63.263**
of which: for factoring transactions	51.994	47.897
q) Trading in currencies	**-**	**-**
r) Commodities	**-**	**-**
s) Other commission income	**2.069**	**1.107**
of which: for management of multi-lateral trading facilities	-	-
of which: for management of organised trading facilities	-	-
Total	**85.599**	**73.424**

Fees related to the sub-item "Structured Finance” referring to project financing transactions increased as a result of the structuring of a complex short-term funding special situations transaction initiated in the first quarter of 2021 and completed in September 2021.

Commissions linked to financing operations amounted to 74,5 million Euro, an increase of 19,8% compared to the amount for the previous year.

Commissions related to the distribution of insurance products include approximately 5,4 million Euro in 2021 (unchanged from 2020) related to the operations of the leasing business.

2.2 Commission income: distribution channels of products and services

Channels/Amounts	31.12.2021	31.12.2020
a) At own branches:	**-**	-
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party services and products	-	-
b) Out-of-office offer:	**-**	-
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party services and products	-	-
c) Other distribution channels:	**5.663**	**5.410**
1. portfolio management	-	-
2. placement of securities	-	-
3. third-party services and products	5.663	5.410
Total	**5.663**	**5.410**

2.3 Commission expense: breakdown

Services/Amounts	31.12.2021	31.12.2020
a) Financial instruments	**(294)**	**(172)**
of which: trading in financial instruments	(294)	(172)
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and Settlement	**-**	**-**
c) Custody and administration	**(91)**	**(43)**
d) Collection and payment services	**(324)**	**(78)**
of which: credit cards, debit cards and other payment cards	-	-
e) Servicing for securitisation transactions	**(223)**	**(1.425)**
f) Loan commitments	**-**	**-**
g) Financial guarantees received	**(1.037)**	**(329)**
of which: credit derivatives	-	-
h) Out-of-office canvassing of financial instruments, services and products	**(2.347)**	**(1.164)**
i) Trading in currencies	**-**	**-**
l) Other commissions payable	**(7.391)**	**(4.488)**
Total	**(11.707)**	**(7.699)**

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

Items/Income	31.12.2021		31.12.2020	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	33	25	-	-
C. Financial assets measured at fair value through other comprehensive income	7.439	-	3.025	-
D. Equity investments	41.737	-	69.300	-
Total	**49.209**	**25**	**72.325**	**-**

Section 4 – Net profit (loss) from trading – Item 80

4.1 Net profit (loss) from trading: breakdown

Transactions/Income items	Capital gains (A)	Profit from trading (B)	Capital losses (C)	Losses from trading (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	**1**	**1.072**	**(89)**	**(469)**	**515**
1.1 Debt securities	1	33	(9)	(304)	(279)
1.2 Equity instruments	-	1.039	(80)	(165)	794
1.3 UCITS units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**x**	**x**	**x**	**x**	**(19)**
4. Derivatives	**47.509**	**18.348**	**(52.871)**	**(17.100)**	**(4.114)**
4.1. Financial derivatives:	47.509	18.348	(52.871)	(17.100)	(4.114)
- On debt securities and interest rates	21.429	4.696	(21.022)	(4.466)	637
- On equity instruments and share indexes	26.080	13.652	(31.849)	(12.634)	(4.751)
- On currencies and gold	x	x	x	x	
- Other	-	-	-	-	-
4.2 Derivatives on loans	-	-	-	-	-
of which: natural hedges connected to the fair value option	x	x	x	x	-
Total	**47.510**	**19.420**	**(52.960)**	**(17.569)**	**(3.618)**

Section 6 - Profit (loss) from sale or buyback - Item 100

6.1 Profit (loss) from sale or buyback: breakdown

Items/Income items	31.12.2021			31.12.2020		
	Profit	Losses	Net result	Profit	Losses	Net result
A. Financial assets						
1. Financial assets measured at amortised cost	3.396	(759)	2.637	11.689	(9.388)	2.301
1.1 Receivables due from banks	-	-	-	-	-	-
1.2 Receivables due from customers	3.396	(759)	2.637	11.689	(9.388)	2.301
2. Financial assets measured at fair value through other comprehensive income	5.712	(774)	4.938	12.045	(5.382)	6.663
2.1 Debt securities	5.712	(774)	4.938	12.045	(5.382)	6.663
2.2 Loans	-	-	-			
Total assets (A)	**9.108**	**(1.533)**	**7.575**	**23.734**	**(14.770)**	**8.964**
B. Financial liabilities measured at amortised cost						
1. Payables due to banks	-	-	-	-	-	-
2. Payables due to customers	-	-	-	-	-	-
3. Debt securities issued	10	(102)	(92)	7.451	-	7.451
Total liabilities (B)	**10**	**(102)**	**(92)**	**7.451**	**-**	**7.451**

Section 7 - Net result of financial assets and liabilities measured at fair value through profit or loss - Item 110

7.2 Net change in other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets mandatorily measured at fair value

Transactions/Income items	Capital gains (A)	Gains on sale (B)	Capital losses (C)	Losses on sale (D)	Net result [(A+B)-(C+D)]
1. Financial assets	17.724	1.795	(7.849)	-	11.670
1.1 Debt securities	1.075	-	(36)	-	1.039
1.2 Equity instruments	5.000	1.499	(1.956)	-	4.543
1.3 UCITS units	6.510	296	(1.541)	-	5.265
1.4 Loans	5.139	-	(4.316)	-	823
2. Financial assets: exchange differences	X	X	X	X	-
Total	**17.724**	**1.795**	**(7.849)**	**-**	**11.670**

Section 8 - Net credit risk losses/reversals - Item 130

8.1 Net credit risk losses related to financial assets measured at amortised cost: breakdown

Transactions/	Impairment losses						Reversals of impairment losses				Total 31.12.2021	Total 31.12.2020
	Stage 1	Stage 2	Stage 3		Purchased or originated impaired		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		
			Write-offs	Other	Write-offs	Other						
A. Receivables due from banks	**(300)**	**-**	**-**	**-**	**-**	**-**	**669**	**-**	**-**	**-**	**369**	**(525)**
- Loans	(27)	-	-	-	-	-	669	-	-	-	642	(481)
- Debt securities	(273)	-	-	-	-	-	-	-	-	-	(273)	(44)
B. Receivables due from customers	**(8.686)**	**(14.345)**	**(15.877)**	**(67.376)**	**-**	**(419)**	**11.558**	**1.453**	**27.169**	**10.228**	**(56.295)**	**(89.526)**
- Loans	(7.778)	(14.345)	(15.877)	(67.376)	-	(419)	11.558	1.453	27.169	10.228	(55.387)	(88.883)
- Debt securities	(908)	-	-	-	-	-	-	-	-	-	(908)	(643)
Total	**(8.986)**	**(14.345)**	**(15.877)**	**(67.376)**	**-**	**(419)**	**12.227**	**1.453**	**27.169**	**10.228**	**(55.926)**	**(90.051)**

Net credit risk losses relative to financial assets measured at amortised cost totalled 55,9 million Euro at 31 December 2021, compared to net losses of 90,1 million Euro at 31 December 2020 (-37,9%). It should be noted that during 2020 Banca Ifis made additional value adjustments of approximately 31 million Euro in order to take into account the macroeconomic context attributable to the pandemic as well as the potential effects linked to the lack of support measures, concentrated in the factoring, leasing and non-core sectors. In FY 2021, the following were made:

- provisions of 12,5 million Euro in the Corporate Banking Area against the concentration risk typical of the sector, also to take account of potential further future effects connected with the lack of credit support measures.
- 12,0 million Euro linked to a revision of the assessment of the recoverability of the exposures on the commercial portfolio with higher vintage.

8.1a Net credit risk losses related to loans measured at amortised cost concerned by COVID-19 support measures: breakdown

Transactions/ Income items	Impairment losses						Total 31.12.2021	Total 31.12.2020
	Stage 1	Stage 2	Stage 3		Impaired acquired or originated			
			Write-offs	Other	Write-offs	Other		
1. Loans concerned by concessions in compliance with the GLs	-	-	-	-	-	-	-	(5.849)
2. Loans subject to outstanding moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	(203)	(271)	-	(718)	-	-	(1.192)	(2.732)
3. Loans concerned by other concessions	-	-	-	-	-	-	-	-
4. New loans	(501)	(289)	-	(334)	-	-	(1.124)	(248)
Total 31.12.2021	**(704)**	**(560)**	**-**	**(1.052)**	**-**	**-**	**(2.316)**	
Total 31.12.2020	**(5.557)**	**-**	**(38)**	**(3.234)**	**-**	**-**	**-**	**(8.829)**

8.2 Net credit risk losses related to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/ Income items	Impairment losses						Reversals of impairment losses				Total 31.12.2021	Total 31.12.2020
	Stage 1	Stage 2	Stage 3		Purchased or originated impaired		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		
			Write-offs	Other	Write-offs	Other						
A. Debt securities	**(32)**	-	-	-	-	-	-	-	**-**	**-**	**(32)**	**608**
B. Loans	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**
- To customers	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**
- To banks	-	-	-	-	-	-	-	-	**-**	**-**	**-**	**-**
Total	**(32)**	-	-	-	-	-	-	-	**-**	**-**	**(32)**	**608**

Section 10 - Administrative expenses - Item 160

10.1 Personnel expenses: breakdown

Type of expense/Sectors	31.12.2021	31.12.2020
1) Employees	(102.169)	(89.972)
a) salaries and wages	(73.024)	(62.690)
b) social security contributions	(20.897)	(18.744)
c) post-employment benefits	-	-
d) pension expense	-	-
e) allocations for post-employment benefits	(4.038)	(3.877)
f) allocations to pensions and similar provisions:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments made to supplementary external funds:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
h) costs arising from share-based payment agreements	-	-
i) other employee benefits	(4.210)	(4.661)
2) Other serving employees	(163)	(235)
3) Directors and Statutory Auditors	(4.763)	(3.732)
4) Retired personnel	-	-
5) Recovery of expenses for seconded personnel	1.704	1.265
6) Reimbursement of expenses for seconded third-party employees at the Company	(1.504)	(875)
Total	**(106.895)**	**(93.549)**

Personnel expenses, amounting to 106,9 million Euro, registered an increase of 14,3% (93,5 million Euro at December 2020) due to the increase in the workforce, and following higher provisions for variable remuneration compared to the previous year, which were affected by prudential remuneration policies linked to the uncertainties of the pandemic context. At 31 December 2021, the Bank has 1.271 employees, as compared with 1.188 resources last year.

Allocations for post-employment benefits included both contributions that employees have chosen to leave in the company and to be paid to INPS's Treasury Fund, and contributions to be paid to supplementary pension funds -- as well as the interest expense on the defined benefit obligation.

10.2 Average number of employees by category

Employees	31.12.2021	31.12.2020
Employees:	**1.229,5**	**1.185,5**
a) managers	75,0	69,0
b) middle managers	456,5	440,0
c) other employees	698,0	676,5
Other personnel	**-**	**-**

10.5 Other administrative expenses: breakdown

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	31.12.2021	31.12.2020
Expenses for professional services	**49.824**	**28.720**
Legal and consulting services	47.214	26.369
Auditing	430	447
Outsourced services	2.180	1.904
Direct and indirect taxes	**14.299**	**13.588**
Expenses for purchasing goods and other services	**49.447**	**52.154**
Software assistance and hire	13.586	13.350
FITD and Resolution fund	10.697	8.226
Advertising and inserts	6.166	7.991
Property expenses	4.211	4.917
Customer information	3.622	4.491
Telephone and data transmission expenses	2.922	3.405
Securitisation costs	2.360	2.151
Car fleet management and maintenance	1.705	1.894
Postage and archiving of documents	788	1.083
Business trips and transfers	368	1.090
Other sundry expenses	3.022	3.556
Total other administrative expenses	**113.570**	**94.462**

Other administrative expenses come to 113,6 million Euro as compared with the 94,4 million Euro booked last year, thereby recording a rise of 20,2%. The increase is primarily due to the increase in professional services expenses, which show an increase of 73,5%. It should be pointed out that the sub-item "Legal and consulting services" includes 11,5 million Euro relating to the expenses incurred directly by the Bank for the transfer of the registered office of the Parent Company La Scogliera to Switzerland (Canton of Vaud - Lausanne).

The sub-item "Direct and indirect taxes" increased by 5,2% compared with the previous year and mainly consists of stamp duty amounting to 11,9 million Euro, the charge-back of which to customers is included in the item "Other operating income", and registration tax amounting to 1,4 million Euro.

"Expenses for purchasing goods and other services" amounted to 49,4 million Euro, down 5,2% from 52,2 million Euro in the previous year. The change in this item is due to the combined effect of the changes seen in some items, in particular:

- FITD and Resolution fund which amounted to 10,7 million Euro, up 33,9% compared to 8,0 million Euro at 31 December 2020 as a result of the increased volumes of protected deposits in the banking sector;
- Advertising expenses, which amounted to 6,2 million Euro, a decrease of 25% compared to the previous year, which included the costs of the rebranding project launched by the Bank in the first half of 2020;
- Business trips and transfers decreased by 66,2% to 0,4 million as a result of the changed working methods imposed with the start of the health emergency.
- Telephone and data transmission expenses of 2,9 million Euro, down 14,2% on the previous year;
- Securitisation costs go from 2,2 million Euro to 2,4 million Euro, recording a rise of 9,7%. The item was impacted by the action taken to sell portfolios;
- Expenses for the postage and archiving of documents fell by 27,2% compared with the previous year, partly as a result of the new working methods activated following the health emergency.

Section 11 - Net allocations to provisions for risks and charges - Item 170

11.1 Net provisions for credit risk related to loan commitments and financial guarantees granted: breakdown

Net provisions for credit risk related to loan commitments and financial guarantees granted totalled 2,9 million Euro at 31 December 2021, down on the figure recorded for FY 2020 (8,9 million Euro). The latter had also seen individually significant provisions in relation to the estimated effects of the pandemic in the sectors most affected. This item therefore reflects risk estimates on commitments made during 2021.

11.3 Net allocations to other provisions for risks and charges: breakdown

For more details, see Part B, Section 10 Provisions for risks and charges in these Notes.

Section 12 - Net impairment losses/reversals on property, plant and equipment - Item 180

12.1 Net impairment losses on property, plant and equipment: breakdown

Assets/Income items	Depreciation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Net result (a + b - c)
A. Property, plant and equipment				
1. for functional use	(8.136)	(755)	-	(8.891)
- Owned	(4.484)	(755)	-	(5.239)
- Rights of use acquired through leases	(3.652)	-	-	(3.652)
2. Held for investment	-	(80)	-	(80)
- Owned	-	(80)	-	(80)
- Rights of use acquired through leases	-	-	-	-
3. Inventories	x	-	-	-
Total	**(8.136)**	**(835)**	**-**	**(8.971)**

Section 13 - Net impairment losses/reversals on intangible assets - Item 190

13.1 Net impairment losses on intangible assets: breakdown

Assets/Income items	Amortisation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(7.477)	-	-	(7.477)
A.1 Owned	(7.477)	-	-	(7.477)
- Internally generated	-	-	-	-
- Other	(7.477)	-	-	(7.477)
A.2 Rights of use acquired through leases	-	-	-	-
Total	**(7.477)**	**-**	**-**	**(7.477)**

Section 14 - Other operating income (expenses) - Item 200

14.1 Other operating expenses: breakdown

Type of expense/Amounts	31.12.2021	31.12.2020
a) Transactions with customers	(753)	(380)
b) Capital losses	(108)	(522)
b) Other expenses	(1.261)	(1.782)
Total	**(2.122)**	**(2.684)**

14.2 Other operating income: breakdown

Amounts/Income	31.12.2021	31.12.2020
a) Recovery of expenses charged to third parties	14.531	14.407
b) Rental income	757	93
c) Income from the realisation of property, plant and equipment	205	18
d) Other income	23.804	17.544
Total	**39.297**	**32.062**

Other income and expenses amounted to 39,3 million Euro, up 26,5% on the previous year. 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 (legal expenses and indirect taxes), as well as recoveries of expenses associated with leasing operations, which in 2020 were negatively impacted by the health emergency.

15.1 Analysis of profit (loss) on equity investments

Income components/Values	31.12.2021	31.12.2020
A. Income	-	-
1. Revaluations	-	-
2. Gains on sale	-	-
3. Reversals of impairment losses	-	-
4. Other income	-	-
B. Expenses	(4.459)	(8.059)
1. Write-downs	(4.459)	(8.059)
2. Impairment losses	-	-
3. Losses on sale	-	-
4. Other expenses	-	-
Net result	**(4.459)**	**(8.059)**

The write-downs recorded refer entirely to the investment in Cap.Ital.Fin. S.p.A. and reflect the adjustment of the cost of the investment to the related carrying amount of shareholders' equity.

Section 18 - Profit (loss) from sale or buyback - item 250

18.1 Profit (Loss) from sale of investments: breakdown

Type of expense/Amounts	31.12.2021	31.12.2020
A. Property	-	24.161
- Gains on disposal	-	24.161
- Losses on disposal	-	-
B. Other assets	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
Net result	**-**	**24.161**

At 31 December 2021, there were no gains or losses on disposals. The profits for the previous year were generated by the sale of the property in Milan, in Corso Venezia.

Section 19 - Income taxes for the year relating to current operations - Item 270

19.1 Income taxes for the year relating to current operations: breakdown

Income items/Segments	31.12.2021	31.12.2020
1. Current taxes (-)	(3.804)	(3.998)
2. Changes in current taxes of previous years (+/-)	(83)	790
3. Reductions in current taxes for the year (+)	-	-
3.*bis* Reduction in current taxes for the year for tax credits as per Italian Law no. 214/2011 (+)	-	-
4. Changes in deferred tax assets (+/-)	(6.197)	135
5. Changes in deferred tax liabilities (+/-)	2.825	2.014
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(7.259)	(1.059)

19.2 Reconciliation between theoretical tax charges and effective tax charges for the year

Items/Components	31.12.2021	31.12.2020
Pre-tax profit (loss) for the period from continuing operations	**63.727**	**60.563**
Corporate tax (IRES) - theoretical tax charges (27,5%)	(17.525)	(16.655)
- effect of non-taxable income and other decreases - permanent	18.436	23.587
- effect of non-deductible charges and other increases - permanent	(3.227)	(4.086)
- non-current corporate tax (IRES)	(657)	802
Corporate tax (IRES) - Effective tax charges	**(2.973)**	**3.648**
Regional tax on productive activities (IRAP) - theoretical tax charges (5,57%)	(3.550)	(3.373)
- effect of income/charges that are not part of the taxable base	(1.345)	(1.322)
- non-current regional tax on productive activities (IRAP)	609	(12)
Regional tax on productive activities (IRAP) - Effective tax charges	**(4.286)**	**(4.707)**
Effective tax charges for the year	**(7.259)**	**(1.059)**

The tax rate for the year 2021 was 11,39%. The effective tax rate is below the theoretical tax rate of 33,07% (27,5% IRES + 5,57% IRAP) thanks to the benefits generated primarily by the ACE deduction and the partial taxation of dividends received by the Bank, 95% of which are excluded from IRES taxation and 50% from IRAP taxation.

