



# **3Q22 results**

**10 November 2022**

## 1. 3Q22 results

## 2. Appendices

2.1 Segment results

2.2 Consolidated financial data

2.3 Focus on DTA regulatory implications

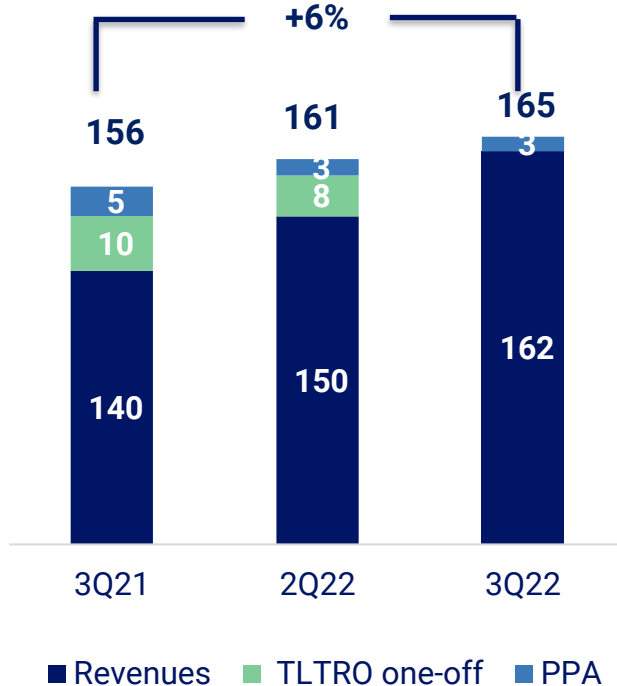
2.4 Focus on PPA



## 3Q22 results

- 1 Net income in 3Q22 of €33m (+4% YoY, notwithstanding €10m one-off TLTRO benefit in 3Q21).** Net income in 9M22 of €105.5m (+32% YoY) at record high
- 2 Net revenues at €165m (+3% QoQ and +6% YoY),** driven by the core businesses delivering (both commercial banking and Npl). 9M revenues at €489m (+10% YoY) at record high
- 3 Factoring turnover in 3Q22 +9% YoY (+24% excluding factoring vs. PA), new business in leasing +58% YoY.** Record quarterly cash collection performance of Npl portfolio: **€101m (+11% QoQ, +24% YoY)**
- 4 Operating costs are stable QoQ** thanks to contract renegotiation offsetting inflation
- 5 Loan loss provisions at €15m,** including €7m prudential add-on provisions on performing loans, further increasing Banca Ifis's management overlay (prudence on outlook)
- 6 €1.00 interim dividend per share to be paid on 23 Nov. 2022 (total €52.4m)\*.** The ex-dividend date is on 21 Nov. 22 and the record date on 22 Nov. 22
- 7 CET1 at 16.18% at 30 Sept. 2022** (calculated including 9M net income and related interim dividend) in support of the growth strategy and the dividend payout of the Bank

## Revenues\*



- **Net revenues at €165mln (+3% QoQ and +6% YoY). 9M revenues at €489mln (+9.6% YoY) at record high**
- **Net core business revenue growth at +8% QoQ and +16% YoY excluding one-off benefits of TLTRO and PPA**
- 3Q22 net revenues breakdown:
  - Commercial banking at €83mln (€68mln in 2Q22) reflecting the Bank's positive interest rates correlation, proactive liability management and ongoing loan repricing
  - Npl at €66mln (€65mln in 2Q22) offsetting normally negative seasonality
  - G&S (proprietary Italian government bond portfolio) and non core at €16mln (€27mln in 2Q22 also due to the one-off TLTRO benefit of €7.5mln booked in 2Q22)

\*2Q22 includes €7.5mln one-off benefit from TLTRO (the Additional Special Period from Sept 2021 to June 2022) booked in G&S

\*3Q21 includes €10mln one-off benefit from TLTRO (0.5% due to the achievement of lending thresholds related to "special reference period" of 1March 2020 -31 March 2021) booked in G&S

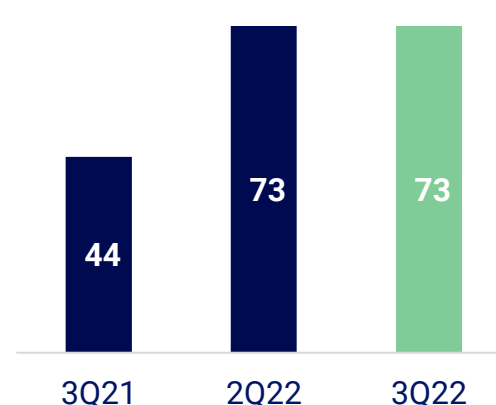
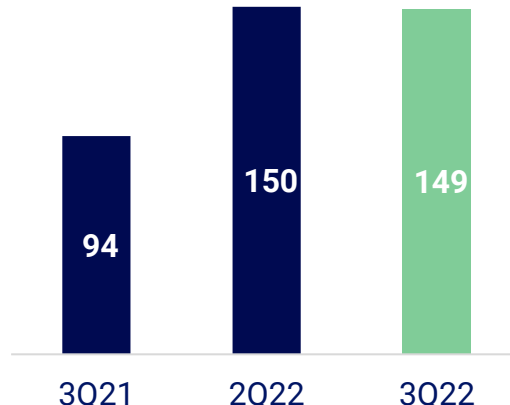
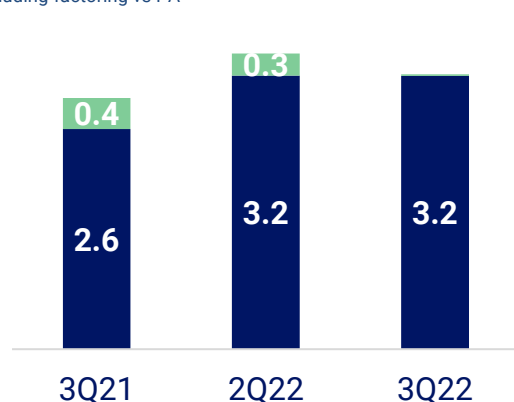
## Factoring turnover (€bn)

## New leasing business (€mln)

## Of which: new automotive leasing (€mln)



\* excluding factoring vs PA



\* Factoring turnover +24% YoY excluding factoring vs. PA for which Ifis is reviewing its business model following the application of the new DoD

- Excellent commercial productivity in SME lending
- No change in small ticket focus
- Specialization in cars and technological equipment

- Strong presence with electrical vehicle brands

■ Factoring vs. SMEs ■ Factoring vs. PA

## CLIENT ORIGATION

## CLIENT ONBOARDING FROM PARTNERS

## CLIENT MANAGEMENT & COMMERCIAL DEVELOPMENT

## RISK & CREDIT ASSESSMENT

Ifis4business  
Banca Ifis

- Web, social and phone lead generation
- Fully digital customer on-boarding

- **25% of new customer origination in 9M22 from online channels**
- Fully digital long-term lending operational
- Fully digital leasing/rental to be launched in 1Q23

- Leverage of partnerships with @Next Platform (all core commercial banking products)

- Factoring/lending: 130 commercial partners, 28 products managed by @Next platform, **>10k client visits in 9M22**

- **Leasing/rental: 600 partners, >50% of leasing and >70% of rental contracts digitally signed in Oct 22**

- Ifis4Business platform extended to serve all customer needs (interaction, transaction and origination) for all core banking products

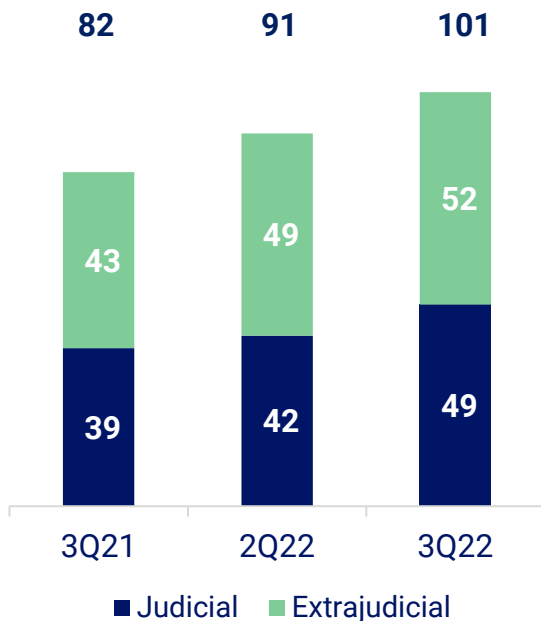
- **> 90% of active factoring clients** (ca. 5000 activated on platform) in 6 months, 150k digital client requests and 100k online transactions managed per year
- By 3Q23 extended to 70k leasing/rental clients as well

- Digital credit risk assessment and decisioning for all Bank's products (efficiency and "time to yes")

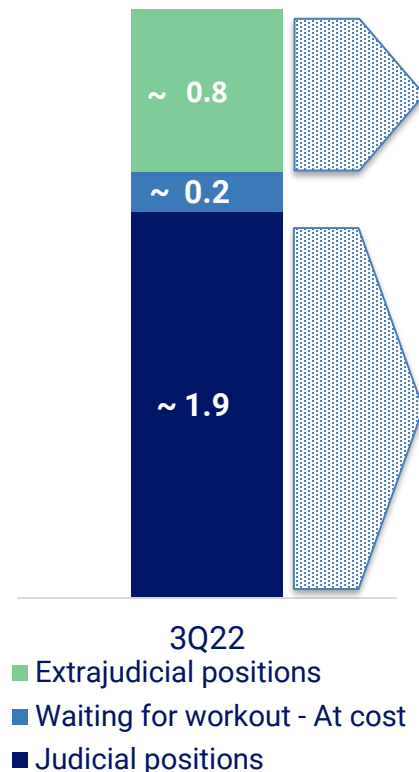
- Reached **>60% automated digital decisions in leasing/rental**. Approval in <4 days for leasing < €200k
- By 3Q23, fully digital factoring credit renewal: expected ca. 50% automatic decision, ca. 40% 1 click manual confirmation (suggested by software), <10% fully human assessment

# Npl portfolio performance resilient and well-positioned\*

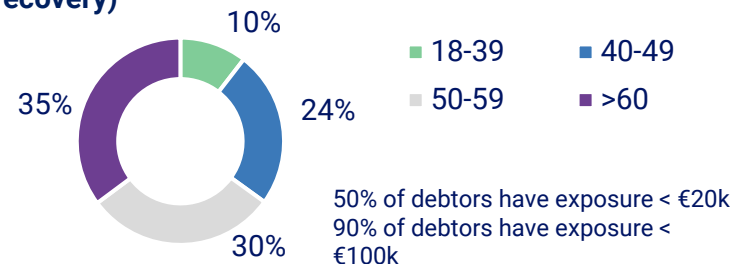
## Track record in quarterly cash collection (€mln)



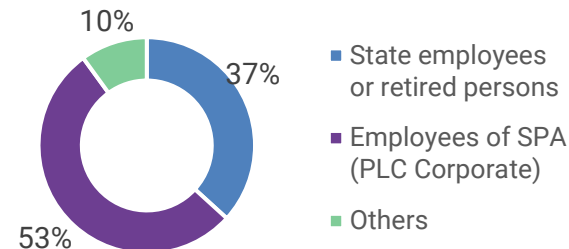
## Npl portfolio: expected cash collection ERC - (€bn)