Section 21 - Other information

21.1 Disclosure of government grants as per Article 1, paragraph 125 of Italian Law no. 124 of 4 August 2017 (the “Annual Law on the Market and Competition”)

Below are the subsidies, grants, paid positions, and economic benefits of any kind received by the Bank, gross of the 4% withholding envisaged by Article 28, paragraph 2 of Italian Presidential Decree no. 600/1973.

Grantor	Reference	Amount of the government grant
Italian Fund for the support of employment in the credit industry	-	290
INPS	L. 205/2017, L. 126/2020, L. 78/2020	258
Total		**548**

Section 22 - Earnings per share

22.1 Average number of ordinary diluted shares

Earnings per share and diluted earnings per share	31.12.2021	31.12.2020
Net profit (in thousands of Euro)	56.468	59.504
Average number of outstanding shares	53.468.051	53.457.850
Average number of diluted shares	53.468.051	53.457.850
Earnings per share (Units of Euro)	**1,06**	**1,11**
Diluted earnings per share (Units of Euro)	**1,06**	**1,11**

4.4 Part D - Comprehensive income

	ITEMS (in thousands of Euro)	31.12.2021	31.12.2020
10.	**Profit (Loss) for the year**	**56.468**	**59.504**
	Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**1.468**	**(19.487)**
20.	Equity securities measured at fair value through other comprehensive income	3.791	(21.932)
	a) fair value gains (losses)	(220)	(17.166)
	b) transfers to other components of equity	4.011	(4.766)
70.	Defined benefit plans	(203)	(214)
100.	Income taxes related to other comprehensive income not to be reclassified to profit or loss	(2.120)	2.659
	Other comprehensive income, net of taxes, to be reclassified to profit or loss	**(5.525)**	**2.208**
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	(8.270)	3.599
	a) fair value gains (losses)	(15.680)	(5.747)
	b) reclassification to profit or loss	7.410	9.346
	- credit risk losses	32	(608)
	- gains/losses on sale	7.378	9.954
	c) other changes	-	-
180.	Income taxes related to other comprehensive income to be reclassified to profit or loss	2.745	(1.391)
190.	**Total other comprehensive income**	**(4.057)**	**(17.279)**
200.	**Total comprehensive income (Item 10 + 190)**	**52.411**	**42.225**

4.5 Part E - Information on risks and risk management policies

Background

This Part of the Notes includes quantitative information on risks referring to Banca Ifis S.p.A. For qualitative information on the risk management and monitoring process, please refer to Part E in the "Notes to the Consolidated Financial Statements".

Section 1 - Credit risk

Qualitative information

For qualitative information, please refer to Part E in the "Notes to the Consolidated Financial Statements".

Quantitative information

A. Credit quality

A.1 Non-performing and performing credit exposures: amounts, impairment losses, trend, and economic breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amounts)

Portfolio/Quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	37.874	116.831	114.376	303.876	8.999.404	9.572.361
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	515.277	515.277
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	4.942	9.756	-	-	22.081	36.779
5. Financial assets under disposal	-	-	-	-	-	-
Total 31.12.2021	**42.816**	**126.587**	**114.376**	**303.876**	**9.536.762**	**10.124.417**
Total 31.12.2020	**56.533**	**135.337**	**32.049**	**296.694**	**9.053.070**	**9.573.683**

Excluded from this table are on-demand receivables from banks (which are classified under the item "Cash and cash equivalents, in accordance with Bank of Italy instructions), equity securities and CIU units.

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net amounts)

Portfolio/Quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Overall impairment losses/reversals	Net exposure	Overall partial write-offs (1)	Gross exposure	Overall impairment losses/reversals	Net exposure	
1. Financial assets measured at amortised cost	452.902	183.820	269.082	10.822	9.377.724	74.445	9.303.280	9.572.362
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	515.528	251	515.277	515.277
3. Financial assets measured at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	14.698	-	14.698	11.944	X	X	22.081	36.779
5. Financial assets under disposal	-	-	-	-	-	-	-	-
Total 31.12.2021	**467.600**	**183.820**	**283.780**	**22.766**	**9.893.252**	**74.696**	**9.840.638**	**10.124.418**
Total 31.12.2020	**448.671**	**224.753**	**223.918**	**589**	**9.405.246**	**63.210**	**9.349.765**	**9.573.683**

(1) Amount to be reported for disclosure purposes

Excluded from this table are on-demand receivables from banks (which are classified under the item "Cash and cash equivalents, in accordance with Bank of Italy instructions), equity securities and CIU units.

Portfolio/Quality	Low credit quality assets		Other assets
	Accumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	127	27	3.503
2. Hedging derivatives	-	-	-
Total 31.12.2021	**127**	**27**	**3.503**
Total 31.12.2020	**312**	**32**	**19.217**

A.1.3 Breakdown of financial assets by past due buckets (carrying amounts)

Portfolios/risk stages	Stage 1			Stage 2			Stage 3			Purchased or originated impaired		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost	84.703	185	90	8.559	52.121	156.561	3.942	5.563	114.528	2.220	564	18.029
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets under disposal	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2021	**84.703**	**185**	**90**	**8.559**	**52.121**	**156.561**	**3.942**	**5.563**	**114.528**	**2.220**	**564**	**18.029**
Total 31.12.2020	**72.085**	**-**	**2.123**	**2.033**	**41.235**	**216.088**	**2.776**	**3.382**	**90.583**	**663**	**398**	**18.747**

A.1.4 Financial assets, loan commitments and financial guarantees granted: overall impairment losses/reversals and overall provisions

Reason/Risk stage	Overall impairment losses/reversals																							Total provisions on loan commitments and financial guarantees granted				Tot.
	Stage 1 assets						Stage 2 assets						Stage 3 assets						Purchased or originated impaired financial assets									
	Due from banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets under disposal	of which: individual impairment	of which: collective impairment	Due from banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets under disposal	of which: individual impairment	of which: collective impairment	Due from banks and central banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets under disposal	of which: individual impairment	of which: collective impairment	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets under disposal	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and fin. guarantees issued impaired acquired or	
Opening balance of total impairment losses/reversals of impairment losses	**823**	**57.969**	**218**	**-**	**-**	**59.010**	**-**	**4.818**	**-**	**-**	**-**	**4.818**	**-**	**224.753**	**-**	**-**	**224.753**	**-**	**-**	**-**	**-**	**-**	**-**	**3.123**	**-**	**7.336**	**-**	**299.040**
Increases from purchased or originated financial assets	6	1.003	-	-	-	1.009	-	169	-	-	-	169	-	15.331	-	-	15.331	-	X	X	X	X	X	-	-	110	-	**16.619**
Derecognitions other than write-offs	-	(74)	-	-	-	(74)	-	-	-	-	-	-	-	(48.571)	-	-	(48.571)	-	-	-	-	-	-	-	-	(1.819)	-	**(50.464)**
Net credit risk losses/reversals (+/-)	(369)	(2.698)	32	-	-	(3.035)	-	12.783	-	-	-	12.783	-	41.167	-	-	41.167	-	(9.809)	-	-	(9.809)	-	(127)	2.081	929	-	**43.989**
Contractual modifications without derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Changes in estimation method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Write-offs not recognised directly through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	(33.913)	-	-	(33.913)	-	-	-	-	-	-	-	-	-	-	**(33.913)**
Other changes	(106)	408	1	-	-	303	-	(287)	-	-	-	(287)	-	(14.947)	-	-	(14.947)	-	9.809	-	-	9.809	-	-	-	(1)	-	**(5.123)**
Closing balance of total impairment losses/reversals of impairment losses	**354**	**56.608**	**251**	**-**	**-**	**57.213**	**-**	**17.483**	**-**	**-**	**-**	**17.483**	**-**	**183.820**	**-**	**-**	**183.820**	**-**	**-**	**-**	**-**	**-**	**-**	**2.996**	**2.081**	**6.555**	**-**	**270.148**
Reversals from collections on financial assets written off	-	-	-	-	-	-	-	-	-	-	-	-	-	13.881	-	-	13.881	-	-	-	-	-	-	-	-	-	-	**13.881**
Write-offs recognised directly through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	15.877	-	-	15.877	-	-	-	-	-	-	-	-	-	-	**15.877**

A.1.5 Financial assets, loan commitments and financial guarantees granted: transfers between different credit risk stages (gross and nominal amounts)

Portfolios/risk stages	Gross amounts/nominal amount					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
1. Financial assets measured at amortised cost	132.186	328.116	51.476	5.967	33.673	32.839
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets under disposal	-	-	-	-	-	-
4. Loan commitments and financial guarantees granted	139.805	4.767	1	121	194	1.905
Total 31.12.2021	**271.991**	**338.883**	**51.477**	**6.088**	**33.867**	**34.744**
Total 31.12.2020	**692.998**	**140.869**	**14.723**	**28.372**	**68.044**	**26.070**

A.1.5a Loans concerned by COVID-19 support measures: transfers between different credit risk stages (gross amounts)

Portfolios/risk stages	Gross amounts/nominal amount					
	Transfers between Stage 1 and Stage 2		Transfers between Stage 2 and Stage 3		Transfers between Stage 1 and Stage 3	
	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
A. Loans measured at amortised cost	**22.192**	**19.551**	**458**	**99**	**214**	**85**
A.1 concerned by concessions in compliance with the GLs	-	255	-	-	-	-
A.2 subject to existing moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	4.459	5.274	26	99	-	-
A.3 concerned by other concessions	-	-	-	-	-	-
A.4 new funding	17.733	14.022	458	-	214	85
B. Loans measured at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
B.1 concerned by concessions in compliance with the GLs	**-**	**-**	**-**	**-**	**-**	**-**
B.2 subject to existing moratorium measures no longer in compliance with with the GLs and not assessed as subject of concession	-	-	-	-	-	-
B.3 concerned by other concessions	-	-	-	-	-	-
B.4 new funding	-	-	-	-	-	-
Total (31.12.2021)	**22.192**	**19.551**	**458**	**99**	**214**	**85**
Total (31.12.2020)	**15.455**	**10.674**	**897**	**1.348**	**1.540**	**481**

A.1.6 On- and off-balance-sheet credit exposures to banks: gross and net amounts

On-balance-sheet exposures include all on-balance-sheet financial assets due from banks, regardless of the portfolio they are included in (measured at amortised cost, measured at fair value through other comprehensive Income, measured at fair value, mandatorily measured at fair value, under disposal). On-demand" credit exposures include on-demand receivables from banks classified under "Cash and cash equivalents", in compliance with the provisions of the October 2021 7th update of Bank of Italy Circular no. 262/2005.

Types of exposures/Amounts	Gross exposure					Overall impairment losses/reversals and overall allocations					Net exposure	Overall partial write-offs
		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		
A. On-balance-sheet credit exposures												
A.1 On demand	**86.620**	**86.620**	**-**	**-**	**-**	**(135)**	**(135)**	**-**	**-**	**-**	**86.485**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	86.620	86.620	-	X	-	(135)	(135)	-	X	-	86.485	-
A.2 Other	**569.912**	**569.118**	**794**	**-**	**-**	**(360)**	**(360)**	**-**	**-**	**-**	**569.552**	**-**
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Non-performing past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Performing past due exposures	82	-	82	X	-	-	-	-	X	-	82	-
- of which forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other performing exposures	569.830	569.118	712	-	-	(360)	(360)	-	X	-	569.470	-
- of which forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	**656.532**	**655.738**	**794**	**-**	**-**	**(495)**	**(495)**	**-**	**-**	**-**	**656.037**	**-**
B. Off-balance-sheet credit exposures												
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	469.660	469.660	-	-	-	-	-	-	X	-	469.660	-
Total (B)	**469.660**	**469.660**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**469.660**	**-**
Total (A+B)	**1.126.192**	**1.125.398**	**794**	**-**	**-**	**(495)**	**(495)**	**-**	**-**	**-**	**1.125.697**	**-**

A.1.7 On- and off-balance-sheet credit exposures to customers: gross and net amounts

Types of exposures/Amounts	Gross exposure					Overall impairment losses/reversals and overall allocations					Net exposure	Overall partial write-offs
		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		
A. On-balance-sheet credit exposures												
a) Bad loans	133.058	X	-	117.221	15.837	(90.242)	X	-	(90.242)	-	42.816	22.715
- of which forborne exposures	4.103	X	-	3.934	169	(3.334)	X	-	(3.334)	-	769	-
b) Unlikely to pay	214.302	X	-	191.023	23.279	(87.714)	X	-	(87.714)	-	126.588	1.740
- of which forborne exposures	69.107	X	-	63.065	6.042	(22.325)	X	-	(22.325)	-	46.782	1
c) Non-performing past due exposures	120.240	X	-	118.516	1.724	(5.863)	X	-	(5.863)	-	114.377	-
- of which forborne exposures	3.897	X	-	3.691	206	(1.037)	X	-	(1.037)	-	2.860	-
d) Performing past due exposures	309.440	86.909	220.873	-	1.658	(5.646)	(1.932)	(3.714)	X	-	303.794	137
- of which forborne exposures	2.544	-	2.373	-	171	(143)	-	(143)	X	-	2.401	-
e) Other performing exposures	9.036.693	8.711.040	279.972	-	45.681	(68.689)	(54.920)	(13.769)	X	-	8.968.004	46.416
- of which forborne exposures	89.598	-	87.931	-	1.667	(5.830)	-	(5.830)	X	-	83.768	-
Total (A)	**9.813.733**	**8.797.949**	**500.845**	**426.760**	**88.179**	**(258.154)**	**(56.852)**	**(17.483)**	**(183.819)**	**-**	**9.555.579**	**71.008**
B. Off-balance-sheet credit exposures												
a) Non-performing	63.267	X	-	63.267	-	(6.555)	X	-	(6.555)	-	56.712	-
b) Performing	1.182.365	1.143.277	39.088	-	-	(5.077)	(2.996)	(2.081)	X	-	1.177.288	-
Total (B)	**1.245.632**	**1.143.277**	**39.088**	**63.267**	**-**	**(11.632)**	**(2.996)**	**(2.081)**	**(6.555)**	**-**	**1.234.000**	**-**
Total (A+B)	**11.059.365**	**9.941.226**	**539.933**	**490.027**	**88.179**	**(269.786)**	**(59.848)**	**(19.564)**	**(190.374)**	**-**	**10.789.579**	**71.008**

On-balance-sheet exposures include all on-balance-sheet financial assets due from customers regardless of the portfolio they are included in (measured at amortised cost, measured at fair value through other comprehensive Income, measured at fair value, mandatorily measured at fair value, under disposal).

A.1.7a Loans concerned by COVID-19 support measures: gross and net amounts

Types of exposures/Amounts	Gross exposure					Overall impairment losses/reversals and overall allocations					Net exposure	Overall partial write-offs
		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		Stage 1	Stage 2	Stage 3	Purchased or originated impaired		
A. Non-performing loans:	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Concerned by concession in compliance with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to outstanding moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	-	-	-	-	-	-	-	-	-	-	-	-
c) Concerned by other concessions	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	-	-	-	-	-	-	-	-	-	-	-	-
B. Unlikely to pay loans:	**9.157**	**-**	**-**	**5.068**	**4.089**	**(1.254)**	**-**	**-**	**(1.254)**	**-**	**7.903**	
a) Concerned by concession in compliance with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to outstanding moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	4.720	-	-	3.305	1.415	(946)	-	-	(946)	-	**3.774**	-
c) Concerned by other concessions	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	4.437	-	-	1.763	2.674	(308)	-	-	(308)	-	**4.129**	-
C. Non-performing past due loans:	**704**	**-**	**-**	**438**	**266**	**(33)**	**-**	**-**	**(33)**	**-**	**671**	**-**
a) Concerned by concession in compliance with the GLs	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to outstanding moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	78	-	-	78	-	(5)	-	-	(5)	-	**73**	-
c) Concerned by other concessions	626	-	-	360	266	(28)	-	-	(28)	-	**598**	-
d) New loans	-	-	-	-	-	-	-	-	-	-	-	-
D. Other performing past-due exposures:	**14.467**	**1.661**	**12.806**	**-**	**-**	**(101)**	**(3)**	**(98)**	**-**	**-**	**14.366**	**-**

a) Concerned by concession in compliance with the GLs	255	255	-	-	-	-	-	-	-	-	**255**	-
b) Subject to outstanding moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	5.948	329	5.619	-	-	(70)	(1)	(69)	-	-	**5.878**	-
c) Concerned by other concessions	-	-	-	-	-	-	-	-	-	-	**-**	-
d) New loans	8.264	1.077	7.187	-	-	(31)	(2)	(29)	-	-	**8.233**	-
E. Other performing loans:	**552.795**	**511.484**	**35.220**	**-**	**6.091**	**(1.793)**	**(1.244)**	**(549)**	**-**	**-**	**551.002**	**-**
a) Concerned by concession in compliance with the GLs	119	119	-	-	-	(1)	(1)	-	-	-	**118**	-
b) Subject to outstanding moratorium measures no longer in compliance with the GLs and not assessed as subject of concession	96.146	82.602	13.232	-	312	(781)	(509)	(272)	-	-	**95.365**	-
c) Concerned by other concessions	-	-	-	-	-	-	-	-	-	-	**-**	-
d) New loans	456.530	428.763	21.988	-	5.779	(1.011)	(734)	(277)	-	-	**455.519**	-
Total (A+B+C+D+E)	**577.123**	**513.145**	**48.026**	**5.506**	**10.446**	**(3.181)**	**(1.247)**	**(647)**	**(1.287)**	**-**	**573.942**	**-**

This table shows, with reference to the loans concerned by moratorium or other COVID-19 concessions, or which constitute new liquidity granted by means of public guarantee mechanisms, details of the gross exposure and comprehensive value adjustments, as well as a disclosure on net exposure for the various categories of impaired/non-impaired assets.

A.1.9 On-balance-sheet credit exposures to customers: trends in gross non-performing exposures

Reason/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Opening gross exposure	**173.828**	**240.261**	**34.583**
- of which: transferred and not derecognised	2	3.886	1.782
B. Increases	**317.336**	**391.442**	**287.140**
B.1 income from performing exposures	1.743	41.779	219.131
B.2 income from purchased or originated impaired financial assets	14.757	80.375	109
B.3 transfers from other non-performing exposure categories	26.423	28.978	117
B.4 contractual modifications without derecognition	-	-	-
B.5 other increases	274.413	240.310	67.783
- of which: business combinations	2.702	2.994	1.502
C. Decreases	**358.106**	**417.401**	**201.483**
C.1 outflows to performing exposures	456	4.697	83.824
C.2 write-offs	51.682	2.027	143
C.3 collections	17.488	70.421	1.444
C.4 proceeds from sales	16.075	17.302	-
C.5 losses on sale	59.853	-	-
C.6 transfers to other non-performing loan categories	559	26.191	28.768
C.7 contractual modifications without derecognition	-	-	-
C.8 other decreases	211.993	296.763	87.304
D. Closing gross exposure	**133.058**	**214.302**	**120.240**
- of which: transferred and not derecognised	99	948	2.307

On-balance-sheet exposures include all on-balance-sheet financial assets due from customers regardless of the portfolio they are included in (measured at amortised cost, measured at fair value through other comprehensive Income, designated as measured at fair value, mandatorily measured at fair value, under disposal).

A.1.9 bis On-balance-sheet credit exposures to customers: trends in gross forborne exposures broken down by credit quality

Reason/Categories	Forborne exposures: non-performing	Forborne exposures: performing
A. Opening gross exposure	**35.505**	**34.636**
- of which: transferred and not derecognised	604	3.876
B. Increases	**165.616**	**101.503**
B.1 inflows from non-forborne performing exposures	863	77.321
B.2 inflows from forborne performing exposures	11.445	x
B.3 inflows from non-performing forborne exposure	x	2.045
B.4 inflows from non-forborne non-performing exposures	44.287	114
B.5 other increases	109.021	22.023
C. Decreases	**124.013**	**43.998**
C.1 outflows to non-forborne performing exposures	x	6.482
C.2 outflows to forborne performing exposures	2.045	x
C.3 outflows to non-performing forborne exposures	x	11.445
C.4 write-offs	1.011	-
C.5 collections	26.935	3.019
C.6 proceeds from sales	1	-
C.7 losses on sale	15	-
C.8 other decreases	94.006	23.052
D. Closing gross exposure	**77.108**	**92.141**
- of which: transferred and not derecognised	628	20.022

A.1.11 On-balance-sheet non-performing credit exposures to customers: trends in overall impairment losses/reversals

Reason/Categories	Bad loans		Unlikely to pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance of total impairment losses/reversals of impairment losses	**117.295**	**3.536**	**104.924**	**9.554**	**2.534**	**503**
- of which: transferred and not derecognised	-	-	1.876	151	261	29
B. Increases	**48.407**	**300**	**48.975**	**15.757**	**11.287**	**982**
B.1 impairment losses from purchased or originated impaired financial assets	-	x	-	x	-	x
B.2. other impairment losses	15.733	298	44.115	15.563	7.528	982
B.3 losses on sale	-	-	-	-	-	-
B.4 transfers from other non-performing exposure categories	15.659	2	2.246	194	-	-
B.5 contractual modifications without derecognition	-	-	-	-	-	-
B.6 other increases	17.015	-	2.614	-	3.759	-
C. Decreases	**75.460**	**502**	**66.185**	**2.986**	**7.958**	**448**
C.1 impairment reversals from appreciation	2.734	469	9.948	2.702	5.340	238
C.2 impairment reversals from collection	3.783	16	4.393	268	11	-
C.3 gains on disposal	1.064	1	1.247	-	-	-
C.4 write-offs	61.078	6	21.406	-	-	-
C.5 transfers to other non-performing loan categories	-	-	15.298	16	2.607	210
C.6 contractual modifications without derecognition	-	-	-	-	-	-
C.7 other decreases	6.801	10	13.893	-	-	-
D. Closing balance of total impairment losses/reversals of impairment losses	**90.242**	**3.334**	**87.714**	**22.325**	**5.863**	**1.037**
- of which: transferred and not derecognised	**85**	**-**	**532**	**208**	**318**	**44**

A.2 Classification of financial assets, loan commitments and financial guarantees granted by external and internal rating

For the purposes of calculating capital requirements against credit risk, Banca Ifis uses the external credit assessment institution (ECAI) Fitch Ratings exclusively for the positions recognised under "Exposures to Central Governments and Central Banks". Banca Ifis also uses the ECAI Cerved rating for corporate counterparties, having certain specific characteristics of size and use, in order to calculate capital absorption for supervisory purposes. These positions are included in the "Exposure to Companies" classes.

No external ratings are used for other asset classes.

A.2.2 Breakdown of financial assets, loan commitments and financial guarantees granted by internal rating class (gross amounts)

The Bank does not use internal ratings for the purposes of calculating capital absorption. The Bank has implemented an internal ratings system geared towards business segments, differentiated by legal nature and size. This has been developed on proprietary databases and has the following components:

- a "financial" module, to assess the company's operating/financial soundness;
- a "central credit register" module, presenting the evolution of counterparty risk vis-à-vis the banking industry;
- an "internal performance" module, monitoring the performance of the relationships between the counterparty and the Bank.
- a "socio-demographic" module aimed at assessing the risk profile on the basis of biographical information.

A.3 Breakdown of guaranteed credit exposures by guarantee type

A.3.1 Guaranteed on- and off-balance-sheet credit exposures to banks

	Gross exposure	Net exposure	Collateral guarantees (1)				Personal guarantees (2)									Total (1)+(2)
							Credit derivatives					Unsecured loans				
								Other derivatives								
			Property - mortgages	Property - lease financing	Securities	Other collateral guarantees	CLN	Central counterpartie	Banks	Other financial	Other entities	Public Administrations	Banks	Other financial companies	Other entities	
1. Guaranteed on-balance-sheet credit exposures:	**365**	**364**	**-**	**-**	**-**	**364**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**364**	**728**
1.1 totally guaranteed	365	364	-	-	-	364	-	-	-	-	-	-	-	-	364	728
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Guaranteed "off-balance sheet" credit exposures:																
2.1 totally guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 Guaranteed on- and off-balance-sheet credit exposures to customers

	Gross exposure	Net exposure	Collateral guarantees (1)				Personal guarantees (2)									Total (1)+(2)
							Credit derivatives					Unsecured loans				
								Other derivatives								
			Property mortgages	Property lease financing	Securities	Other collateral guarantees	CNL	Central counterparties	Banks	Other financial companies	Other entities	Public Administrations	Banks	Other financial companies	Other entities	
1. Guaranteed on-balance-sheet credit exposures:	**3.077.842**	**2.951.625**	**342.396**	**-**	**3.039**	**1.361.906**	**-**	**-**	**-**	**-**	**-**	**770.693**	**-**	**9.155**	**251.693**	**2.738.882**
1.1 totally guaranteed	2.105.409	2.011.053	242.968	-	-	1.304.953	-	-	-	-	-	221.545	-	7.345	234.242	2.011.053
- of which non-performing	154.076	87.594	43.031	-	-	24.372	-	-	-	-	-	5.377	-	48	14.766	87.594
1.2 partially guaranteed	972.433	940.572	99.428	-	3.039	56.953	-	-	-	-	-	549.148	-	1.810	17.451	727.829
- of which non-performing	65.562	47.830	16.802	-	-	85	-	-	-	-	-	12.840	-	120	1.748	31.595
2. Guaranteed off-balance-sheet credit exposures:	**22.365**	**22.281**	**-**	**-**	**30**	**5.259**	**-**	**-**	**-**	**-**	**-**	**4.790**	**-**	**200**	**9.104**	**19.383**
2.1 totally guaranteed	14.352	14.332	-	-	30	4.481	-	-	-	-	-	803	-	200	8.816	14.330
- of which non-performing	1.751	1.751	-	-	-	-	-	-	-	-	-	-	-	-	1.751	1.751
2.2 partially guaranteed	8.013	7.949	-	-	-	778	-	-	-	-	-	3.987	-	-	288	5.053
- of which non-performing	54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

B. Concentration and distribution of credit exposures

B.1 Breakdown of on- and off-balance-sheet credit exposures to customers by segment

Exposures/Counterparties	Public Administrations		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals
A. On-balance-sheet credit exposures										
A.1 Bad loans	3.374	(8.793)	13	(88)	-	-	37.604	(75.916)	1.825	(5.445)
- of which forborne exposures	-	-	-	-	-	-	426	(2.957)	343	(377)
A.2 Unlikely to pay	231	-	7.795	(612)	-	-	104.619	(79.935)	13.943	(7.167)
- of which forborne exposures	-	-	25	(123)	-	-	39.563	(19.702)	7.194	(2.500)
A.3 Non-performing past due exposures	73.967	(189)	64	(11)	-	-	32.761	(3.481)	7.585	(2.182)
- of which forborne exposures	-	-	-	-	-	-	884	(134)	1.976	(903)
A.4 Performing exposures	2.758.759	(2.542)	1.535.008	(4.320)	294	(3)	4.496.253	(60.565)	481.778	(6.908
- of which forborne exposures	844	(4)	90	(5)	-	-	68.566	(5.025)	16.669	(939)
Total (A)	**2.836.331**	**(11.524)**	**1.542.880**	**(5.031)**	**294**	**(3)**	**4.671.237**	**(219.897)**	**505.131**	**(21.702)**
B. Off-balance-sheet credit exposures										
B.1 Non-performing exposures	-	-	1.361	(229)	-	-	55.153	(6.326)	198	-
B.2 Performing exposures	1	-	463.507	(844)	-	-	689.270	(4.220)	24.510	(13)
Total (B)	**1**	**-**	**464.868**	**(1.073)**	**-**	**-**	**744.423**	**(10.546)**	**24.708**	**(13)**
Total (A+B) 31.12.2021	**2.836.332**	**(11.524)**	**2.007.748**	**(6.104)**	**294**	**(3)**	**5.415.660**	**(230.443)**	**529.839**	**(21.715)**
Total (A+B) 31.12.2020	**2.453.600**	**(9.863)**	**1.848.619**	**6.409)**	**303**	**(6)**	**4.851.243**	**(258.096)**	**515.348**	**(23.847)**

B.1 Geographical breakdown of on- and off-balance-sheet credit exposures to customers

Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the World	
	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals
A. On-balance-sheet exposures										
A.1 Bad loans	42.816	(89.060)	-	(1.181)	-	-	-	-	-	-
A.2 Unlikely to pay	126.160	(87.323)	428	(391)	-	-	-	-	-	-
A.3 Non-performing past due exposures	102.146	(4.866)	11.526	(940)	50	(4)	655	(54)	-	-
A.4 Performing exposures	8.829.736	(64.283)	308.312	(9.043)	80.161	(919)	48.602	(80)	4.987	(10)
Total (A)	**9.100.858**	**(245.532)**	**320.266**	**(11.555)**	**80.211**	**(923)**	**49.257**	**(134)**	**4.987**	**(10)**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	56.324	(6.555)	388	-	-	-	-	-	-	-
B.2 Performing exposures	1.032.191	(4.832)	143.729	(245)	-	-	1.132	-	236	-
Total (B)	**1.088.515**	**(11.387)**	**144.117**	**(245)**	**-**	**-**	**1.132**	**-**	**236**	**-**
Total (A+B) 31.12.2021	**10.189.373**	**(256.919)**	**464.383**	**(11.800)**	**80.211**	**(923)**	**50.389**	**(134)**	**5.223**	**(10)**
Total (A+B) 31.12.2020	**9.154.109**	**(286.456)**	**391.698**	**(10.398)**	**81.964**	**(1.171)**	**37.916**	**(177)**	**3.123**	**(13)**

B.1 Geographical breakdown of on- and off-balance-sheet credit exposures to banks

Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the World	
	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals	Net exposure	Overall impairment losses/reversals
A. On-balance-sheet exposures										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	644.790	(342)	11.247	(18)	-	-	-	-	-	-
Total (A)	**644.790**	**(342)**	**11.247**	**(18)**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-balance-sheet credit exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	468.398	-	1.262	-	-	-	-	-	-	-
Total (B)	**468.398**	**-**	**1.262**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2021	**1.113.188**	**(342)**	**12.509**	**(18)**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31.12.2020	**1.215.094**	**(764)**	**12.105**	**(24)**	**20.690**	**(35)**	**-**	**-**	**-**	**-**

B.4 Major exposures

		31.12.2021	31.12.2020
a)	Carrying amount	6.423.085	5.608.966
b)	Weighted amount	549.833	360.250
c)	Number	7	4

The overall weighted amount of major exposures at 31 December 2021 consisted of 254 million Euro in tax assets and 126 million Euro in exposures to equity investments not included in the prudential scope of consolidation.

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 31 December 2021 the exposures to sovereign debt entirely consisted of Italian government bonds; their carrying amount totalled 2.145 million Euro, net of the negative 3,6 million Euro valuation reserve.

These securities, with a nominal amount of approximately 2.120 million Euro have a weighted residual average life of approximately 44 months.

The fair values used to measure the exposures to sovereign debt securities at 31 December 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 disbursed to and due from the Italian National Administration. These exposures at 31 December 2021 amounted to 691 million Euro, of which 129 million Euro related to tax credits.

C. Securitisation transactions

Securitisations in which the Bank is the originator and for which all the liabilities issued by the special purpose vehicles were subscribed by the Bank at the time of issue shall not be recorded in this Part. For more details on this type of transactions, please refer to Part E of the Notes to the Financial Statements on liquidity risk.

Qualitative information

Objectives, strategies and processes

The Bank has exposures to securitisations originated by third parties, acquired for investment purposes with the aim of generating a profit margin and achieving an appreciable medium/long-term return on capital.

These transactions may be originated by the Bank's Business Units, based on the characteristics of the underlying portfolio -- performing or non-performing -- or as part of liquidity investments.

The acquisition activities are carried out in accordance with the policies and procedures relating to credit risk, and in particular with the policies in force for the securitisation transactions and investment policies applicable to the Proprietary Finance portfolio and in compliance with the propensity to risk established within the Risk Appetite Framework. The Bank invests in securitisations of which it is able to value, on the basis of its experience, the relevant underlying assets.

In particular, after identifying the investment opportunity, the unit that proposes the transaction conducts a due diligence review to estimate future cash flows and determine whether the price is fair, coordinating the organisational units concerned from time to time and formalising the relevant findings to be submitted to the competent decision-making body.

Subsequent to the purchase, the investment is constantly monitored based on the performance indicators of the underlying exposures and whether cash flows are in line with the estimates made at the time of the acquisition.

Internal measurement and control systems for risks associated with securitisation transactions

The Bank has not carried out securitisation transactions transferring risks to third parties.

Hedging policies adopted to mitigate the relevant risks

The Bank has a "Securitisation management policy in the role of sponsor or investor" that governs the management of securitisation transactions in which it is involved as "investor" (i.e. the buyer of the notes) or "sponsor" (i.e. the party that establishes the transaction). For each potential case, the policy sets out the responsibilities of the organisational units and bodies with reference to both the due diligence process and the ongoing monitoring of the transaction.

This section describes the Bank's exposures towards securitisation transactions in which it is involved as originator, sponsor, or investor.

IFIS ABCP Programme securitisation

On 7 October 2016, Banca Ifis launched a three-year revolving securitisation of trade receivables due from account debtors. After Banca Ifis (originator) initially reassigned the receivables for 1.254,3 million Euro, in the second quarter of 2018, the vehicle named Ifis ABCP Programme S.r.l. issued an initial 850 million Euro, increased to 1.000 million Euro, worth of senior notes subscribed for by the investment vehicles owned by the banks that co-arranged the transaction, simultaneously with the two-year extension of the revolving period. An additional tranche of senior notes, with a maximum nominal amount of 150 million Euro, initially issued for 19,2 million Euro, and that was subsequently adjusted based on the composition of the assigned portfolio, was subscribed for by Banca Ifis. During the first half of 2019, this portion was first sold to a third-party bank for a total residual value of 98,9 million Euro. The difference between the value of the receivables portfolios and the senior notes issued represents the credit granted to the notes' bearers, which consists in a deferred purchase price.

Banca Ifis acts as servicer, performing the following tasks:

- following collection operations and monitoring cash flows on a daily basis;
- reconciling the closing balance at every cut-off date;
- verifying, completing and submitting the service report with the information on the securitised portfolio requested by the vehicle and the banks at every cut-off date.

As part of the securitisation programme, the Bank sends the amount it collects to the vehicle on a daily basis, while the new portfolio is assigned approximately six times each month; this ensures a short time lapse between the outflows from the Bank and the inflows associated with the payment of the new assignments.

Only part of the securitised receivables due from account debtors are recognised as assets, especially for the portion that the Bank has purchased outright, resulting in the transfer of all risks and rewards to the buyer. Therefore, the tables in the quantitative disclosure show only this portion of the portfolio.

In compliance with IAS/IFRS accounting standards, currently the securitisation process does not involve the substantial transfer of all risks and rewards, as it does not meet derecognition requirements. In addition, the vehicles were consolidated in order to provide a comprehensive view of the transaction.

The maximum theoretical loss for Banca Ifis is represented by the losses that could potentially arise within the portfolio of assigned receivables, and the impact would be the same as if the securitisation programme did not exist; therefore, the securitisation has been accounted for as follows:

- the securitised receivables purchased outright were recognised under "receivables due from customers", subitem "factoring";
- the funds raised from the issue of senior notes subscribed for by third parties were recognised under "debt securities issued";
- the interest on the receivables was recognised under "interest on receivables due from customers";
- the interest on the notes was recognised under "interest due and similar expenses", subitem "debt securities issued";
- the arrangement fees were fully recognised in profit or loss in the year in which the programme was launched.

At 31 December 2021, the interest expense on the senior notes recognised in profit or loss amounted to 5,5 million Euro.

Third-party securitisation transactions

At 31 December 2021, the Bank held 482,5 million Euro in notes deriving from third-party securitisation transactions: specifically, it held 452,4 million Euro worth of senior notes, 11,9 million Euro of mezzanine notes, 0,4 million Euro worth of junior notes and “single tranche” notes for 17,8 million Euro. The portfolio value rose significantly on the figure of 118,4 million Euro at 31 December 2020, mainly due to the new subscriptions of securities made by the Bank in 2021, as detailed in the next paragraph.