## Breakdown of GBV by age of debtor (extrajudicial recovery)



## Breakdown of order of assignment by type of employer (judicial recovery) provides stability of cash flows

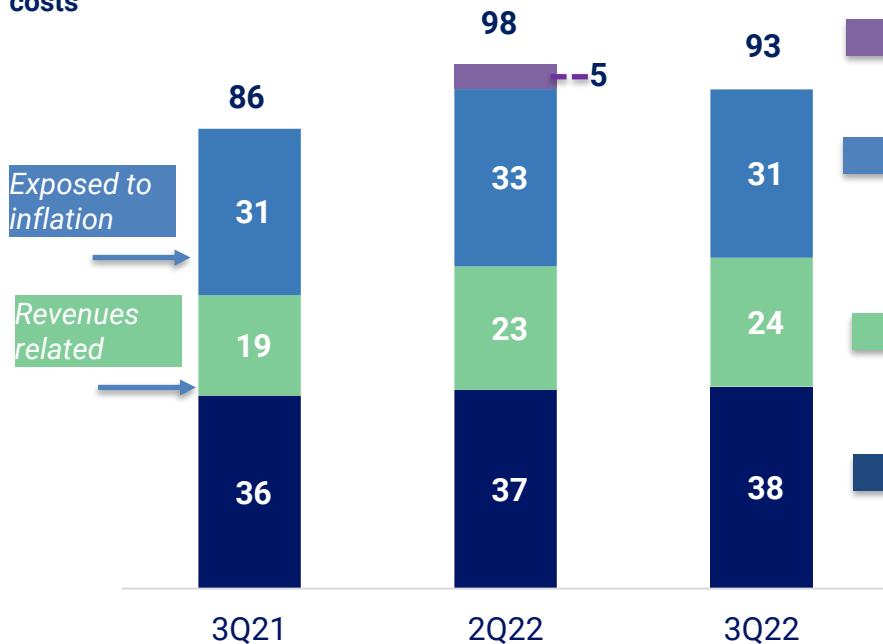


\*Source: management accounting data and risk management data



# Efficiency translating into operating cost control

## Operating costs



**FITD&SRF** are booked as provisions in 1Q22. The provisions were released in 2Q22 and booked as costs, with no profit impact

**Other operating costs\***: potential impact of inflation and volume growth more than offset by contract renegotiation. Includes **ca. €8mln IT** per quarter in digitalization and innovation as key pillar of our business plan

**Costs directly linked to Npl recovery** (stamp duty, external lawyers, external recovery servicers)

**Cost of personnel** substantially stable QoQ showing discipline in new hiring

FITD & SRF	6	-5	7
Other provisions	-	-5	1

The FITD&SRF impact P&L in 1Q22 and 3Q22

2Q22 includes €6mln one-off write back of provisions on a Npl GACS transaction

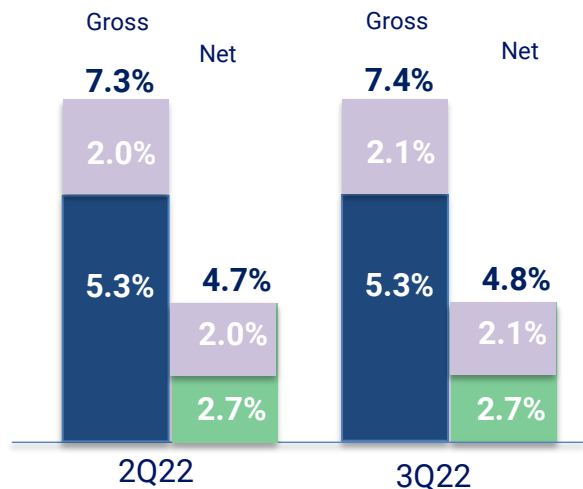
<b>Operating costs + provisions</b>	<b>91</b>	<b>88</b>	<b>101</b>
-------------------------------------	-----------	-----------	------------

## Loan loss provisions\*



- **3Q22 LLP of €15mIn**, including €7mIn additional provisions on performing loans for concentration risk
- **No write backs of provisions for Covid-19.** Ca. €40-50mIn provisions present against potential macroeconomic risks (supply chains, energy cost, high inflation and lower GDP growth)

## Asset quality Npe ratios



- **Gross and Net Npe Ratio\* of 5.3% and 2.7% excluding loans in past due vs. Italian public health system**
- The full application of the New DoD to the portfolio led to the reclassification into past due a total of €145mIn loans vs. the Italian public health system (historically, a late payer with limited asset quality risk)
- In 4Q22, ca. €50mIn\*\* of these past due classifications will disappear due to a transaction already executed in 3Q22 (equivalent to roughly -70bps Gross Npe ratio)
- The commercial banking portfolio has yet reported limited impacted of the macroeconomic slowdown: “non pharma” past due loans increased €15mIn QoQ (from €160mIn in 2Q22 to €175mIn in 3Q22)

Legend: Gross Npes (Dark Blue), Loans vs. the public health system in past due (Purple), Net Npes (Green)

\*Figures include “Net provisions for unfunded commitments and guarantees and Profit (loss) from sale of loans measured at amortised cost (excluding Npl Segment)”

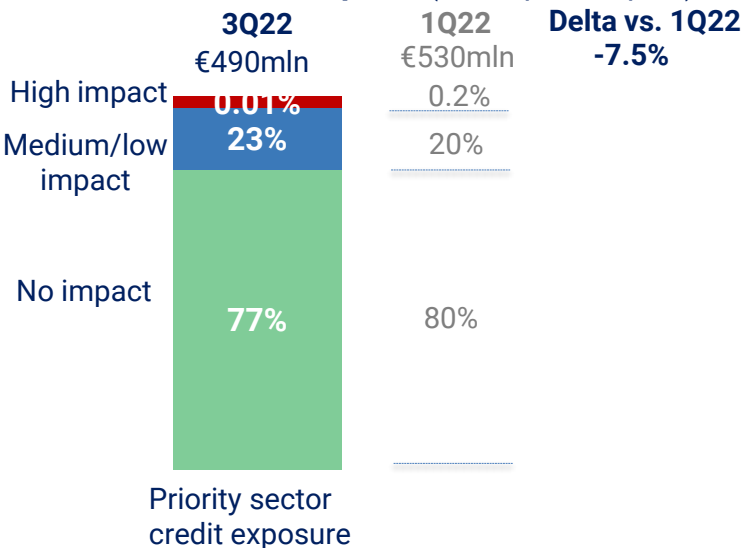
\*\* Management accounting data

# Banca Ifis did not record any significant asset quality deterioration on corporate clients operating in most impacted sectors vs. 1Q22\*

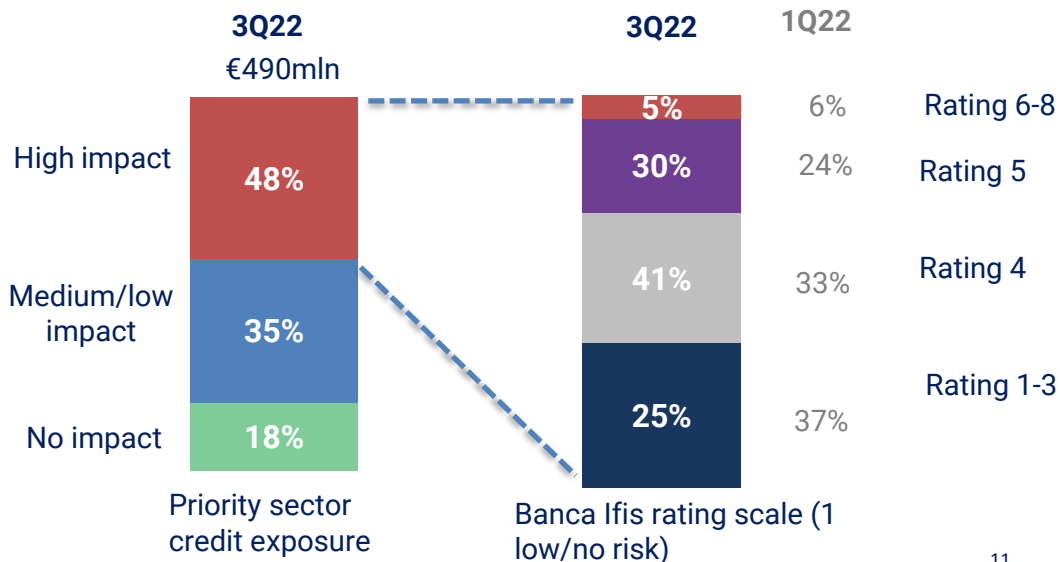
In 1Q22, Banca Ifis carried out a survey on 560 corporate clients operating in the most impacted sectors (steel, oil, auto, luxury, energy, cement, ceramics, farming) on direct and indirect macro impacts, that was presented to the market. 3Q22 update:

- Since 1Q22, Banca Ifis has decreased the exposures by €40mln (-7.5%) thanks to the short maturity of factoring
- €7mln moved to UTP and €1mln to past due, driven by credit deterioration
- The rating distribution of the clients with indirect impact is not significantly affected

## Stated direct impacts (i.e. import/export)



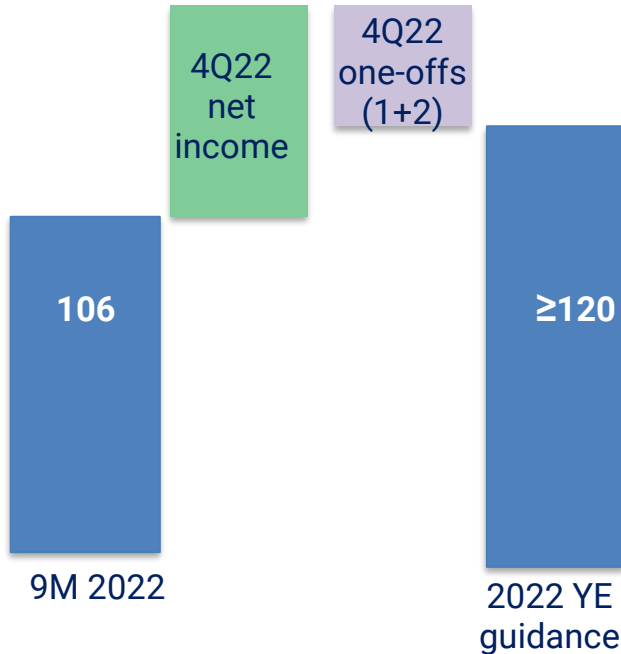
## Stated indirect impacts (i.e. increase in energy and raw material prices)



\*Source: management accounting data

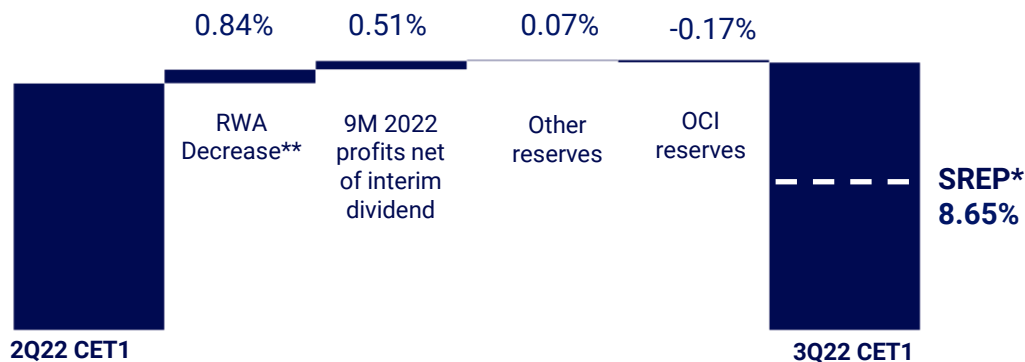
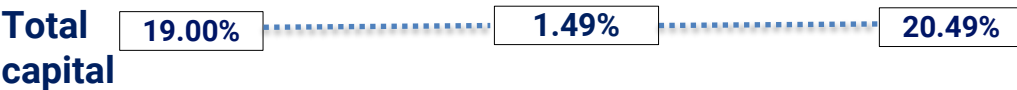
# 2022 net income guidance confirmed

## 2022 net income - €mln



- ≥ €120mln net income guidance for 2022YE confirmed despite two negative one-offs, to be prudently booked upfront in 4Q22 as «negative revenues»:
  1. Government decree (“decreto aiuti”) increases the threshold for the execution of legal proceedings against pensions to €1000 (up from €750)
  2. Inflation is expected to reduce the Npl cash collection in the extrajudicial recovery due to debtors being more cash-constrained
- Our assessment is ongoing and the final review of our expected cash collection will depend on a granular analysis of our Npl portfolio and on the mitigating actions implemented by the Bank
- Some additional NII headwind in 4Q from new TLTRO rules, starting November

**2022 net income guidance confirmed, despite one-offs expected to be upfronted in 2022**



**CET1 actual of 16.2% at 30 Sep 22**, calculated including 9M net income and interim dividend

## Key items of CET1 evolution in 3Q22

- +0.84% due to:
  - change in weight of RWA from 150% to 100% of distressed credits acquired by the Npl Business (-€380mln)
  - Regulatory derecognition from Q2 disposal of loans vs the Italian public health system approved by Regulator in 3Q'22 (-€170mln)
- +0.51% due to 9M 2022 net income of €105.5mln net of €52.4mln interim dividend

\*At group level capital requirements are: CET1 8.65%, Total Capital 12.9% (including 0.75% of P2G)

\*\* Also due to risk density of purchased Npls reduced from 150% to 100% (application of the EUR eg.954/2022 published in the Official Journal on 21 June 2022 and effective from July 2022, which allows for the reduction in the weighting on distressed credits acquired by the Npl Business)