Here below are the main characteristics of the transactions outstanding at the reporting date:

- "Elite Basket Bond (EBB)" securitisation: the special purpose vehicle EBB S.r.l. issued Asset Backed Securities (ABS) at a price equal to the nominal amount, amounting to 122 million Euro, in a single tranche with maturity in December 2027 and a Basket of minibonds issued by 11 Italian listed companies as the underlying asset. These notes are unsecured senior bonds but carry a Credit Enhancement equal to 15% of the transaction's overall amount (24 million Euro), to be used in the event the issuers default on interest and/or principal payments on the minibonds. The Bank participates in this transaction only as underwriter, subscribing for 4,8 million Euro worth of notes of the above tranche;
- "FINO 1" securitisation: this is an investment as a senior Noteholder in a securitisation transaction whose tranches issued are supported by a state guarantee "GACS" (Guarantee on the securitisation of bad loans) and with underlying bad loans with an original total nominal amount of about 5,4 billion Euro. The tranche originally subscribed for 92,5 million Euro by Banca Ifis (out of a total nominal amount of 650 million Euro) is the Senior Note Class A, with maturity in October 2045. Net of the redemptions occurred during the year, at 31 December 2021 the carrying amount of the portion subscribed for was 20,2 million Euro (35,7 million Euro at 31 December 2020);
- “Auxilio" securitisation: this is an investment made in October 2020 for an initial nominal amount of 1,9 million Euro, relating to the purchase by Banca Ifis of a portion of senior securities with a "partly paid" structure for a pro-rata Bank notional value of 10 million Euro, with legal maturity in September 2035, issued by the securitisation vehicle Auxilio SPV S.r.l., with underlying receivables deriving from loans assisted by the guarantee of the Central Guarantee Fund. The transaction is characterised by a ramp-up period during which the issuer can purchase additional loans against the proceeds deriving from the payment of further tranches of the security subscription price; as a result of the payments made between the purchase date and the end of FY 2021, the nominal amount of the senior tranche held is 9,8 million Euro. No capital redemptions occurred during the months between the investment date and end 2021, and at 31 December 2021, the carrying amount of the portion subscribed for was equal to the nominal amount subscribed;
- “Dyret II” securitisation: in November 2020, Banca Ifis purchased a senior tranche of securities issued by the securitisation SPV Dyret SPV S.r.l. and with loans deriving from salary-backed or pension-backed loans or payment delegations as collateral, for a nominal amount of 14,9 million Euro at the purchase date. The securities envisage the periodic redemption of the principal against the flows deriving from the securitised

portfolio and have legal maturity at December 2035. During 2021, the Bank further invested in this transaction by also subscribing to an upper mezzanine tranche (class B1). At 31 December 2021 the book value of the senior tranches subscribed is equal to 10,6 million Euro, down compared to the figure of 14,3 million Euro at 31 December 2020 due to the redemptions occurred during the year, while the mezzanine tranches show a net carrying amount of 4,5 million Euro;

- “Futura 2019” securitisation: In 2020, Banca Ifis subscribed, for a nominal amount of 2,7 million Euro, senior securities maturing in July 2044, issued by the SPV Futura 2019 S.r.l. At 31 December 2021, these securities had a net carrying amount of 2,1 million Euro, while at 31 December 2020 they had a net carrying amount of 2,7 million Euro;
- “BCC NPLs 2020” securitisation: this transaction was carried out in November 2020 by Iccrea Banca on an underlying of NPLs for a total of 2,4 billion Euro, divided up over more than 9.600 debtors and 17.000 positions. This transaction, carried out through the SPV BCC NPLs 2020 S.r.l., is backed by the government GACS guarantee scheme and regarded the issue of senior, mezzanine and junior securities with maturity at January 2045. Banca Ifis was involved in connection with the subscription of a portion of securities for each tranche, for a total nominal amount of 55,5 million Euro. The carrying amount at 31 December 2021 of the tranches subscribed is 51,6 million Euro for the senior tranche (measured at amortised cost), while the value attributed to the mezzanine and junior portions (measured at fair value through profit or loss) is substantially null (9 thousand Euro);
- “Bluwater” securitisation: this is a transaction implemented in December 2020 with Banco BPM as originator and Pillarstone Italy SPV S.r.l. as SPV and that consisted of the issue of a single tranche of securities (referred to as “single tranche”) maturing in October 2030. Banca Ifis subscribed a portion of said securities for 3,7 million in nominal amount, which at 31 December 2021 has a carrying amount of 0,9 million Euro (securities measured at fair value through profit or loss).
- “Gaia Spv" securitisation, "Sparta" and "Volterra" portfolios: these are two transactions for the purchase of portfolios of non-performing loans carried out at the end of 2020 and finalised with the issue of securities in the first half of 2021 by the vehicle company Gaia Spv S.r.l., in which Banca Ifis participated as subscriber of a portion of the mono-tranche securities issued, with a total carrying amount of 12,1 million Euro at 31 December 2021;
- “Galadriel" securitisation, through the vehicle Galadriel SPE S.r.l.: a transaction with underlying loans guaranteed by the Central Guarantee Fund set up at Mediocredito Centrale pursuant to Law 662 of 23 December 1996, in which Banca Ifis participated in the first half of 2021 by investing in "partly paid" securities with a notional value pro-rata to the Bank of 20 million Euro for Class A securities, around 5 million Euro for Class B1 securities and around 9 million Euro in Class B2 securities. At 31 December 2021, the securities have a net carrying amount of 17,7 million Euro, 3,3 million Euro and 10 thousand Euro respectively; it should also be noted that as part of this transaction, Banca Ifis acted as co-arranger with Intesa Sanpaolo S.p.A.;
- “Valsabbina" securitisation, launched in November 2020 by Banca Valsabbina and with underlying loans guaranteed by the Central Guarantee Fund set up at Mediocredito Centrale pursuant to Italian Law no. 662 of 23 December 1996, which Banca Ifis joined in the first half of 2021 as subscriber of mezzanine securities characterised by a carrying amount at the end of 2021 of 4,1 million Euro;
- “Maior", "Brisca" and "Aqui" securitisations, all having as underlying NPL loans and realised through the vehicle Miami Spv, for which, in 2021, Banca Ifis participated in the subscription of senior securities with a total carrying amount of 44,6 million Euro at 31 December 2021;
- “Iron" securitisation, as part of which Banca Ifis subscribed senior and junior tranches issued by the vehicle Spv Project 1906 Srl in 2021, which at 31 December 2021 have a net carrying amount of 9,3 million Euro and 0,4 million Euro, respectively;
- “Lanterna" securitisation, carried out by the special purpose vehicle Lanterna Finance S.r.l. in June 2021 via the issue of senior securities for 320 million Euro and junior securities for 62,7 million Euro, having as their underlying loans assisted by a 100% guarantee from the Central Guarantee Fund (FCG) set up at Mediocredito Centrale (MCC) pursuant to Law 662 of 23 December 1996, as amended by the provisions introduced by the Decree Law of 8 April 2020 (the "Liquidity Decree"), converted by Law no. 40 of 5 June

2020. Banca Ifis took part in this transaction by subscribing to a portion of the senior tranches, which at 31 December 2021 had a net carrying amount of 9,8 million Euro;

- "BCC NPLs 2021" securitisation: this is a similar transaction to the above-mentioned "BCC NPLs 2020", and was carried out in November 2021 by Iccrea Banca on an underlying NPL, selling a credit claim of 1,3 billion Euro originating from around 7 thousand debtors. This transaction, carried out through SPV BCC NPLs 2021 S.r.l., will be backed by the government GACS guarantee scheme and regarded the issue of senior, mezzanine and junior securities with maturity at April 2046. Banca Ifis took part through the subscription of a portion of securities for each tranche, which at 31 December 2021 showed a net carrying amount of 7,7 million Euro for the senior tranches (valued at amortised cost) and essentially null (one thousand Euro) for the mezzanine and junior tranches (valued at fair value through profit or loss);
- "Ifis Npl 2021-1 Spv" securitisation carried out in March 2021 for financing purposes, through the subsidiary Ifis Npl Investing S.p.A. (formerly Ifis Npl S.p.A.). This was 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) is at an advanced stage. The transaction aimed to collect funding for Ifis Npl Investing S.p.A. 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. These tranches were initially fully subscribed by Ifis Npl Investing, and subsequently the senior tranches (net of the 5% retained by Ifis Npl Investing as originator pursuant to the retention rule) were sold to Banca Ifis. At 31 December 2021, the securities issued by the vehicle are therefore fully subscribed by Banca Ifis and their net carrying amount is 269 million Euro. It should be noted that the senior tranches held by Banca Ifis were used for long term repo transactions with leading banking counterparties.
- "Urano" securitisation, which entered the Banca Ifis perimeter as a result of the acquisition in the first half of 2021 of the business unit of the former Aigis Banca and characterised by the full subscription by the former Aigis Banca of the single-tranche securities issued and having as underlying loans of a third party bank. As a result of this complete underwriting of the securities, the Urano vehicle falls within Banca Ifis, and therefore the loans underlying this securitisation have been recognised as assets in the financial statements at 31 December 2021.
- For the sake of completeness, please note that, as a result of the actions taken in 2017 by the Italian Interbank Deposit Protection Fund's Voluntary Scheme, the Bank owns mezzanine and junior notes issued by the "Berenice" securitisation transaction, totalling a combined 0,1 million Euro.

Quantitative information

C.1 Exposures from the main "own" securitisations broken down by type of securitised asset and type of exposure

Type of securitised asset/Exposure	On-balance-sheet exposures						Guarantees granted						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Impairment losses/ reversals	Carrying amount	Impairment losses/ reversals	Carrying amount	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals
A. Fully derecognised	**51.645**	**11**	**8**	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Partly derecognised	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Not derecognised	**-**	**-**	**-**	**-**	**100.707**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- receivables due from customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C.2 Exposures from the main "third-party" securitisations broken down by type of securitised asset and type of exposure

Type of securitised asset/Exposure	On-balance-sheet exposures						Guarantees granted						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Impairment losses/ reversals	Carrying amount	Impairment losses/ reversals	Carrying amount	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals	Net exposure	Impairment losses/ reversals
Secured and unsecured loans	470.209	928	11.936	130	409	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

For the purposes of presentation in the above table, single units are conventionally treated as a senior unit amounting to 17.851 thousand Euro.

C.3 Special purpose vehicles for the securitisation

Securitisation name / Special purpose vehicle name	Registered office	Consolidation	Assets			Liabilities		
			Receivables	Debt securities	Other	Senior	Mezzanine	Junior
Ifis ABCP Programme S.r.l.	Conegliano (Province of Treviso)	100%	1.331.940	-	114.735	1.057.568	-	-
Urano S.P.V. S.r.l.	Milan	100%	6.746	-	209	-	-	-

E. Disposals

A. Financial assets sold and not fully derecognised

Qualitative information

Financial assets sold but not derecognised refer to securitised receivables.

Quantitative information

E.1. Financial assets sold and fully recognised and associated financial liabilities: carrying amounts

	Financial assets sold and fully recognised				Associated financial liabilities		
	Carrying amount	of which: securitised	of which: subject to repurchase agreements	of which non-performing	Carrying amount	of which: securitised	of which: subject to repurchase agreements
A. Financial assets held for trading							
1. Debt securities	-	-	-	x	-	-	-
2. Equity securities	-	-	-	x	-	-	-
3. Loans	-	-	-	x	-	-	-
4. Derivatives	-	-	-	x	-	-	-
B. Other financial assets mandatorily measured at fair value							
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	x	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets measured at fair value							
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income							
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-		x	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost							
1. Debt securities	306.466	-	306.466	-	318.352	-	318.352
2. Loans	755.106	755.106	-	2.419	-	-	-
Total 31.12.2021	**1.061.572**	**755.106**	**306.466**	**2.419**	**318.352**	**-**	**318.352**
Total 31.12.2020	**804.684**	**769.607**	**35.077**	**3.532**	**919.978**	**884.885**	**35.093**

B. Financial assets sold and fully derecognised

In September 2021, the Banca Ifis Board of Directors resolved to take part in a multioriginator securitisation of a portfolio of bad loans with the submission of an application to the Ministry for the Economy and Finance to be admitted to the government guarantee scheme for liabilities issued (the "GACS") in accordance with Italian Decree Law no. 18 of 14 February 2016, converted with Italian Law no. 49 of 08 April 2016, implemented by Decree of the Ministry for the Economy and Finance of 03 August 2016, with Decree of the Ministry for the Economy and Finance of 21 November 2017 and with Decree of the Ministry for the Economy and Finance of 10 October 2018, with Decree of the Ministry for the Economy and Finance of 14 October 2019, with Decree of the Ministry for the Economy and Finance of 20 May 2020 and with Decree of the Ministry for the Economy and Finance of 15 July 2021.

The transaction, which involved a large scope of banks, envisaged the transfer, in accordance with Italian Law no. 130 of 30 April 1999, of unsecured and mortgage loan portfolios, deriving from loans classified as non-performing and receivables deriving from financial lease contracts classified as non-performing for a total credit claim of approximately 1,3 billion Euro, in the favour of a securitisation SPV established specifically to this end and called “BCC NPLs 2021 S.r.l.” as well as the simultaneous conferral of a management mandate (servicing) by the latter to a third party independent servicer with respect to the originating banks. The SPV acquired the portfolio on 16 November 2021, financing the purchase by issuing asset-backed securities, in accordance with the combined provisions of Articles 1 and 5 of Italian Law no. 130, for a total nominal amount of approximately 336,5 million Euro, structured into the following classes:

- 284 million Euro in Senior Notes maturing in April 2046, with rating Baa2, BBB and BBB respectively assigned by Moody’s Italia Srl, Scope Rating GmbH and ARC Ratings S.A.;
- 39,5 million Euro in Mezzanine Notes maturing in April 2046, with rating Caa2, CCC and CCC+ respectively assigned by Moody’s Italia Srl and Scope and ARC Ratings;
- 13 million Euro in Junior Notes maturing in April 2046, unrated.

In order to fulfil the obligation to maintain the net economic interest of 5% in the transaction, as per Article 6 of (EU) Regulation no. 2017/2402 of the European Parliament and Council of 12 December 2017, as amended by Regulation (EU) 557/2021, the adhering banks, including Banca Ifis, have subscribed - and undertake to maintain such for the entire duration of the transaction - a proportional share of 100% of the Senior Notes. The remaining share of Mezzanine and Junior Notes was instead subscribed by a third party independent investor.

The transaction has been structured in such a way as to have suitable characteristics to allow the Senior Notes to benefit from said GACS, given the expected deconsolidation by the originating banks of the receivables concerned by the transaction, in compliance with international accounting standards IAS/IFRS. In this case, accounting standard IFRS 9 paragraph 3.2.12 states that "Upon derecognition of the financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new assets obtained less any new liabilities assumed) must be recognised in profit (loss) for the period".

Consequently, upon conclusion of the transaction, Banca Ifis:

- has eliminated from the assets on the balance sheet the receivables transferred in the financial position in progress at the time the settlement as made listing the mezzanine and junior tranches on the market;
- recorded on the income statement, under “Profit (loss) from sale or buyback of financial assets measured at amortised cost” the total capital loss/gain determined as the difference between the aggregated gross value at the date of transfer of the loans, less the cumulative impairment losses and including any collections made from said loans and pertaining to the SPV at the date of sale (8,294 million Euro, of which collections rebated of 112 thousand Euro) and the price received (8,048 million Euro); a difference that is expressed as a total capital loss of 0,246 thousand Euro;
- noted on the balance sheet the Senior, Mezzanine and Junior notes subscribed at the related fair value for a total amount of 7,859 million Euro (for more details on the units subscribed by Banca Ifis, refer to the information given in section “Securitisation transactions” of this Part E).

Section 2 - Market risks

Impacts deriving from the Covid-19 pandemic

The effects of the Covid-19 pandemic relative to the market risk concerning the items that are part of the trading book, were characterised by limited impacts, in line with the margins and dimension of that portfolio with respect to the total portfolio owned by the Bank, as ruled internally by the Risk Appetite Framework.

The operations in question revealed an accurate, stringent control of risk operatively laid out both through a careful use of derivatives for hedging (economic, not accounting) and the economic enhancement of the banking book and a marginal allocation of liquidity relative to the trading book and established in terms of potential investment.

In line with the management strategy mentioned, despite the exceptional nature of the pandemic, during 2021, no violations were seen to the risk thresholds assigned internally.

2.1 Interest rate risk and price risk - supervisory trading book

Qualitative information

For qualitative information, please refer to Part E in the "Notes to the Consolidated Financial Statements".

Quantitative information

1. Supervisory trading book: breakdown by residual maturity (re-pricing date) of on-balance-sheet financial assets and liabilities and financial derivatives - Currency: Euro

Type/Residual maturity	on demand	up to 3 months	over 3 to 6 months	over 6 months to 1 year	over 1 to 5 years	over 5 to 10 years	over 10 years	indefinite life
1. On-balance-sheet assets	**-**	**-**	**-**	**709**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	709	-	-	-	-
- with early redemption option	-	-	-	709	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	**-**	**2.053**	**31.036**	**12.273**	**14.933**	**10.666**	**950**	**-**
3.1 With underlying security	-	887	-	2.028	-	-	887	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other	-	887	-	2.028	-	-	887	-
+ long positions	-	445	-	2.028	-	-	442	-
+ short positions	-	442	-	-	-	-	445	-
3.2 Without underlying security	-	1.166	31.036	10.245	14.933	10.666	63	-
- Options	-	1.166	-	6.889	347	8.140	63	-
+ long positions	-	1.138	-	5.527	177	1.426	34	-
+ short positions	-	28	-	1.362	170	6.714	29	-
- Other	-	-	31.036	3.356	14.586	2.526	-	-
+ long positions	-	-	15.518	1.678	7.293	1.263	-	-
+ short positions	-	-	15.518	1.678	7.293	1.263	-	-

2.2 Interest rate risk and price risk - banking book

Qualitative information

For qualitative information, please refer to Part E in the "Notes to the Consolidated Financial Statements".

Quantitative information

1. Banking book: breakdown by residual maturity (re-pricing date) of financial assets and liabilities - Currency: Euro

Type/Residual maturity	on demand	up to 3 months	over 3 to 6 months	over 6 months to 1 year	over 1 to 5 years	over 5 to 10 years	over 10 years	Indefinite life
1. On-balance-sheet assets	**2.785.519**	**3.169.905**	**1.463.514**	**281.766**	**1.228.153**	**558.644**	**50.161**	**-**
1.1 Debt securities	136	821.177	768.657	42.751	260.247	471.669	47.779	-
- with early redemption option	136	352.117	14.282	42.751	59.049	47.983	30.948	-
- other	-	469.060	754.375	-	201.198	423.686	16.831	-
1.2 Loans to banks	3.926	555.417	911	-	-	-	-	-
1.3 Loans to customers	2.781.457	1.793.311	693.946	239.015	967.906	86.975	2.382	-
- current a/c	72.097	-	8.488	42	1	-	-	-
- other loans	2.709.360	1.793.311	685.458	238.973	967.905	86.975	2.382	-
- with early redemption option	466.967	1.116.680	437.862	85.060	507.496	84.241	1.990	-
- other	2.242.393	676.631	247.596	153.913	460.409	2.734	392	-
2. On-balance-sheet liabilities	**1.534.456**	**2.321.097**	**333.979**	**603.766**	**4.756.570**	**410.938**	**191**	**-**
2.1 Due to customers	1.490.640	2.287.087	316.554	467.872	1.844.720	5.267	191	-
- current a/c	749.349	80.715	106.871	137.201	119.111	-	-	-
- other payables	741.291	2.206.372	209.683	330.671	1.725.609	5.267	191	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	741.291	2.206.372	209.683	330.671	1.725.609	5.267	191	-
2.2 Due to banks	43.670	33.994	17.396	135.882	2.257.347	3.390	-	-
- current a/c	43.260	-	-	-	-	-	-	-
- other payables	410	33.994	17.396	135.882	2.257.347	3.390	-	-
2.3 Debt securities	146	16	29	12	654.503	402.281	-	-
- with early redemption option	-	-	-	-	-	402.281	-	-
- other	146	16	29	12	654.503	-	-	
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**516.755**	**2.888**	**1.781**	**-**	**91.459**	**37.396**	**-**	**-**
+ long positions	325.139	-	-	-	-	-	-	-
+ short positions	191.616	2.888	1.781	-	91.459	37.396	-	-

1. Banking book: breakdown by residual maturity (re-pricing date) of financial assets and liabilities - Currency: Other currencies

Type/Residual maturity	on demand	up to 3 months	over 3 to 6 months	over 6 months to 1 year	over 1 to 5 years	over 5 to 10 years	over 10 years	Indefinite life
1. On-balance-sheet assets	**35181**	**124971**	**14303**	**77**	**598**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Loans to banks	-	-	-	-	-	-	-	-
1.3 Loans to customers	35181	124971	14303	77	598	-	-	-
- current a/c	20580	-	-	-	-	-	-	-
- other loans	14601	124971	14303	77	598	-	-	-
- with early redemption option	559	11552	1053	76	71	-	-	-
- other	14042	113419	13250	1	527	-	-	-
2. On-balance-sheet liabilities	**7833**	**245180**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Due to customers	7833	-	-	-	-	-	-	-
- current a/c	7826	-	-	-	-	-	-	-
- other payables	7	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	7	-	-	-	-	-	-	-
2.2 Due to banks	-	245180	-	-	-	-	-	-
- current a/c	-	-	-	-	-	-	-	-
- other payables	-	245180	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early redemption option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**1208**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	604	-	-	-	-	-	-	-
+ short positions	604	-	-	-	-	-	-	-

2.3 Currency risk

Qualitative information

For qualitative information, please refer to Part E in the "Notes to the Consolidated Financial Statements".

Quantitative information

1. Breakdown of assets, liabilities and derivatives by currency

Items	Currencies					
	US DOLLAR	UK STERLING	JAPANESE YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER CURRENCIE S
A. Financial assets	**173.156**	**908**	**-**	**-**	**-**	**23.856**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	22.951	-	-	-	-	324
A.3 Loans to banks	-	-	-	-	-	-
A.4 Loans to customers	150.205	908	-	-	-	23.532
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**6.637**	**457**	**-**	**-**	**-**	**2.206**
C. Financial liabilities	**(222.266)**	**(1.070)**	**-**	**-**	**-**	**(29.677)**
C.1 Payables due to banks	(214.570)	(952)	-	-	-	(29.658)
C.2 Payables due to customers	(7.696)	(118)	-	-	-	(19)
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	-	-	**-**	**-**	**-**	-
E. Financial derivatives	**-**	**-**	**-**	**-**	**-**	**38.613**
- Options	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-
- Other	-	-	-	-	-	38.613
+ long positions	-	-	-	-	-	-
+ short positions	-	-	-	-	-	38.613
Total assets	**179.793**	**1.365**	**-**	**-**	**-**	**26.062**
Total liabilities	**(222.266)**	**(1.070)**	**-**	**-**	**-**	**(68.290)**
Imbalance (+/-)	**(42.473)**	**295**	**-**	**-**	**-**	**(42.228)**

Section 3 - Derivative instruments and hedging policies

3.1 Derivative instruments held for trading

A. Financial derivatives

A.1 Financial derivatives held for trading: year-end notional amounts

Underlying assets/Types of derivatives	31.12.2021				31.12.2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	-	-	**409.739**	-	-	-	**152.435**	-
a) Options	-	-	383.988	-	-	-		-
b) Swaps	-	-	25.751	-	-	-	152.435	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and share indexes	-	-	**21.250**	-	-	-	**20.230**	-
a) Options	-	-	21.250	-	-	-	20.230	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**430.989**	**-**	**-**	**-**	**172.665**	**-**

A.2 Financial derivatives held for trading: gross positive and negative fair value - breakdown by product

Underlying assets/Types of derivatives	31.12.2021				31.12.2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	-	1.588	-	-	-	1.056	-
b) Interest rate	-	-	1.229	-	-	-	18.194	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	-	-	**2.817**	-	-	-	**19.250**	-
2. Negative fair value								
a) Options	-	-	(4.628)	-	-	-	-	-
b) Interest rate	-	-	(1.363)	-	-	-	(18.551)	-
c) Cross currency swaps	-	-	-	-	-	-		-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-		-	-	-		-
Total	-	-	**(5.991)**	-	-	-	**(18.551)**	-

A.3 OTC financial derivatives held for trading: notional amounts, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
Contracts not included in netting agreements				
1) Debt securities and interest rates				
- notional amount	X	397.962	-	11.778
- positive fair value	X	335	-	1.199
- negative fair value	X	(5.991)	-	-
2) Equity securities and share indexes				
- notional amount	X	21.250	-	-
- positive fair value	X	1.283	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Goods				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts included in netting agreements				
1) Debt securities and interest rates				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and share indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives held for trading: notional amounts

Underlying assets/Residual life	Up to 1 year	Over 1 to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	84.279	173.285	152.175	409.739
A.2 Financial derivatives on equity securities and share indexes	21.250	-	-	21.250
A.3 Financial derivatives on exchange rates and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2021	**105.529**	**173.285**	**152.175**	**430.989**
Total 31.12.2020	**86.499**	**76.877**	**9.289**	**172.665**

Section 4 - Liquidity risk

Qualitative information

For qualitative information, please refer to Part E in the "Notes to the Consolidated Financial Statements".

Quantitative information

1. Breakdown by residual contractual duration of financial assets and liabilities - Currency: Euro

Items/Duration	on demand	over 1 to 7 days	over 7 to 15 days	over 15 days to 1 month	over 1 to 3 months	over 3 to 6 months	over 6 months to 1 year	over 1 to 5 years	Over 5 years	indefinite life
A. On-balance-sheet assets	**667.366**	**44.733**	**171.398**	**326.583**	**1.321.406**	**1.052.961**	**842.163**	**3.812.672**	**1.501.024**	**363.550**
A.1 Government bonds	376	-	380	-	1.230	599.655	185.030	800.500	518.000	-
A.2 Other debt securities	1.382	92	355	330	1.111	5.890	9.068	229.976	592.000	-
A.3 UCITS units	49.564	-	-	-	-	-	-	-	-	-
A.4 Loans	616.044	44.641	170.663	326.253	1.319.065	447.416	648.065	2.782.196	391.024	363.550
- banks	3.940	-	-	1.890	25.582	915	-	38.333	-	348.852
- customers	612.104	44.641	170.663	324.363	1.293.483	446.501	648.065	2.743.863	391.024	14.698
B. On-balance-sheet liabilities	**1.534.605**	**28.903**	**42.195**	**1.064.639**	**1.186.312**	**336.386**	**626.721**	**4.759.303**	**411.890**	**-**
B.1 Deposits and current accounts	1.529.892	28.656	42.116	87.614	1.185.906	317.584	471.043	1.817.729	-	-
- banks	43.670	-	-	-	-	-	-	-	-	-
- customers	1.486.222	28.656	42.116	87.614	1.185.906	317.584	471.043	1.817.729	-	-
B.2 Debt securities	147	-	-	1	15	12.116	18.012	648.761	400.000	-
B.3 Other liabilities	4.566	247	79	977.024	391	6.686	137.666	2.292.813	11.890	-
C. Off-balance-sheet transactions	**271.258**	**1.441**	**-**	**3.716**	**3.437**	**3.759**	**5.000**	**293.155**	**77.321**	**-**
C.1 Financial derivatives with exchange of underlying assets	-	-	-	-	887	-	2.028	-	887	-
- long positions	-	-	-	-	445	-	2.028	-	442	-
- short positions	-	-	-	-	442	-	-	-	445	-
C.2 Financial derivatives without exchange of underlying assets	8.809	-	-	-	-	-	-	-	-	-
- long positions	2.817	-	-	-	-	-	-	-	-	-
- short positions	5.992	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

C.4 Commitments to disburse funds	262.449	1.441	-	3.716	3.437	3.759	5.000	293.155	77.321	-
- long positions	70.833	1.441	-	2.172	2.094	1.978	5.000	201.696	39.925	-
- short positions	191.616	-	-	1.544	1.343	1.781	-	91.459	37.396	-
C.5 Financial guarantees granted	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of underlying assets	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of underlying assets	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

1. Breakdown by residual contractual duration of financial assets and liabilities - Currency: Other currencies

Items/Duration	on demand	over 1 to 7 days	over 7 to 15 days	over 15 days to 1 month	over 1 to 3 months	over 3 to 6 months	over 6 months to 1 year	over 1 to 5 years	Over 5 years	indefinite life
A. On-balance-sheet assets	**572.647**	**108.163**	**40.045**	**426.253**	**60.838.563**	**215.590**	**19.783**	**20.219**	**-**	**-**
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCITS units	229.511	-	-	-	-	-	-	-	-	-
A.4 Loans	343.136	108.163	40.045	426.253	60.838.563	215.590	19.783	20.219	-	-
- banks	-	-	-	-	-	-	-	-	-	-
- customers	343.136	108.163	40.045	426.253	60.838.563	215.590	19.783	20.219	-	-
B. On-balance-sheet liabilities	**78.358**	**2.267.284**	**126.388**	**11.828**	**46.738**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	78.289	236.297	126.388	11.828	46.738	-	-	-	-	-
- banks	-	236.297	126.388	11.828	46.738	-	-	-	-	-
- customers	78.289	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	69	2.030.986	-	-	-	-	-	-	-	-
C. Off-balance-sheet transactions	**5.374**	**-**	**-**	**-**	**-**	**5.298**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of underlying assets	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of underlying assets	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds	**5.374**	**-**	**-**	**-**	**-**	**5.298**	**-**	**5.374**	**-**	**-**
- long positions	38	-	-	-	-	5.298	-	-	-	-
- short positions	5.336	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees granted	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of underlying assets	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of underlying assets	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Self-securitisation transactions

Indigo Lease

In December 2016, Banca Ifis, through the merged company, the former Ifis Leasing S.p.A. (originator) finalised a securitisation that involved selling a portfolio of performing loans totalling 489 million Euro to the special purpose vehicle Indigo Lease S.r.l.

The transaction was rated by Moody's and DBRS. The same agencies will carry out annual monitoring throughout the transaction.

The initial purchase price of the assigned receivables portfolio, equal to 489 million Euro, was paid by the vehicle to the merged entity, the former Ifis Leasing S.p.A. using funds raised from the issue of senior notes for an amount of 366 million Euro.These received an AA3 (sf) rating from Moody's and an AA (sf) rating from DBRS, and their redemption is connected to the collections realised on the receivables portfolio. The vehicle also issued junior securities purchased by the former Ifis Leasing S.p.A. (now merged into Banca Ifis S.p.A.), which has not been assigned a rating, for a value of 138 million Euro. In addition, the latter received a specific servicing mandate to collect and manage the receivables.

During 2017, following the transaction restructuring, a revolving system was launched involving monthly assignments of new credit to the SPV, until July 2021. At the same time, the maximum nominal amount of the senior and junior notes was increased respectively to 609,5 and 169,7 million Euro. In the same period, Banca Ifis S.p.A. acquired all the senior notes issued by the vehicle. Following the May 2018 merger of the former Ifis Leasing S.p.A., Banca Ifis also became the subscriber of the junior notes.

At 31 December 2020 Banca Ifis had therefore subscribed for all the notes issued by the vehicle.

It should be noted that, pursuant to the terms and conditions of the operation, there is no substantial transfer of all the risks and rewards relating to the transferred assets (receivables).

Securitisation transactions

As for the securitisations outstanding at 31 December 2021 and their purpose, see the comments in the section on credit risks.

Section 5 - Operational risks

Qualitative information

For qualitative information, please refer to Part E in the "Notes to the Consolidated Financial Statements".

4.6. Part F - Equity

Section 1 - Equity

A. Qualitative information

Managing equity concerns a set of policies and decisions necessary to establish capital levels that are consistent with the assets and risks taken by the Bank. The Bank is subject to the capital adequacy requirements established by the so-called Basel Committee (CRR/CRD IV).

The Board of Directors constantly monitors that the Bank meets the minimum supervisory requirements, and therefore the capital adequacy ratios, as well as complies with the capital limits set out in the Risk Appetite Framework (RAF).

Furthermore, also in accordance with the European Central Bank's recommendation of 28 January 2015, the Bank ensures compliance with capital adequacy ratios through a pay-out policy linked to the achievement of the above minimum capital requirements, as well as the careful assessment of the potential impact of extraordinary financial operations (share capital increases, convertible loans, etc.).

The Bank's capital adequacy is further assessed and monitored every time an extraordinary operation is planned. In this case, based on available information regarding the operation to be implemented, the Bank estimates the impact on capital adequacy ratios as well as the RAF, and considers any measures necessary to meet the requirements.

Transactions on treasury shares

At 31 December 2020, Banca Ifis held 351.427 treasury shares recognised at a market value of 2,9 million Euro and a nominal amount of 351.427 Euro.

During the year, Banca Ifis, as variable pay for the 2016 and 2017 results, awarded the Top Management 12.288 treasury shares at an average price of 33,98 Euro, for a total of 418 thousand Euro and a nominal amount of 12.288 Euro, making profits of 317 thousand Euro that, in compliance with IAS/IFRS standards, were recognised under the premium reserve.

The remaining balance at the end of the year was 339.139 treasury shares with a market value of 2,8 million Euro and a nominal amount of 339.139 Euro.

B. Quantitative information

B.1 Company's equity: breakdown

Equity items	31.12.2021	31.12.2020
1. Share capital	53.811	53.811
2. Share premiums	102.972	102.491
3. Reserves	1.170.739	1.134.006
- profits	1.168.276	1.131.737
a) legal reserve	10.762	10.762
b) statutory reserve	-	467.090
c) treasury shares	2.847	2.948
d) other	1.154.667	650.937
- other	2.463	2.269
4. Equity instruments	-	-
5. (Treasury shares)	(2.847)	(2.948)
6. Valuation reserves:	(16.581)	(10.934)
- Equity securities measured at fair value through other comprehensive income	(12.500)	(12.524)
- Hedging of equity securities measured at fair value through other comprehensive income	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	(3.733)	1.791
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Foreign investment hedges	-	-
- Cash flow hedges	-	-
- Hedging instruments (non-designated items)	-	-
- Exchange differences	-	-
- Non-current assets under disposal	-	-
- Financial liabilities measured at fair value through profit or loss (changes in own credit risk)	-	-
- Actuarial gains (losses) on defined benefit pension plans	(348)	(201)
- Share of valuation reserves of equity accounted investments	-	-
- Specific revaluation laws	-	-
7. Profit (loss) for the year	56.468	59.504
Total	**1.364.562**	**1.335.930**

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income: breakdown

Assets/Amounts	31.12.2021		31.12.2020	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	3.733	1.791	-
2. Equity securities	-	12.500	-	12.524
3. Loans	-	-	-	-
Total	**-**	**16.233**	**1.791**	**12.524**

B.3 Valuations reserves for financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Loans
1. Opening balance (31/12/2020)	**1.791**	**(12.524)**	**-**
2. Increases	**7.135**	**7.274**	**-**
2.1 Fair value gains	39	6.075	-
2.2 Credit risk losses	214	X	-
2.3 Reclassification to profit or loss of negative reserves from sale	4.939	X	-
2.4 Transfers to other components of equity (equity securities)	-	358	-
2.5 Other changes	1.943	841	-
3. Decreases	**(12.659)**	**(7.250)**	**-**
3.1 Fair value losses	(11.017)	(4.704)	-
3.2 Reversals of credit risk losses	(182)	X	-
3.3 Reclassification to profit or loss of positive reserves from sale	(1)	X	-
3.4 Transfers to other components of equity (equity securities)	-	(1.949)	-
3.5 Other changes	(1.459)	(597)	-
4. Closing balance	**(3.733)**	**(12.500)**	**-**

As required by Article 2427, paragraph 7-bis of the Italian Civil Code, the following table shows the equity items along with the nature, possible use and availability, as well as what has been used in previous years.

Equity items	Amount at 31.12.2021	Possibility of use (*)	Portion available	Summary of uses during the last three years	
				For loss coverage	For other reasons
Share capital	53.811		-	-	-
Share premiums	102.972	A, B, C (1)	-	-	-
Reserves:	1.170.739	-	534.167	-	-
- Statutory reserve	10.762	B	10.762	-	-
- Extraordinary reserve	501.491	A, B, C	501.491	-	-
- Reserves from the application of international accounting standards	321	(2)	-	-	-
- Reserve for own shares	2.847	-	-	-	-
- Other reserves	655.318	A, B, C (3)	21.914	-	-
Valuation reserves:	(16.581)	-	-	-	-
- Financial assets measured at fair value through other comprehensive income	(16.233)	(4)	-	-	-
- Actuarial gains (losses) related to defined benefit plans	(348)	-	-	-	-
Treasury shares (-)	(2.847)	-	-	-	-
Profit for the year	56.468	(5)	-	-	-
Total	**1.364.562**	**-**	**534.167**	**-**	**-**

(*) A = to increase capital, B = to cover losses, C = for distribution to shareholders.
(1) The share premium reserve is available and distributable as the legal reserve has reached one fifth of the share capital.
(2) The item includes 2,5 million Euro in reserves deriving from the first time adoption of accounting standard IFRS 9 (FTA), net of the related tax effects, of which: 1,0 million Euro due to the FTA IFRS 9 effect on Banca Ifis and 1,5 million Euro for the FTA IFRS 9 effect on IFIS Leasing, merged by incorporation into Banca Ifis in 2018.
(3) Consistently with the Bank's willingness to further strengthen its capital base, the amount corresponding to the gain on bargain purchase that arose from the acquisition of the former GE Capital Interbanca Group, equal to 633,4 million Euro, was allocated to a reserve that will remain unavailable until the approval of the financial statements for the year 2021.
(4) The reserve, where available, is restricted pursuant to Article 6 of Italian Legislative Decree no. 38/2005.
(5) In compliance and within the limits of the above-specified Bank of Italy recommendation, Banca Ifis will propose to the shareholders' meeting the distribution of a 2021 dividend of 50.798.358 Euro, corresponding to 0,95 Euro per share, consequently deducted from own funds at 31 December 2021.