# Quarterly and nine months results

Reclassified Consolidated Income Statement - (€ mln)	2Q22	3Q22	9M21	9M22
Net interest income	133.3	128.2	362.6	392.5
Net commission income	21.5	23.0	62.9	65.2
Trading and other revenues	5.9	13.6	20.5	31.0
<b>Total Revenues</b>	<b>160.6</b>	<b>164.7</b>	<b>445.9</b>	<b>488.7</b>
Loan loss provisions	(16.7)	(15.2)	(60.3)	(48.9)
<b>Total Revenues - LLP</b>	<b>144.0</b>	<b>149.5</b>	<b>385.6</b>	<b>439.8</b>
Personnel expenses	(37.0)	(37.6)	(103.7)	(111.2)
Other administrative expenses	(61.1)	(56.9)	(161.7)	(171.5)
Other net income/expenses	0.4	1.5	7.2	4.2
<b>Operating costs</b>	<b>(97.7)</b>	<b>(93.0)</b>	<b>(258.2)</b>	<b>(278.5)</b>
Net allocations to provisions for risks and charges	9.5	(7.6)	(8.1)	(4.5)
Value adjustments of goodwill	(0.8)	-	-	(0.8)
Gains (Losses) on disposal of investments	0.1	0.2	-	0.3
<b>Pre tax profit</b>	<b>55.1</b>	<b>49.1</b>	<b>119.2</b>	<b>156.3</b>
Taxes	(17.7)	(15.8)	(37.7)	(50.2)
<b>Net income - attributable to the Parent company</b>	<b>37.6</b>	<b>33.0</b>	<b>80.2</b>	<b>105.5</b>

Customer loans	9,869	9,664	9,751	9,664
- of which Npl Business	1,528	1,487	1,376	1,487
Total assets	12,588	12,433	12,769	12,433
Total funding	10,396	10,208	10,535	10,208
- of which customer deposits	5,376	5,240	5,730	5,240
- of which TLTRO	2,021	2,019	2,036	2,019
Shareholders Equity	1,592	1,611	1,606	1,611

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

- Operating costs exclude "Net allocations to provisions for risks and charges"
- Loan loss provisions include: "Net provisions for unfunded commitments and guarantees"; "Profit (loss) from sale of loans measured at amortised cost (excluding Npl Segment)"

- 1 Includes €5mln to provisions to FITD&SRF. The FITD&SRF were booked as provisions in 1Q22. The provisions were released in 2Q22 and booked as costs, with no P&L impact in 2Q22
- 2 Released of €5mln FITD&SRF provisions booked in 1Q22 and €6mln write back of provisions on a Npl GACS transaction
- 3 Includes €5mln gains on a portfolio of granular SME equity and debt investments in Structured Finance
- 4 Includes €7mln provisions on performing loans against concentration risk
- 5 Includes €7mln provisions to FITD&SRF that will be released and booked as costs in 4Q22

# 3Q22 Results: P&L break-down by business unit

Data in € mln	Npl	Commercial & Corporate banking				Non core & G&S	Consolidated
		Factoring	Leasing	Corp. Banking & Lending*	Tot. Commercial & Corporate banking		
Net interest income	61	28	11	15	55	12	128
Net commission income	1	16	3	4	23	(0)	23
Trading & other revenues	4	(0)	0	5	5	4	14
<b>Net revenues</b>	<b>66</b>	<b>44</b>	<b>14</b>	<b>25</b>	<b>83</b>	<b>16</b>	<b>165</b>
-Of which PPA	0	0	0	0	0	3	3
Loan loss provisions	0	(4)	(2)	(7)	(14)	(1)	(15)
Operating costs	(48)	(23)	(8)	(8)	(39)	(6)	(93)
Net allocations to provisions for risks and charges	(1)	(1)	0	(0)	(1)	1	(8)
Gains (Losses) on disposal of investments	0	0	0	0	0	0	0,2
<b>Net income</b>	<b>12</b>	<b>11</b>	<b>2</b>	<b>6</b>	<b>20</b>	<b>2</b>	<b>33</b>
Net income attributable to non-controlling interests							0,3
<b>Net income attributable to the Parent company</b>							<b>33</b>
<b>Net income (%)</b>	<b>35%</b>	<b>32%</b>	<b>7%</b>	<b>19%</b>	<b>59%</b>	<b>6%</b>	<b>100%</b>
<b>Customer Loans</b>	1,487	2,468	1,396	2,291	6,155	2,023	9,664
<b>RWA<sup>1</sup></b>	1,881	2,355	1,242	1,618	5,215	1,164	8,261
<b>Allocated capital<sup>2</sup></b>	<b>304</b>	<b>381</b>	<b>201</b>	<b>262</b>	<b>844</b>	<b>188</b>	<b>1,337</b>

1 Includes €7mln provisions to FITD&SRF that will be released and booked as costs in 4Q22

Breakdown of customer loans in Non Core & G&S

2 G&S: includes €1.4bn of Italian Government bonds at amortized costs

Non Core: includes €0.1bn of performing loans mainly ex Interbanca, €0.1bn retail mortgages and €0.04bn of Npl (former Interbanca + Banca Ifis)

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

(2) RWA (Credit and counterparty risk only) x CET1 3Q22

\* Corporate Banking & Lending includes Cap.Ital.Fin

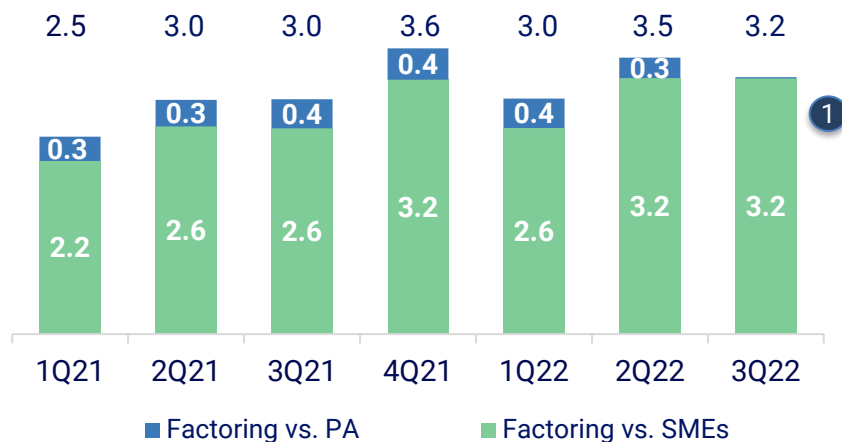


# Appendices



## 2.1 Segment results

## Turnover - €bn



① 3Q22 factoring turnover flat QoQ (business development offsetting typical 3Q seasonality) and +24% YoY excluding factoring vs. PA: the reduction of the factoring turnover and factoring loans is mainly due to seasonality and the revision of the business model of the factoring vs. the public administration, following the full application of the New DoD