B.4 Valuation reserves for defined benefit plans: annual changes

Valuation reserves for defined benefit plans show a negative balance at 31 December 2021 of 348 thousand Euro, pertaining to the Bank. The decrease in the item as compared with the close of the previous year, derives from the net actuarial losses accrued during the period on the Bank’s severance indemnity.

Section 2 - Own funds and prudential ratios

In application of Circular 262 - 6th update - the section on own funds and capital ratios is replaced by a reference to the "Pillar 3" disclosures, which contain similar information.

That said, below are the highlights about own funds and capital ratios.

	31.12.2021	31.12.2020
A. Common Equity Tier 1 (CET1) before application of prudential filters	**1.292.884**	**1.310.804**
- of which CET1 instruments subject to transitional provisions	-	-
B. CET1 prudential filters (+/-)	(760)	(941)
C. CET1 gross of items to be deducted and the effects of the transitional regime (A+/-B)	1.292.124	1.309.863
D. Items to be deducted from CET1	54.457	71.930 (*)
E. Transitional regime - Impact on CET1 (+/-), including minority interests subject to transitional provisions	31.532	31.968 (*)
F. Total Common Equity Tier 1 (CET1) (C-D+/-E)	**1.269.199**	**1.269.900**
G. Additional Tier 1 Capital (AT1) gross of items to be deducted and the effects of the transitional regime	-	-
- of which AT1 instruments subject to transitional provisions	-	-
H. Items to be deducted from AT1	-	-
I. Transitional regime - Impact on AT1 (+/-), including instruments issued by subsidiaries that are given recognition in AT1 pursuant to transitional provisions	-	-
L. Total Additional Tier 1 Capital (AT1) (G-H+/-I)	**-**	**-**
M. Tier 2 Capital (T2) gross of items to be deducted and the effects of the transitional regime	400.000	400.000
- of which T2 instruments subject to transitional provisions	-	-
N. Items to be deducted from T2	-	-
O. Transitional regime - Impact on T2 (+/-), including instruments issued by subsidiaries that are given recognition in T2 pursuant to transitional provisions	-	-
P. Total Tier 2 Capital (T2) (M-N+/-O)	**400.000**	**400.000**
Q. Total own funds (F+L+P)	**1.669.199**	**1.669.900**

(*) Reclassification at 31/12/2020 of 7,3 million Euro from item D to item E

Categories/Amounts	Non-weighted amounts		Weighted amounts / requirements	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
A. RISK ASSETS				
A.1 Credit risk and counterparty risk	13.081.977	11.913.984	6.870.936	6.170.527
1. Standardised approach	12.696.810	11.837.671	6.530.883	6.105.163
2. Approach based on internal ratings	-	-	-	-
2.1 Basic indicator approach	-	-	-	-
2.2 Advanced measurement approach	-	-	-	-
3. Securitisation programmes	385.167	76.313	340.053	65.364
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit risk and counterparty risk			549.675	498.871
B.2 Credit and counterparty valuation adjustment risk			1.514	351
B.3 Regulatory risk			-	-
B.4 Market risks			6.971	5.228
1. Standard method			6.971	5.228
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			51.554	52.315
1. Basic indicator approach			51.554	52.315
2. Standardised approach			-	-
3. Advanced measurement approach			-	-
B.6 Other calculation factors			-	-
B.7 Total prudential requirements			609.714	556.765
C. RISK ASSETS AND CAPITAL REQUIREMENT RATIOS				
C.1 Risk-weighted assets			7.621.420	6.959.557
C.2 Common Equity Tier 1 capital / Risk-weighted assets (CET1 Capital ratio)			16,65%	18,25%
C.2 Tier 1 Capital / Risk-weighted assets (Tier 1 capital ratio)			16,65%	18,25%
C.4 Total own funds / Risk-weighted assets (Total capital ratio)			21,90%	23,99%

4.7 Part G - Business combinations

Section 1 - Transactions carried out during the year

1.1 Business combinations

Within the framework of an intervention shared with the Interbank Deposit Protection Fund (FITD) and aimed at guaranteeing the depositors of Aigis Banca, placed in compulsory administrative liquidation by the Ministry of Economy and Finance, the Bank of Italy, which appointed the Liquidator Commissioner of Aigis Banca, approved the transfer of its assets, liabilities and legal relationships to Banca Ifis. On 23 May 2021, the Liquidator of Aigis Banca stipulated the final deed of sale with Banca Ifis. The perimeter acquired by Banca Ifis included, on the assets side, in addition to its own bond portfolio (mainly government bonds), loans to small and medium-sized businesses mainly consisting of medium/long-term loans backed by guarantees from Mediocredito Centrale (MCC) and factoring loans. On the liabilities side, the acquisition mainly involved deposits, including those of retail customers; in addition, the personnel working in the Milan, Rome and Bari offices were transferred. Excluded are:securities related to Greensill Bank AG, in a state of insolvency, tax assets, the subordinate debenture loan issued by Aigis Banca and some contracts considered not functional to the transaction. The price paid by Banca Ifis, as a token, is one Euro.

Under IFRS 3, at the date of the business combination, the entity must identify the cost of the business combination and allocate it to the acquiree's identifiable assets, liabilities, and contingent liabilities at the acquisition date and measured at their fair values at the same date.

Declining the requirements of IFRS 3 to the transaction in question, the cost incurred for the acquisition of the former Aigis Banca branch is defined as 1 Euro, equal to the consideration paid. The contract for the sale of the business unit was signed on 23 May 2021 and is effective as of that date between the parties and vis-à-vis third parties. Consequently, a specific accounting statement was prepared at 23 May 2021, the date designated for the purpose of recognising the business combination.

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. With reference to the acquisition of the former Aigis Banca business unit, the receivables portfolio, the securities portfolio, intangible assets and potential liabilities were analysed for PPA purposes.

In particular, the fair values identified for the performing portfolio were determined on the basis of the discounted cash flow method or by discounting the forecast cash flows from the portfolio valued. To this end, cash flows and discounting rates to be applied to such, needed to be identified on the basis of the following assumptions.

The cash flows of the performing portfolio were determined on the basis of the gross cash flows deriving from the contractual amortisation plan and discounted on the basis of an average market rate representative of the return required by a potential investor as well as the riskiness of the loan being evaluated.

As regards the non-performing portfolio, the related fair values have been identified using, depending on the type of underlying receivable, the average prices recorded on the market in sales of impaired loans or the discounted cash flow method described previously.

For the purposes of applying the above method, amounts due from customers have been segmented into homogeneous portfolios by type.

Overall, the process of valuing receivables due from customers revealed a lower portfolio value of 3.651 thousand Euro.

With regard to the securities portfolio, consisting primarily of Italian government securities, for the purposes of restating the fair value, reference was made to the market price of each security on 23 May 2021, taking into account the data obtained from the Telekurs infoprovider, resulting in a negative change in fair value of 942 thousand Euro.

As instead regards tax assets and liabilities and any intangible assets not booked by Aigis Banca and potentially able to be recorded during the business combination (e.g. trademarks, customers and contracts), the analyses carried out on such did not reveal any values that can be represented for IFRS 3 purposes. On the other hand, at the time of the PPA, the amortisation period of the software in use at Aigis was accelerated as it was no longer usable and could not be resold, and as the individual assets and liabilities were migrated to the Banca Ifis systems. The impact of this adjustment on the balance at 23 May 2021 is 491 thousand Euro.

Finally, in line with the provisions of IFRS 3, a fair value assessment of potential liabilities, including associated legal expenses, was carried out in order to determine the value of any potential liabilities not recorded in the financial statements of the former Aigis Banca branch. This analysis was carried out through discussion with Company management and through analysis of documents made available on outstanding litigation liabilities for the branch, as well as additional analysis conducted internally regarding MCC practices. The analysis revealed the need to make the following additional provisions totalling 10.153 thousand Euro.

The table below gives the main equity details on the assets and liabilities acquired for the former Aigis Banca BU at the aggregation date.

Description (in thousands of Euro)	Assets and liabilities acquired at 23.05.2021	Assets and liabilities acquired at fair value	Fair value adjustment
Cash and cash equivalents(*)	94.169	94.169	-
Financial assets measured at fair value through profit or loss	2.506	2.506	-
Debt securities at amortised cost	156.630	155.688	(942)
Loans to banks and customers	329.123	325.472	(3.651)
Property, plant and equipment	2.018	2.018	-
Intangible assets	491	-	(491)
Other assets	9.069	9.069	-
Assets acquired	**594.006**	**588.922**	**(5.084)**
Financial liabilities at amortised cost	(564.463)	(564.463)	-
Other liabilities	(9.879)	(9.879)	-
Post-employment benefits	(203)	(203)	-
Provisions for risks and charges	(1.365)	(11.518)	(10.153)
Liabilities assumed	**(575.910)**	**(586.063)**	**(10.153)**
Net assets (A)	**18.096**	**2.859**	**(15.237)**
Price of the acquisition, disbursed using liquid funds (B)	**X**	**-**	**X**
Negative value difference (gain on bargain purchase) from the acquisition (C = B - A)	**X**	**(2.859)**	**X**

(*) This item includes the payment of 38,6 million Euro made by the Interbank Deposit Protection Fund in support of the branch of the former Aigis Banca.

Analysis of acquisition cash flow (in thousands of Euro)	
Price of the acquisition, disbursed using liquid funds	-
Costs of the purchase (included in cash flows from operations)	-
Net funds acquired with the subsidiary (included in cash flows of investments)	94.169
Net cash flow from acquisition (*)	**94.169**

(*) This item includes the payment of 38,6 million Euro made by the Interbank Deposit Protection Fund (FITD) as part of the operation to support the branch of the former Aigis Banca.

The purchase price allocation process described previously, revealed a negative difference between the aggregation price and the fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities. This difference, which came to 2,9 million Euro, has been entered in these financial statements of Banca Ifis under "Other operating income".

Section 2 - Transactions carried out after the end of the year

The Bank did not carry out any business combination between the end of the year and the date of preparation of this document.

Section 3 - Retrospective adjustments

In 2021, the Bank did not make any retrospective adjustment to business combinations carried out in previous periods.

4.8 Part H - Related-party transactions

In compliance with the provisions of Consob resolution no. 17221 of 12 March 2010 (as subsequently amended by means of Resolution no. 17389 of 23 June 2010) and the provisions of Circular 263/2006 (Title V, Chapter 5) of the Bank of Italy, the related party transaction procedure was prepared. The latest version was approved by the Board of Directors on 24 June 2021. This document is publicly available on Banca Ifis's website, www.bancaifis.it, in the "Corporate Governance" Section.

During 2021, no significant related-party transactions were undertaken outside the scope of the consolidated financial statements.

At 31 December 2021, the Banca Ifis Group was owned by La Scogliera S.p.A. and consisted of the Parent company Banca Ifis S.p.A., the wholly-owned 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 71,06% and the vehicle Ifis Npl 2021-1 SPV S.r.l., of which the majority of the shares were acquired at the end of June 2021.

The types of related parties, as defined by IAS 24, that are relevant for Banca Ifis include:

- the parent company;
- the subsidiaries;
- key management personnel;
- close relatives of key management personnel and the companies controlled by (or associated to) them or their close relatives.

Here below is the information on the remuneration of key management personnel as well as transactions undertaken with the different types of related parties.

1. Information on the remuneration of key management personnel

The definition of key management personnel, as per IAS 24, includes all those persons having authority and responsibility for planning, directing and controlling the activities of Banca Ifis, directly or indirectly, including the Bank's directors (whether executive or otherwise).

In compliance with the provisions of the Bank of Italy's Circular no. 262 of 22 December 2005 (7th update of October 2021), key management personnel also include the members of the Board of Statutory Auditors.

Key management personnel in office at 31 December 2021

Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments
10.486	-	508	212	1.136

The above information includes fees paid to Directors (4,0 million Euro, gross amount) and Statutory Auditors (352 thousand Euro, gross amount).

2. Information on related-party transactions

Here below are the assets, liabilities, guarantees and commitments outstanding at 31 December 2021, broken down by type of related party pursuant to IAS 24.

Items	Parent company	Subsidiaries	Key management personnel	Other related parties	Total	As a % of the item
Financial assets measured at fair value through other comprehensive income	-	-	-	1.109	1.109	0,8%
Financial assets measured at fair value through other comprehensive income	-	-	-	347	347	0,1%
Receivables due from banks measured at amortised cost	-	38.367	-	-	38.367	6,8%
Receivables due from customers measured at amortised cost	-	1.143.058	292	18.844	1.162.194	12,9%
Other assets	20.567	16.578	-		37.145	7,4%
Total assets	**20.567**	**1.198.003**	**292**	**20.300**	**1.239.162**	**10,3%**
Payables due to banks measured at amortised cost	-	144.082	-	-	144.082	5,3%
Payables due to customers measured at amortised cost	-	56.656	126	818	57.600	0,9%
Other liabilities	-	1.055	-	-	1.055	0,3%
Reserves	-	-	-	(7.220)	(7.220)	(0,6)%
Total liabilities	**-**	**201.793**	**126**	**(6.402)**	**195.517**	**1,6%**
Commitments and guarantees granted	-	-	423	-	423	n.a.

Items	Parent company	Subsidiaries	Key management personnel	Other related parties	Total	As a % of the item
Interest receivable	-	18.290	-	361	18.651	6,1%
Interest expense	-	-	(1)	(1)	(2)	0,0%
Commission income	-	52	-	22	74	0,1%
Commission expense	-	(1.243)	-	-	(1.243)	10,6%
Administrative expenses	-	79	-	-	79	(0,0)%
Other operating income and expenses	-	16.718	-	-	16.718	45,0%

It should be noted that work is underway on the renovation of certain buildings of the Bank by a company controlled by a party related to the Parent Company, the costs of which are entered as tangible assets for 15,6 million Euro at 31 December 2021.

The transactions with the parent company concern the application of Group taxation (tax consolidation) in accordance with Arts. 117 et seq. of Italian Presidential Decree no. 917/86. Relations between these companies are regulated by private agreements signed between the parties. All adhering entities have an address for the service of notices of documents and proceedings relating to the tax periods for which this option is exercised at the office of La Scogliera S.p.A., the consolidating company. Under this tax regime, the taxable income and tax losses are transferred to the consolidating company La Scogliera S.p.A., which is responsible for calculating the overall Group income. Following the exercise of the option at 31 December 2021, Banca Ifis recorded a net receivable from the parent company of 20,6 million Euro, Ifis Rental Services of 1,2 million Euro and Cap.Ital.Fin. of 1,1 million Euro, while Ifis Npl Investing recorded a net payable of 23,7 million Euro and Ifis Npl Servicing a net payable of 2,4 million Euro.

Transactions with key management personnel relate almost entirely to Rendimax savings and current accounts as well as mortgages.

Transactions with other related parties that are part of Banca Ifis's ordinary business are conducted at arm's length.

4.9 Part I - Share-based payments

Qualitative information

1. Description of share-based payment agreements

Access to the variable part for all personnel is subject to compliance with the thresholds envisaged by the following indicators recorded at year end:

- Ratio of the final Return On Risk-Adjusted Capital (RORAC) with the provisional one approved by the Board of Directors (RORAC*), no less than 80%;
- meeting the minimum Liquidity Coverage Ratio (LCR) requirement applicable from time to time to the Bank;
- meeting the minimum Net Stable Funding Ratio (NSFR) requirement applicable from time to time to the Bank;
- consolidated Total Capital Ratio exceeding the Overall Capital Requirement announced by the Supervisory Body as part of the "Capital Decisions" following the periodic Supervisory Review and Evaluation Process (SREP);
- gross NPE ratio and net NPE ratio below the thresholds of attention set internally.

Failure to achieve more than one of the above parameters in two different areas, with the exception of capital solvency (i.e. consolidated Total Capital Ratio) and failure to respect the regulatory minimums, which must be respected at all times, will prevent payment of the variable component.

Without prejudice to the opening of the gates for access to the payment of variable remuneration described above, for the Chief Executive Officer and the General Manager, the possibility of accruing, in addition to an annual recurring fixed emolument and further benefits, an annual variable component as a short-term incentive scheme, with a target of up to 60% of the gross annual fixed remuneration, has been envisaged subject to verification by the Board of Directors that the RORAC/RORAC* indicator has reached a value between 80% and 100% and that the (Cost/Income ratio*)/(Cost/Income ratio) indicator, i.e. the ratio between the forecast cost/income ratio and the actual cost/income ratio, has reached a value between 90% and 100%. The portion of the variable remuneration referring to the Cost/Income ratio indicator is however reduced to zero if this indicator exceeds the tolerance threshold envisaged by the RAF in force.

In this case, the variable emolument accrued will be equal to between 60% and 100% of the target variable component, according to the indicators calculated previously.

60% of this variable component is awarded with an upfront payment, and the remaining 40% is deferred for three years.

The deferred portion of variable remuneration (amounting to 40%) shall be paid as follows:

- 50% in the form of shares in the Parent to be awarded after the end of the three-year vesting period (the period after which the shares may be awarded) and that may be exercised following a retention period (during which the shares cannot be sold) of one additional year;
- the remaining 50% of deferred variable remuneration shall be paid in cash after three years and is subject to annual revaluation at the legal interest rate applicable from time to time.

The variable component paid upfront (the remaining 60%) shall be paid as follows:

- 50% in cash;
- and the remaining 50% in the form of shares in the Parent that may be exercised following a three-year retention period, in line with the strategic planning time horizon.

It is understood that the allocation of Banca Ifis shares will affect the employees identified as most relevant pursuant to Circular no. 285/2013 and Delegated Regulation no. 604/2014 where the variable component of remuneration is above the defined materiality threshold of 70 thousand Euro.

For FY 2021, the number of shares to be awarded is calculated by relying on the average share price for the three months before the variable pay for the period is determined -- which shall occur at the date of the Meeting convened for the approval of the Financial Statements -- as the fair value of the share.

Variable pay is subject to malus/clawback mechanisms that may cause the amount to be reduced to as low as zero if certain conditions are met.

Quantitative information

The table on annual changes is not presented here, since for Banca Ifis share-based payment agreements do not fall within the category concerned by said table.