② Net revenues / average customer loans at 6.8% following the new internal rate transfer and the ongoing repricing

Net customer loans - €mln

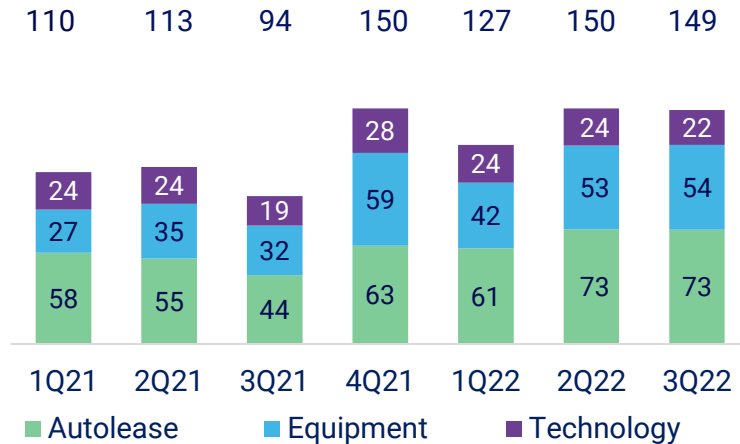
1Q21	2,513	2,749	2,475	2,940	2,722	2,738	2,468
------	-------	-------	-------	-------	-------	-------	-------

Data in €mln	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Net revenues	34	35	38	35	40	39	44
Net revenues / average customer loans	5.2%	5.4%	5.8%	5.2%	5.7%	5.7%	6.8%
Loan loss provisions*	2	(11)	(0)	(9)	(9)	(1)	(4)

Loan loss provisions include:

- "Net provisions for unfunded commitments and guarantees";
- "Profit (loss) from sale of loans measured at amortised cost (excluding Npl Segment)"

## New business - €mln



- New leasing +58% YoY and stable QoQ despite August seasonality
- Net revenues / average customer loans at 3.9%. Still limited effect of repricing in 3Q22 (given long-term nature of the book), which will become more visible in coming quarters
- Asset quality risk is mitigated by strong sector and borrower diversification and by the remarketing agreements for repossessed assets

**Net customer loans - €mln**

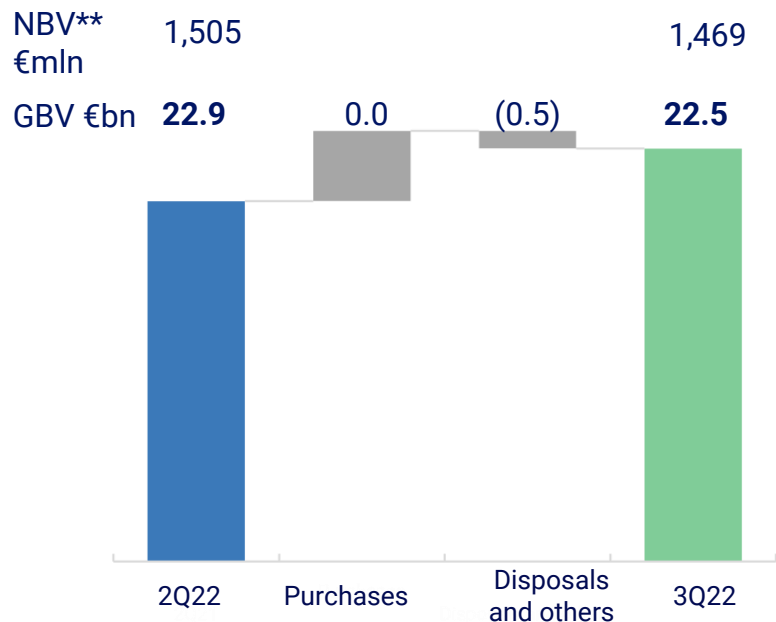
Quarter	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Net customer loans	1,406	1,411	1,381	1,390	1,378	1,390	1,396

Data in €mln	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Net revenues	14	15	15	12	15	14	14
Net revenues / average customer loans	3.9%	4.3%	4.1%	3.6%	4.5%	4.0%	3.9%
Loan loss provisions*	(4)	(1)	(1)	(2)	(1)	1	(2)

Loan loss provisions include:

- "Net provisions for unfunded commitments and guarantees";
- "Profit (loss) from sale of loans measured at amortised cost (excluding Npl Segment)"

## Npl portfolio evolution



## Key numbers\*

- 2.1mln tickets, #1.5mln borrowers
- Extensive portfolio diversification by location, type and age of borrower

## No Npls acquired in 3Q22

- 9M 22 purchases in line with our expectations
- We are currently participating/expecting to participate in Npl disposal processes of more than €[1.8]bn GBV

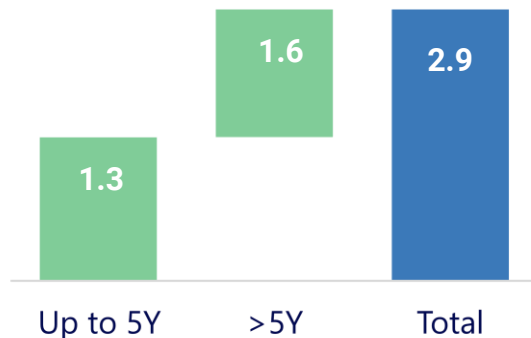
## Npls disposals and others in 3Q22

- 3Q22 saw a disposal of worked-out portfolios that were not strategic for Banca Ifis. The disposals generated a capital gain of €5mln. "Others" includes cash collection on the existing portfolio

\*Source: management accounting data

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

## ERC: €2.9bn



## ERC breakdown

Data in €bn	GBV	NBV	ERC
Waiting for workout - At cost	1.6	0.1	0.2
Extrajudicial positions	13.4	0.5	0.8
Judicial positions	7.5	0.9	1.9
<b>Total</b>	<b>22.5</b>	<b>1.5</b>	<b>2.9</b>