2. Other information

If a result is achieved that equals or exceeds 100% of the annual targets assigned, the variable component of Senior Management will be considered as accrued in the amount of 100% of its value; the number of shares to be attributed will be in any case calculated as described above.

2021-2023 Long-Term Incentive Plan for the Chief Executive Officer

The Chief Executive Officer of Banca Ifis is also the recipient of a Long Term Incentive (LTI) Plan 2021-2023, approved by the Board of Directors on 24 June 2021 and by the Shareholders' Meeting of the Parent Company on 28 July 2021. The Plan provides for the assignment to the CEO, free of charge, of a certain number of options that will give the right to purchase, at a unit exercise price (the "strike price") equal to 12,92 Euro, a corresponding number of Banca Ifis shares.

More specifically, they will become exercisable after a three-year vesting period (2021, 2022 and 2023), subject to the circumstance that, at that date, the relationship between the Bank and the Chief Executive Officer is still in place, as well as to the achievement of predetermined quantitative and qualitative, financial and non-financial targets, linked to the Bank's long-term strategies.

The Plan grants the CEO of the Parent Company the right to receive up to a maximum of 696.000 options at the end of the vesting period and on achievement of the objectives of the Plan.

At an accounting level, this stock option plan has been accounted for in accordance with the provisions of IFRS 2 for equity settled transactions. In view of the difficulty of reliably assessing the fair value of the services received as consideration for stock options, reference is made to the initial fair value of the latter.

The fair value of the payments settled by the issuance of these options for the services covered by the LTI Plan is recognised as an expense in the income statement under "Administrative Expenses: a) Personnel Expenses" as an offsetting entry to "Reserves" in Equity on an accrual basis in proportion to the three-year vesting period over which the service is provided. At 31 December 2021 the corresponding cost recorded in the Income Statement with a balancing entry in a specific shareholders' equity reserve amounts to 194 thousand Euro.

4.10 Part L - Segment reporting

In accordance with IFRS 8, Banca Ifis S.p.A., Parent company of the Banca Ifis Group, presents the segment reporting in Part L of the Notes to the Consolidated Financial Statements.

4.11 Part M - Leasing disclosure

Section 1 - Lessee

Qualitative information

As lessee, the Bank has stipulated lease contracts on properties mainly to be used instrumentally. They are therefore leases of properties intended to host internal offices. As the lease business is correlated to the Bank's need to offshore its offices, particularly close attention is paid to identifying the most suitable properties for use, designated in line with the economic criteria established by the company.

At 31 December 2021, there are 46 passive lease contracts for buildings and 13 for car parking spaces, the related right of use booked at 31 December 2021 is 9,8 million Euro, whilst the corresponding lease liabilities come to 10,1 million Euro. The Bank also has a property in Florence, financially leased as described in part B - Statement of financial position.

As regards the contracts for cars, the Bank has passive contracts for 249 cars at 31 December 2021, which are mainly long-term hires of structure cars and fringe benefits for employees. The related right of use at 31 December 2021 is 1,1 million Euro, while the corresponding lease liability is also 1,1 million Euro.

In view of the non-marginal nature of the lease contracts in relation to the asset value, consisting of the right of use entered in total in the financial statements in accordance with IFRS 16, the Bank's total lease liabilities at 31 December 2021 come to 14,5 million Euro.

Banca Ifis is not exposed to outgoing cash flows, which are not already reflected in the measurement of the leasing liabilities. In greater detail, exposure deriving from the extension options are included in lease liabilities booked, insofar as the Bank considers the first renewal as certain; the other situations recalled by the standard (variable payments connected with leasing, guarantees of residual value, lease commitments that are not yet operative) are not present for the contracts stipulated as lessee.

The Bank books the following costs:

- short-term leases in the event of assets such as properties and technologies (in particular, the mainframe hardware), when the related contracts have a maximum term of twelve months and have no option for extension.
- leases of assets of modest value, i.e. characterised by a new value of less than 5 thousand Euro, mainly for mobile telephony.

Quantitative information

The table below provides indication on the amortisation/depreciation cost for assets consisting of the right of use, broken down by classes of underlying asset.

AMORTISATION/DEPRECIATION COSTS FOR ASSETS COMPRISING THE RIGHT OF USE (in thousands of Euro)	31.12.2021	31.12.2020
a) Land	-	-
b) Buildings	2.290	2.111
c) Furniture	-	-
d) Electronic equipment	303	308
e) Other	925	886
Total	**3.518**	**3.305**

Section 2 - Lessor

Qualitative information

The Bank also operates on the market with fixed or variable-rate financial leasing solutions for vehicles (cars, commercial and industrial vehicles) and instrumental assets (industrial machinery, medical equipment, technological assets) to both private customers and small and medium enterprises through an internal commercial structure and a network of selected Agents in Financial Assets throughout the whole of national territory. The Leasing of instrumental assets is also distributed through relations with manufacturers, distributors and retailers.

Finance Leasing - Automotive - In 2021, this segment grew across all segments, returning levels to pre-pandemic. Compared to 2020, the industrial vehicle leasing segment recorded +34,7% over the previous year (for 2,4 billion Euro), passenger car leasing +2,7% (for 2,7 billion Euro) and finally commercial vehicle leasing -7,3% (for 1,1 billion Euro).

In this segment, the Bank has signed contracts for approximately 219 million Euro, or 92% of the amount disbursed in 2020.

Finance Leasing - Capital goods sector - The growth of this sector in 2021 in Italy was driven by financial leasing of capital goods, where there was a 60% increase in the value of the financed assets compared to 2020, for a total of 10,2 billion Euro.

The Bank recorded positive signs throughout the capital goods segment: +37% in the industrial goods segment for a total of 140 million Euro and +33% in the technological goods segment for a total of approximately 18 million Euro.

As lessor, the Bank does not stipulate lease contracts for properties for commercial use or accommodation with third parties or other group companies.

In referring to the greater detail given in the Report on Operations to the consolidated financial statements, it is there pointed out that the lease agreements stipulated with customers enable the management of risk on the underlying assets in line with the Bank's policy, as there is no provision for buy-back agreements, guarantees on residual value or variable payments. The Bank therefore books the financial lease in accordance with accounting standard IFRS 16 and classifies the transactions amongst financial assets measured at amortised cost.

Quantitative information

1. Information from the statement of financial position and income statement

For information on finance leases, reference is made to the contents of Section 4, Assets, of Part B of the notes of this document. As regards interest income on lease loans, reference is made to the contents of Section 1 of Part C;

for commission, refer to Section 2 of Part C and, finally, for other income, refer to Section 14, again of Part C of the notes, of this document.

2. Finance leases

2.1. Classification by time frames of payments to be received and reconciliation with the leasing loans entered under assets

Time frames	31.12.2021	31.12.2020
	Payments to be received for leasing	Payments to be received for leasing
Up to 1 year	413.654	419.847
Over 1 to 2 years	347.736	354.218
Over 2 to 3 years	271.989	282.181
Over 3 to 4 years	179.624	196.623
Over 4 to 5 years	71.308	91.229
Over 5 years	7.324	11.241
Total payments to be received for leasing	**1.291.635**	**1.355.339**
RECONCILIATION WITH LOANS		
Financial gains not accrued (-)	(105.446)	(104.983)
Residual value not guaranteed (-)	-	-
Financing for leasing	**1.186.189**	**1.250.356**

The table shows the classification by time frame of payments receivable for leasing and the reconciliation of such payments and lease loans as lessor. The table does not show impairment losses totalling 35,8 million Euro at 31 December 2021 (35,1 million Euro in 2020).

Venice - Mestre, 10 March 2021

For the Board of Directors

The CEO

Frederik Herman Geertman

5. Attachments to the Separate Financial Statements

5.1 Statement of prices for the auditing of the accounts and services other than auditing in accordance with Article 149-duodecies of Consob Regulation no. 11971 of 14 May 1999

Type of services	Service provider	Beneficiary	Fees (units of Euro)
Independent auditors' fees	EY S.p.A	Banca Ifis S.p.A.	250.916
		Subsidiaries	437.812
Certification services	EY S.p.A	Banca Ifis S.p.A.	318.660
		Subsidiaries	25.000
		Subsidiaries	-
Total			**1.032.387**

5.2 Declaration of the Corporate Accounting Reporting Officer

Certification of the Annual Financial Statements at 31 December 2021 pursuant to Article 154-bis, paragraph 5, of Italian Legislative Decree no. 58 of 24 February 1998 and Art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

1. We, the undersigned, Frederik Geertman – CEO and Mariacristina Taormina – in her capacity as Manager charged with preparing the financial reports of Banca Ifis S.p.A., having also taken into account the provisions of Art. 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree no.58 dated 24 February 1998, hereby certify:

   i. the adequacy in relation to the characteristics of the Company;

   ii.the effective implementation of the administrative and accounting procedures

   for the for the preparation of Banca Ifis's financial statements, over the course of the period from January 1st, 2021 to December 31st, 2021.

2. The adequacy of the administrative and accounting procedures in place for preparing the financial statements as at December 31st, 2021 has been assessed through a process established by Banca Ifis S.p.A. on the basis of the guidelines set out in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO), an internationally accepted reference framework.

3. The undersigned further confirm that:

   3.1 the financial statements as at December 31st, 2021:

   a) are prepared in compliance with International Accounting Standards, endorsed by the European Commission as for European regulation no. 1606/2002 of the European Parliament and Council of July 19th, 2002;

   b) correspond to the related books and accounting records;

   c) provide a true and correct representation of the financial position of the issuer.

   3.2 The management report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and a description of the main risks and uncertainties it is exposed to.

Venice, 10 March 2022

CEO	Manager charged with preparing the Company's financial reports
____________________	____________________
Frederik Herman Geertman	Mariacristina Taormina

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

5.3. Report of the Board of Statutory Auditors

BOARD of STATUTORY AUDITORS' REPORT
to the FINANCIAL STATEMENTS as at 31 December 2021
(Translation from the original Italian text)

Dear Shareholders,

With this report - prepared in accordance with Article 153 of Italian Legislative Decree no. 58/1998 and Article 2429, paragraph 2 of the Italian Civil Code - the Board of Statutory Auditors of Banca IFIS S.p.a., hereby informs you of the supervisory and control activities carried out in the performance of their duties, during the year ended 31 December 2021.

Background
Again in FY 2021, the Board's activities were affected by the pandemic context that made it necessary, for part of the year, to use remote connection systems to organise meetings remotely. The tasks and functions attributed to the Control Body by the reference legislation have always been carried out in compliance with the legal and corporate provisions issued to govern the epidemiological emergency.

1. Activity of the Board of Statutory Auditors

During the year 2021, the Board of Statutory Auditors carried out their institutional tasks in accordance with the rules of the Italian Civil Code and with Legislative Decrees no. 385/1993 (Consolidated Banking Law), no. 58/1998 (Consolidated Law on Finance), and no. 39/2010, of the By-Laws, in addition to being in compliance with those issued by the public authorities that exercise activities of supervision and control, also taking into account the standards of conduct recommended by the National Council of Chartered Accountants in the document dated April 2018.

During the year, the Board of Statutory Auditors performed its duties, holding 27 meetings, of which 5 were held jointly with the Control and Risks Committee and 2 held jointly with the Boards of Statutory Auditors of the Subsidiaries.
The Board also attended all 19 meetings of the Board of Directors.
The Board of Statutory Auditors or individual members of the Board also attended the meetings of the Control and Risks Committee, of the Appointments Committee and of the Remuneration Committee.

The minutes of the Board of Statutory Auditors, which sometimes contain explicit recommendations to rapidly resolve difficulties that have come to light, are always sent in their entirety to the CEO and to the General Manager. The Chairman of the Risk Management and Internal Control Committee is constantly invited to attend meetings of the Board of Statutory Auditors. It is believed that such attendance will ensure an adequate flow of information between the committees within the Board of Directors.
The Head of Internal Auditing also attends the meetings of the Board of Statutory Auditors, as a permanent invitee for the continuous interaction with the corporate function of third-level control.

2. Significant events and transactions

2.1 Period events and transactions

In carrying out the activities of supervision and control, the Board of Statutory Auditors obtained periodically from the Directors, including through the participation in meetings of the Board of Directors, information on the activities carried out and on the most important economic, financial and equity operations approved and implemented by the Bank and by the subsidiaries, also pursuant to Article 150, paragraph 1 of the Consolidated Law on Finance.

Reference should be made to the information provided in the Management Report regarding significant events during the year and after year-end.

At 01 January 2021, the Bank had completed the corporate reorganisation of the NPL cluster, meaning that the NPL cluster comprises:

- IFIS NPL Investing Spa (100% owned by Banca Ifis Spa),
- IFIS NPL Servicing (100% owned by IFIS NPL Investing Spa)
- IFIS Real Estate Spa (100% owned by IFIS NPL Servicing Spa)

On 14 January 2021, the resignation of Director Divo Gronchi was received

On 11 February 2021, the Board of Directors co-opted Frederik Geertman, with the approval of the Appointments Committee and the Board of Statutory Auditors

On 11 February, Luciano Colombini, CEO and Director, tendered his resignation from both positions with effect from 22 April 2021 (Shareholders' Meeting for the approval of the financial statements for FY 2020). On the same date Luciano Colombini signed an agreement with the Bank concerning the conditions for his exit, with the favourable opinion of the Remuneration Committee and the Board of Statutory Auditors.

The Board of Directors meeting held on 22 April 2021, following the Shareholders' Meeting, appointed Frederik Geertman as Chief Executive Officer of the Banca Ifis Group.

In May 2021, the Bank acquired, in cooperation with the FITD, the business unit related to Aigis Bank in liquidation.
On 28 July 2021, the Shareholders' Meeting approved amendments to the Company's Articles of Association that resulted in the appointment of two Joint General Managers. Consequently, Raffaele Zingone was appointed as Joint General Managers in the role of Chief Commercial Officer (CCO) and Fabio Lanza as Chief Operation Officer (COO). Alberto Staccione (former General Manager) has taken on the role of Chief Lending Officer (CLO)

Finally, in December 2021, the Shareholders' Meeting held on the 21st, approved the change in the ratio between the variable and fixed remuneration of the Managing Director, bringing it to 1,5 to 1 compared to the original 1 to 1.

On 27 December 2021 the transfer of the registered office of the parent company La Scogliera to Switzerland was acknowledged, thus leading to the deconsolidation, solely for regulatory purposes, of the parent company itself.

2.2 Significant subsequent events

Significant events subsequent to the close of FY 2021 that this Board believes should be recalled include the following.

At its meeting of 09 February 2022, the Board of Directors approved the Group's Business Plan for the period 2022-2023-2024, presented to the market on 10 February 2022.

Finally, on 21 February 2022, authorisation was received from the Bank of Italy for the merger by incorporation of Credifarma SpA into Farbanca SpA.

On 10 March 2022, the Board of Directors initiated the share buyback programme for which authorisation was received from the Bank of Italy on 05 November 2021 to purchase 1.044.000 treasury shares for a maximum value of 20,9 million Euro to service the Long Term Incentive Plan approved by the Shareholders' Meeting of 28 July 2021.

3. Supervisory activities

3.1 - Supervisory activities on the observance of the law, the By-Laws, and the Self-Regulation Code for listed companies

On the basis of the information obtained through its own supervisory activities, the Board of Statutory Auditors was not made aware of any operations that had not been conducted in compliance with the principles of correct management and that had not been approved and implemented in accordance with the law and with the By-Laws, which were contrary to the interests of the Bank, that were in contrast with the resolutions passed by the Shareholders' Meeting, that were imprudent or risky or were such as to compromise the integrity of the corporate assets.

The Board of Statutory Auditors was not made aware of any operations in conflicts of interest.

The Board of Statutory Auditors monitored compliance of the Procedure for operations with subjects related to the law in force and its correct application.
In particular, as provided for by the relevant rules, the Chairman and/or the other Statutory Auditors participated in the meetings of the Risk Management and Control Committee to discuss operations with related parties; the Board of Statutory Auditors periodically received information relating to the progress of their positions.

The Board of Statutory Auditors judged that the Board of Directors, in the Management Report and in the Notes, had provided adequate information on the operations with related parties, taking into account the provisions of the regulations in force. To the knowledge of the Board of Statutory Auditors, there are no intra-group operations and no operations with the Related Parties being implemented in 2021 that were contrary to the interests of the company.

In the year 2021, the Bank did not perform any atypical or unusual transactions. With regard to the operations of particular importance, these respect the principles of prudence, do not contravene the resolutions of the Board of Directors Meetings, and do not prejudice the company's assets.

The Board reviewed the audits conducted by Internal Audit regarding the outsourcing of Essential or Important Operating Functions and agreed with the comments contained therein. These checks, which are also provided for in preparation for the annual report of this control function, and the collegial examination did not reveal any significant elements to be reported to the Shareholders.

The Board of Statutory Auditors, in acknowledging the accession of Banca IFIS S.p.A. to the Self-Regulation Code for listed companies, verified the requirements of independence of its members, in addition to the correct application of the criteria and procedures of verification adopted by the Board of Directors to assess the independence of the directors.

3.2 - Supervisory activities on the adequacy of the internal audit system, of the risk management systems and of the organisational structure

The Board of Statutory Auditors monitored the suitability of internal monitoring systems and risk management through:

- meetings with the management of the Bank;
- regular meetings with the Audit Functions - Internal Audit, Compliance, Anti-money laundering (AML) and Risk Management and the Financial Reporting Officer - in order to evaluate the methodology for the planning of operations, based on the identification and evaluation of the principal risks present in the organisational processes and units;
- examination of the periodical reports from the Audit Functions and the periodical information regarding the results of monitoring activities;
- acquired information from the managers of corporate functions;
- discussion of the results of the work carried out by the external auditing firm;

- participation in the work of the Risk Management and Control Committee and, when the topics so required, in their joint examination with the Committee.

In the execution of its monitoring duties, the Board of Statutory Auditors maintained continuous relations with the Audit Function.

The Board of Statutory Auditors focused on the organisational structure of the control functions, aimed at monitoring risks within the context of the changes that have affected the banking group, which currently sees the centralisation of the second and third level control functions at the parent company.

The Board of Statutory Auditors appreciated the use by Internal Audit of the new method of carrying out audits in line with international standards.

The Board of Statutory Auditors monitored the initiatives being implemented to strengthen the processes for monitoring and controlling risks at Group level.

The monitoring of the potential risks identified benefited from the creation of the position of Chief Lending Officer; the strengthening of controls by RM in the IT area; and the revision of the management and monitoring framework for non-recourse receivables from the NHS purchased.

The Board took note of the implementation of the processes related to the new regulations concerning the New DoD and Calendar Provisioning which, although substantially completed, require further formalisation.

With regard to liquidity-related risks (including mismatching and funding gaps), the Group acknowledged the progress of the ALM project, which is now close to being fully implemented.