## ERC assumptions

- ERC based on proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
  - Type of borrower, location, age, amount due, employment status
  - Time frame of recovery
  - Probability of decay
- ERC represents Banca Ifis's expectation in terms of gross cash recovery. Internal and external costs of positions in non-judicial payment plans (GBV of €0.5bn in 3Q22), court injunctions ["precetto"] issued and order of assignments (GBV of €1.7bn in 3Q22) have already been expensed in P&L
- **€2.0bn cash recovery (including proceeds from disposals) was generated in the years 2014 – 3Q2022**

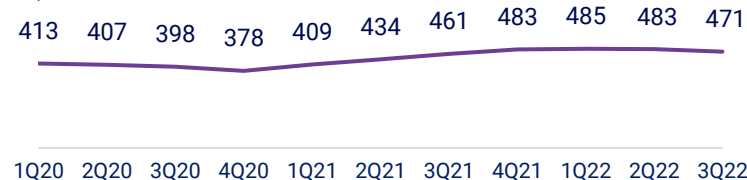
## Judicial recovery

Judicial recovery (€ mln)	GBV	%
Frozen**	1,725	23%
Court injunctions ["precetto"] and foreclosures	913	12%
Order of assignments	798	11%
Secured and Corporate	4,062	54%
<b>Total</b>	<b>7,498</b>	<b>100%</b>

To be processed

## Non judicial recovery – Voluntary plans

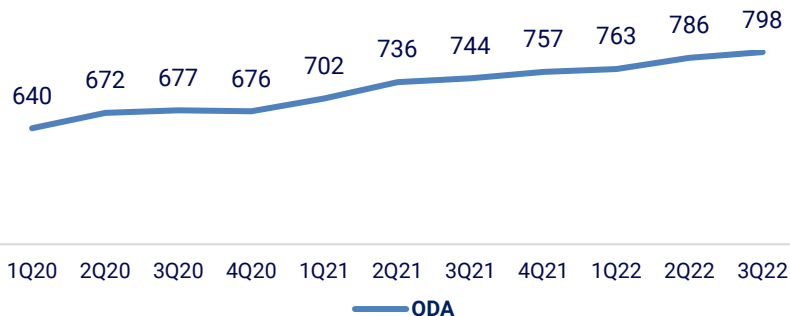
GBV, data in €mln



— Non-judicial payment plans

## Judicial recovery – Order of Assignments

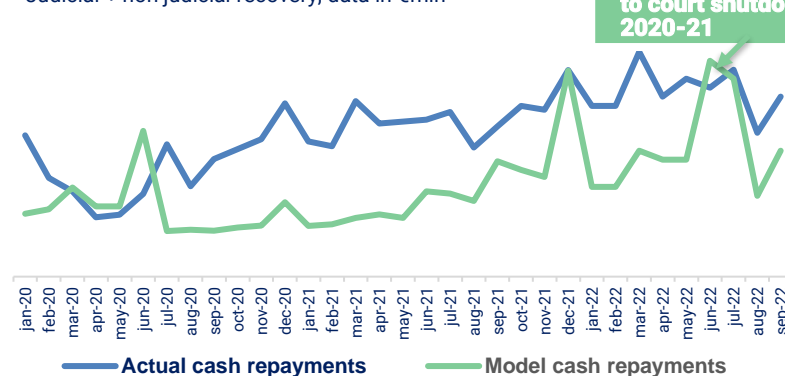
GBV, data in €mln



— ODA

## Actual vs. model cash repayments

Judicial + non judicial recovery, data in €mln



— Actual cash repayments

— Model cash repayments

In May/June 2020 cash collections (mainly secured) were postponed due to court shutdown

\*Source: management accounting data

## Cash collection

- 1 Npl cash collection at €101m, with judicial recovery performing exceptionally well. As planned in the 3Y Business Plan, the Bank is expecting a moderate increase of settlements (“saldi e stralci”) to reduce timeframe of collections

Data in € mln (excluding disposals)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	2020 YE	2021 YE
Cash collection	65	52	66	76	81	89	82	94	91	91	101	259	345
Contribution to P&L**	50	34	48	50	64	70	66	74	73	71	67	182	273
Cash collection / contribution to P&L	132%	153%	137%	152%	127%	128%	124%	127%	125%	128%	152%	143%	127%

\*Source: management accounting data

\*\* It includes only interest income, excludes cost of funding and some minor items (i.e. net commission income and the gains on sales of receivables)

# Npl Business\*: GBV and NBV evolution

GBV - €mln	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Waiting for workout - Positions at cost</b>	<b>1,440</b>	<b>1,709</b>	<b>1,885</b>	<b>2,140</b>	<b>1,147</b>	<b>1</b> 107	<b>203</b>	<b>2</b> 3,409	<b>3,850</b>	<b>4,193</b>	<b>1,571</b>
<b>Extrajudicial positions</b>	<b>10,619</b>	<b>10,257</b>	<b>10,579</b>	<b>10,273</b>	<b>10,987</b>	<b>11,280</b>	<b>11,657</b>	<b>10,804</b>	<b>11,155</b>	<b>11,379</b>	<b>13,386</b>
- Ongoing attempt at recovery	10,206	9,850	10,182	9,896	10,578	10,846	11,196	10,321	10,670	10,896	12,914
- Non-judicial payment plans	413	407	398	378	409	434	461	483	485	483	471
<b>Judicial positions</b>	<b>5,720</b>	<b>6,278</b>	<b>6,428</b>	<b>7,374</b>	<b>7,546</b>	<b>7,896</b>	<b>7,183</b>	<b>7,618</b>	<b>7,245</b>	<b>7,323</b>	<b>7,498</b>
- Frozen**	2,533	2,627	2,518	3,299	3,243	3,644	2,883	2,010	1,662	1,715	1,725
- Court injunctions ["precetto"] issued and foreclosures	571	595	642	713	686	700	727	771	818	858	913
- Order of assignments	640	672	677	676	702	736	744	757	763	786	798
- Secured and Corporate	1,975	2,384	2,590	2,686	2,915	2,816	2,830	4,080	4,002	3,963	4,062
<b>Total</b>	<b>17,779</b>	<b>18,244</b>	<b>18,893</b>	<b>19,787</b>	<b>19,680</b>	<b>19,282</b>	<b>19,043</b>	<b>21,831</b>	<b>22,250</b>	<b>22,895</b>	<b>22,455</b>