The Board has also acknowledged the update of the valuation models, in respect of the effects of the pandemic, recommending the assumption of all necessary and opportune initiatives - such as the completion of the setting-up of the Validation Function - in order to guarantee the integrity and the correctness of the application of models of evaluation, together with the results of the same, for the portfolios of non-performing loans.

The Board of Statutory Auditors acknowledges that the annual reports from the Control Functions conclude with a substantially favourable judgement on the internal control system.

Over the course of 2021, the Board of Statutory Auditors supervised the suitability and effects of the entire ICAAP and ILAAP 2020 processes on the requirements set out by the regulations, underscoring the usefulness of appropriate data aggregation, integration, and validation processes to maintain the aforementioned documents.

Intervention plans were provided with reference to the activities and areas for improvement identified, whose timely implementation is judged by the Board of Statutory Auditors as essential and that require particular attention by the Management Body.

Finally, the Board of Statutory Auditors has taken positive note of the initiatives put in place to strengthen monitoring and control, in particular of credit risks, arising from the conflict in Ukraine.
On the basis of the activities carried out, the Board of Statutory Auditors - also in relation to the continuous evolution of the Bank and the group - believes that although there are certain areas for possible further improvement, there are no elements that are sufficiently critical as to invalidate the internal control system and risk management.

3.3 - Supervisory activities on the administrative-accounting system and on the financial report and non-financial disclosure processes

The Board of Statutory Auditors, in its role as Committee for internal control and auditing, monitored the process and the efficiency of internal monitoring systems and risk management with regards to the financial report.

The Board of Statutory Auditors periodically met the manager responsible for the exchange of information regarding the administrative-accounting system and in addition discussed the reliability of the latter in order to have an accurate representation of management-related issues.
During these meetings, no significant shortcomings were reported in the operational and auditing processes that could invalidate the adequacy and effective application of administrative accounting procedures.

The Board of Statutory Auditors examined the Report of the Financial Reporting Officer for the 2021 consolidated financial statements, which contains the results of tests on the controls carried out as well as the main problems identified in the application of the relevant legislation and the methodologies used and identifies the appropriate remedies. More specifically the Board has acknowledged the results of the controls performed following the introduction of the obligation, for consolidated financial reports relating to financial years beginning on or after 01 January 2021, to prepare them in XHTML format, marking certain information in the consolidated financial statements with the Inline XBRL specification.

The Board of Statutory Auditors also took note of the certifications issued on 10 March 2022 by the CEO and by the Financial Reporting Officer, in accordance with the provisions contained in Article 154 *bis* of the Consolidated Law on Finance and in Article 81 *ter* of the Consob Regulation 11971/1999, from which no failings emerged that might affect the judgement of adequacy of the administrative-accounting procedures.

The Board of Statutory Auditors then acknowledged the monitoring systems developed by the Financial Reporting Officer regarding the relative subsidiaries in the group of consolidated companies that do not demonstrate profiles of significant criticality.

The Independent Auditors EY S.p.A., during the periodic meetings and in the light of the Additional Report - provided for by Article 11 of Regulation (EU) no. 537/2014 issued on 31 March 2022, did not report any critical situations to the Board of Statutory Auditors that could affect the internal control system relating to the administrative and accounting procedures, nor did it ever highlight facts that were deemed reprehensible or any irregularities that would require reporting pursuant to Article 155, paragraph 2, of the Consolidated Law on Finance.

The Board of Directors prepared, in accordance with the law, the consolidated financial statements as at 31 December 2021 of the Banca IFIS Group that were submitted for audit by the external auditing firm EY S.p.A.. As already mentioned, the consolidation scope has changed following the 2021 corporate evolution. The Board of Statutory Auditors acknowledged the preparation of instructions provided to the subsidiaries for the process of consolidation.

With regard to the consolidated financial statement - as required by the rules of conduct recommended by the National Board of Certified Public Accountants in the document of April 2018 - the Board of Statutory Auditors monitored compliance with the procedural rules concerning the formation and setting out of the same and of the management report.

With regard to the above, no elements were revealed that would lead to the conclusion that the activity has not been carried out in accordance with the principles of correct administration or that the organisational structure, the system of internal audit and accounting and administrative systems were not, in their entirety, substantially adequate to the needs and dimensions of the company.

The Bank prepared the Non-Financial Statement (hereinafter the NFS): the obligation to prepare the NFS had been introduced by Italian Legislative Decree no. 254/2016 and the regulatory indications were then completed by the "Regulation implementing Italian Legislative Decree no. 254 of 30 December 2016".

The Bank has prepared the NFS, as an autonomous document, on a consolidated basis and this Board, in light of the provisions of Article 3, paragraph 7 of Italian Legislative Decree no. 254/2016, has verified said document - also in the light of that expressed by the external auditing firm in its report pursuant to Article 3, paragraph 10 of Italian Legislative Decree no. 254/2016 re-issued on 31 March 2022 - with regards to its completeness and its correspondence to that provided for by regulations and according to the criteria of preparation illustrated in the Methodology Notes for the Non-Financial Statement, without identifying elements which require mention in this report.

The NFS was also audited by the auditing firm EY, which issued its report on 31 March 2022 without finding elements indicating that the NFS was not prepared in accordance with the regulations.

3.4 - Supervisory activities pursuant to Italian Legislative Decree no. 39/2010

The Board of Statutory Auditors, as the "Committee for internal audit and for the general auditing procedure", carried out the task of supervision of the auditing firm's operations, as provided for by Article 19 of Italian Legislative Decree no. 39/2010.

As already mentioned above, the Board of Statutory Auditors met several times during the year with the Independent Auditors EY S.p.A., pursuant to Article 150 of the Consolidated Law on Finance, in order to exchange data and information on the activities carried out in the exercise of their tasks.

The external auditing firm

- issued, on 5 August 2021, the report on the limited audit of the condensed consolidated half-year financial statements with no exceptions being highlighted;
- on 31 March 2022, it issued - in accordance with Article 14 of Italian Legislative Decree no. 39/2010 and Article 10 of the EU Regulation no. 537 of 16 April 2014 - the certification reports from which it is evident that the financial statements and consolidated financial statements, closed on 31 December 2021, were drawn up clearly and represent in a truthful and correct manner the financial and asset situation, the operating result and the cash flows of Banca IFIS S.p.A. and of the Group for the year ended on that date. In the opinion of the external Auditing Firm, the Management Report on the financial statement and consolidated financial statement as of 31 December 2021 and the information of the "Report on corporate governance and shareholder structure" are consistent with the annual financial statement and consolidated financial statement as of 31 December 2021.

Again, on 31 March 2022, the external Auditing Firm presented the Board of Statutory Auditors with the Additional Report, provided for in Article 11 of the EU Regulation no. 537/2014, which this Board of Statutory Auditors will bring to the attention of the upcoming meeting of the Board of Directors to be held on 28 April 2022.

The Additional Report does not present any significant shortfalls in the internal auditing system with regards to the financial reporting process which would merit being brought to the attention of those responsible for the activity of governance.
In the Additional Report, the external Auditing Firm presented the Board of Statutory Auditors with the declaration regarding independence pursuant to Article 6 of the EU Regulation no. 537/2014, from which no situations emerge that might compromise independence.
The Board of Statutory Auditors has also acknowledged the 2021 Transparency Report prepared by the external auditing firm and published on its website pursuant to Italian Legislative Decree no. 39/2010.

Lastly, as previously mentioned, the Board of Statutory Auditors examined the content of the report by EY S.p.A. regarding the Non-financial disclosure issued pursuant to Article 3, paragraph 10 of Italian Legislative Decree no. 254/2016 on 31 March 2022.

The Board of Statutory Auditors reports that over the course of 2021, as well as the function of auditing of the individual financial statement, consolidated financial statement, and the financial statements of the subsidiaries, EY S.p.A., with the approval of this Board of Statutory Auditors, was entrusted with the following tasks:

- Profit verification 31 December 2021 Banca Ifis individual and consolidated for 47.000 Euro
- Comfort Letter on EMTN Programme renewal for 2021 - for 55.000 Euro
- Agreed Upon procedures on the Servicer Report of the securitisation vehicle Indigo Lease (three years 2021-2023) for 25.500 Euro
- Agreed Upon procedures on the Servicer Report of the securitisation vehicle EMMA SPV (three years 2021-2023) for 25.500 Euro

- Agreed Upon procedures in connection with EU Regulation no. 630 of 2019 for 25.000 Euro
- Agreed Upon procedures on GACS for 30.000 Euro
- Agreed Upon procedures on TLTRO III for 35.000 Euro
- Agreed Upon procedures on TLTRO III - Aigis - for 55.000 Euro

In brief, the tasks assigned to the Independent Auditors concerned only certification services for 298.000 Euro

The external Auditing Firm also confirmed to the Board of Statutory Auditors that, during the year and in the absence of the conditions for their release, it did not issue opinions pursuant to the law.

Lastly, the Board of Statutory Auditors points out that the statutory audit mandate conferred on EY SpA expires with the 2022 financial statements and, as is now established practice, the Bank has decided to proceed with the process of renewing the statutory audit mandate in 2021. This Board of Statutory Auditors has carried out the activities provided for by the reference legislation and has concluded its work by expressing its reasoned opinion, which has been made available to the Shareholders for this Meeting in which you are called upon to resolve on this matter.

3.5 - Relations with the Supervisory Body

The Board of Statutory Auditors has examined the minutes of the meetings held by the Supervisory Body and the exchange of information was also ensured by the dialogue that took place within the Board of Statutory Auditors with the auditor who is a member of the Supervisory Body, without receiving any reports and/or comments worthy of note.

4. Remuneration policies

The Board of Statutory Auditors, also through its attendance of all the meetings of the Remuneration Committee, oversaw the application of the remuneration policies and the innovations, examined by the Remuneration Committee on 09 March 2022, and submitted to the Shareholders' Meeting for approval.

At the above-mentioned meeting of the Remuneration Committee, the Board of Statutory Auditors acknowledged the positive opinion expressed by Compliance on the compliance of the Remuneration Report with the applicable regulatory provisions and the opinion expressed by Risk Management, sharing its conclusions and comments. At the 30 March 2022 meeting of the Remuneration Committee, the Board also acknowledged, and shared the comments contained, the checks conducted by the Internal Audit function and set out in the document "Compliance of remuneration practices with Bank of Italy regulations and approved policies", checks which led to a substantially satisfactory opinion.

The Board of Statutory Auditors acknowledged, through its participation in the Remuneration Committee meeting of 09 March 2022, the allocation of the variable remuneration for the year 2021 - of which a part in the Bank's own shares - to the Chief Executive Officer and the former General Manager, in application of the policies approved by the Shareholders' Meeting of 22 April 2021.

In general, in the light of the provisions of the Supervisory Authorities concerning remuneration and incentive systems, the Board of Statutory Auditors supervised, in close connection with the Remuneration Committee, the changes introduced to the remuneration policies for 2022 examined by the Remuneration Committee on 09 March 2022, for details of which reference should be made to the Remuneration Report made available to Shareholders,
on the correct application of the rules relating to the remuneration of the Managing Director, the heads of the Control Functions and the Manager in charge of Preparation of the Company's Financial Reports, and on the dissemination of the remuneration policies for 2022 to the companies belonging to the Group.

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The Board of Statutory Auditors is not aware, in addition to what has already been discussed earlier, of facts or details that need to be communicated to the Shareholders' Meeting.

The Board of Statutory Auditors did not receive, during the year 2021, complaints from Shareholders pursuant to Article 2408 of the Italian Civil Code.

Finally, the Board of Statutory Auditors, with reference to the epidemiological emergency from COVID-19, recalls what has been expressed by the Board of Directors in its Reports on Operations and in the Explanatory Notes, accompanying the 2021 financial statements.

In the course of the activity performed and on the basis of the information obtained, no omissions, reprehensible facts, irregularities or in any case other significant circumstances were detected that would require reporting to the Supervisory Authorities or mention in this report.

In thanking the Shareholders for the trust they have placed in it, the Board would like to remind you that with the approval of these financial statements, its mandate comes to an end.

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The Board considers it useful to recall that, in light of the Bank of Italy's recommendation of 27 July 2021, the Bank proceeded on 20 October 2021, as illustrated in the Report on Operations, to pay dividends for FY 2019

In conclusion, the Board of Statutory – taking into account the specific tasks conferred to the external auditing firm regarding auditing of the accounts and of the reliability of the financial statements - issued its opinion without qualifications, and in light of the claims issued pursuant to Article 154 bis of Italian Legislative Decree no. 58/1998 by the Corporate Accounting Reporting Officer and by the Chief Executive Officer - has no observations to make to the Meeting, pursuant to Article 153 of the Consolidated Law on Finance, regarding the approval of the financial statements for the year ended 31 December 2021, accompanied by the Management Report and the Notes to the financial statements as presented by the Board of Directors, and therefore has no objections to the approval of the financial statements, and invites the Shareholders' Meeting to take into due consideration the recommendation of the Bank of Italy of 27 July 2021, for the purposes of the proposal for the allocation of the profit for the year and the distribution of dividends.

Venice - Mestre, 31 March 2022.

for the Board of Statutory Auditors
The Chairman

Giacomo Bugna

5.4 Independent auditors' report on the Separate Financial Statements

Banca IFIS S.p.A.

Financial statements as at December 31, 2021

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010, and article 10 of EU Regulation n. 537/2014

EY S.p.A.
Via Isonzo, 11
37126 Verona

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 and article 10 of EU Regulation n. 537/2014

(Translation from the original Italian text)

To the Shareholders of Banca IFIS S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Banca IFIS S.p.A. ("the Company"), which comprise the statement of financial position as at December 31, 2021, and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flows statement for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Banca IFIS S.p.A. as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree n. 136/2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of Banca IFIS S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit response
Classification and Valuation of Loans to Customers	
Loans to customers amount to Euro 9.012 million, net of analytical and collective impairment provisions for a total of Euro 258 million, and represent 75% of total assets at December 31, 2021. The process of classifying and valuing loans to customers in the various risk categories and the calculation of loan impairments are relevant for the audit due to the significant value of the loans in the financial statements and due to the use of estimates that present a high degree of complexity and subjectivity. Further, such estimation processes have been revised in order to reflect the context of the current uncertainty regarding macroeconomic development framework resulting from the ongoing Covid-19 pandemic, as well as government initiatives to support the economy amongst which, in particular, payment moratoria and new or renegotiated loans with public state guarantees. In this context, it is of particular importance: • the identification and calibration of the parameters relating to the significant increase in credit risk for the purposes of the stage allocation of performing credit exposures (Stage 1 and Stage 2); • the estimate of the values to be attributed to the PD (Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default) as inputs to the expected credit loss model; • the identification of objective evidence of increased risk for the classification of non-performing credit exposures (Stage 3) and the determination of the related recoverable cash flows. The disclosure on the evolution of the quality of the portfolio of loans to customers and the classification and evaluation criteria adopted is provided in Part A - Accounting Policies, in Part B - Information on the balance sheet, in Part C - Information on the income statement and in Part E - Information on risks and related hedging policies of the notes to the financial statements.	Our audit procedures in response to the key aspect, considering the revisions made to the estimation processes regarding collective impairment provisions to reflect also the uncertainty deriving from the ongoing Covid-19 pandemic, included inter alia: • understanding and analysis of the main choices regarding policies and processes carried out by the Company with reference to the classification and valuation of loans to customers and performing compliance procedures over key controls; • carrying out a portfolio analyses to understand, also through discussion with Company management, the main changes and the relative coverage levels by risk category; • performing substantive procedures to verify the proper classification of credit positions; • understanding, also through the support of our risk management and information systems experts, of the methodology used to estimate, at the balance sheet date, the expected credit losses on collectively assessed exposures, as well as performing compliance and substantive procedures to verify the completeness of the databases used and the related calculations; • verification on a sample basis of the proper application of Company policies for estimating expected credit losses on exposures analytically assessed. Finally, we examined the adequacy of the disclosures provided in the notes to the financial statements.

Key Audit Matter	Audit response
Valuation of equity investments	
Equity investments in subsidiaries at December 31, 2021 amount to Euro 651 million and represent 5% of total assets. The Company assesses the presence of impairment indicators for each investment at least annually, consistently with the strategy for the management of the entities and, should they occur, they are subject to impairment testing. The processes and methods for assessing and determining the recoverable amount of each equity investment are based at times on complex assumptions which, by their nature involve resorting to the use of management's judgment, in particular forecasting future profitability. In this context, for the purpose of estimating future cash flows, Company management used the data contained in the economic and financial position projections for the period 2021-2024 approved by the Board of Directors on January 13, 2022 and underlying the Business Plan approved on February 10, 2022.. As part of the accounting policies reported in part A of the notes to the financial statements, the accounting and valuation criteria for equity investments are described, as well as the risks and uncertainties associated with the use of the estimates underlying the valuation process.	Our audit procedures in response to the key aspect included, inter alia: • the analysis of the procedures and the key controls put in place by the Company regarding the identification of any impairment losses and the valuation of the investments; • the comparison between the data used to identify impairments and those presented in the economic and financial position projections for the three-year period 2022, including the analysis of the main deviations; • the assessment of the appropriateness of the methodology and the reasonableness of the assumptions made by the Directors in relation to the determination of the recoverable amount, with the support of our experts in companies' valuations, as well as the verification of the mathematical accuracy of the calculations and the sensitivity analysis on key assumptions. Finally, we examined the adequacy of the disclosures provided in the notes to the financial statements.

Responsibilities of Directors and Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing article 9 of Legislative Decree n. 38/2005 and article 43 of Legislative Decree n. 136/2015, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing Banca IFIS S.p.A.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Banca IFIS S.p.A.'s internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Banca IFIS S.p.A.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by international standards on auditing (ISA Italia), regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Banca IFIS S.p.A., in the general meeting held on April 17, 2014, engaged us to perform the audits of the separate and consolidated financial statements for each of the years ending December 31, 2014 to December 31, 2022.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee ("Collegio Sindacale") in their capacity as audit committee, prepared in accordance with article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Banca IFIS S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in the XHTML, in compliance with the provisions of the Delegated Regulation.

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998

The Directors of Banca IFIS S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of Banca IFIS S.p.A. as at December 31, 2021, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated February 24, 1998, with the financial statements of Banca IFIS S.p.A. as at December 31, 2021 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above-mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Banca IFIS S.p.A. as at December 31, 2021 and comply with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated December 30, 2016

The Directors of Banca IFIS S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated December 30, 2016. We have verified that non-financial information has been approved by the Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated December 30, 2016, such non-financial information is subject to a separate compliance report signed by us.

Verona – March 31, 2022

EY S.p.A.

Signed by: Giuseppe Miele, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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