NBV - €mln	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Waiting for workout - Positions at cost</b>	<b>65</b>	<b>96</b>	<b>104</b>	<b>170</b>	<b>112</b>	<b>15</b>	<b>31</b>	<b>136</b>	<b>148</b>	<b>159</b>	<b>77</b> ***
<b>Extrajudicial positions</b>	<b>364</b>	<b>355</b>	<b>353</b>	<b>339</b>	<b>368</b>	<b>393</b>	<b>413</b>	<b>425</b>	<b>436</b>	<b>438</b>	<b>464</b>
- Ongoing attempt at recovery	193	184	185	174	188	198	200	202	208	208	237
- Non-judicial payment plans	171	171	169	165	180	195	213	223	228	230	227
<b>Judicial positions</b>	<b>840</b>	<b>854</b>	<b>867</b>	<b>894</b>	<b>916</b>	<b>961</b>	<b>930</b>	<b>917</b>	<b>898</b>	<b>908</b>	<b>929</b>
- Frozen**	298	304	292	296	300	330	295	271	240	235	229
- Court injunctions ["precetto"] issued and foreclosures	120	132	148	160	162	161	166	172	181	187	200
- Order of assignments	270	265	264	280	292	305	306	310	320	333	335
- Secured and Corporate	152	153	162	158	162	165	163	164	157	154	164
<b>Total</b>	<b>1,269</b>	<b>1,305</b>	<b>1,324</b>	<b>1,404</b>	<b>1,396</b>	<b>1,369</b>	<b>1,375</b>	<b>1,478</b>	<b>1,483</b>	<b>1,505</b>	<b>1,469</b>

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

**2** Acquisition of €3.4bn GVB in 4Q21

\*Source: management accounting data

\*\*Other Judicial positions

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



# Npl Business\*: P&L and cash evolution

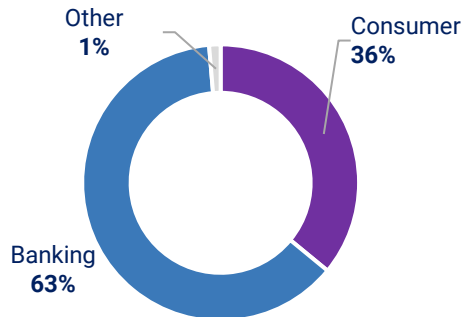
P&L - €mln	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Waiting for workout - Positions at cost</b>											
<b>Extrajudicial positions</b>	17	10	11	7	22	29	30	38	29	25	23
- Ongoing attempt at recovery	(4)	(3)	(5)	(5)	(2)	6	(2)	6	(1)	0	4
- Non-judicial payment plans	21	13	15	12	24	23	32	33	30	24	18
<b>Judicial positions</b>	33	24	37	43	42	41	36	35	44	47	44
- Frozen**	-	-	-	-	-	-	-	-	-	-	-
- Court injunctions and foreclosures + Order of assignments	26	24	32	43	36	34	30	32	41	40	36
- Secured and Corporate	6	0	6	0	5	7	5	3	2	7	8
<b>Total</b>	<b>50</b>	<b>34</b>	<b>48</b>	<b>50</b>	<b>64</b>	<b>70</b>	<b>66</b>	<b>74</b>	<b>73</b>	<b>71</b>	<b>67</b>

Cash - €mln	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
<b>Waiting for workout - Positions at cost</b>											
<b>Extrajudicial positions</b>	30	23	33	37	42	47	43	51	49	49	52
- Ongoing attempt at recovery	4	3	4	6	6	9	5	6	5	6	11
- Non-judicial payment plans	26	20	29	31	36	39	38	46	44	44	41
<b>Judicial positions</b>	35	29	33	40	39	42	39	42	42	42	49
- Frozen**	-	-	-	-	-	-	-	-	-	-	-
- Court injunctions and foreclosures + Order of assignments	29	23	26	29	30	30	31	32	33	32	35
- Secured and Corporate	7	5	7	11	9	12	7	11	9	10	14
<b>Total</b>	<b>65</b>	<b>52</b>	<b>66</b>	<b>76</b>	<b>81</b>	<b>89</b>	<b>82</b>	<b>94</b>	<b>91</b>	<b>91</b>	<b>101</b>

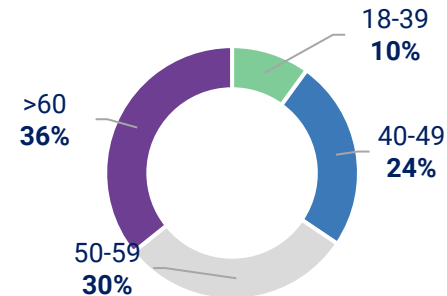
\*Source: management accounting data

\*\*Other Judicial positions

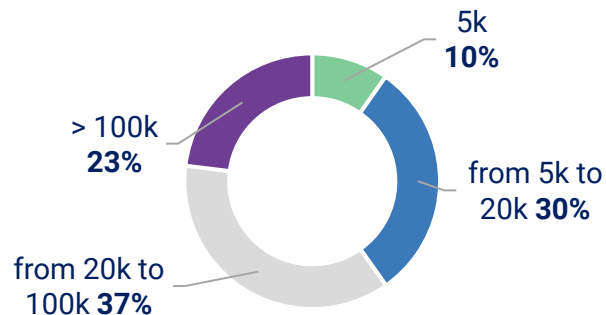
## Breakdown of GBV by type



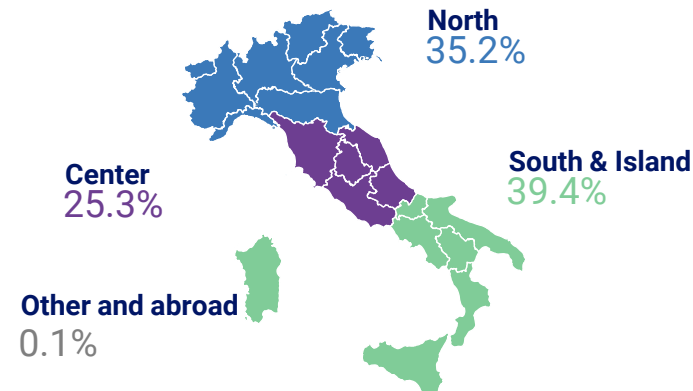
## Breakdown of GBV by borrower age



## Breakdown of GBV by ticket size



## Breakdown of GBV by region

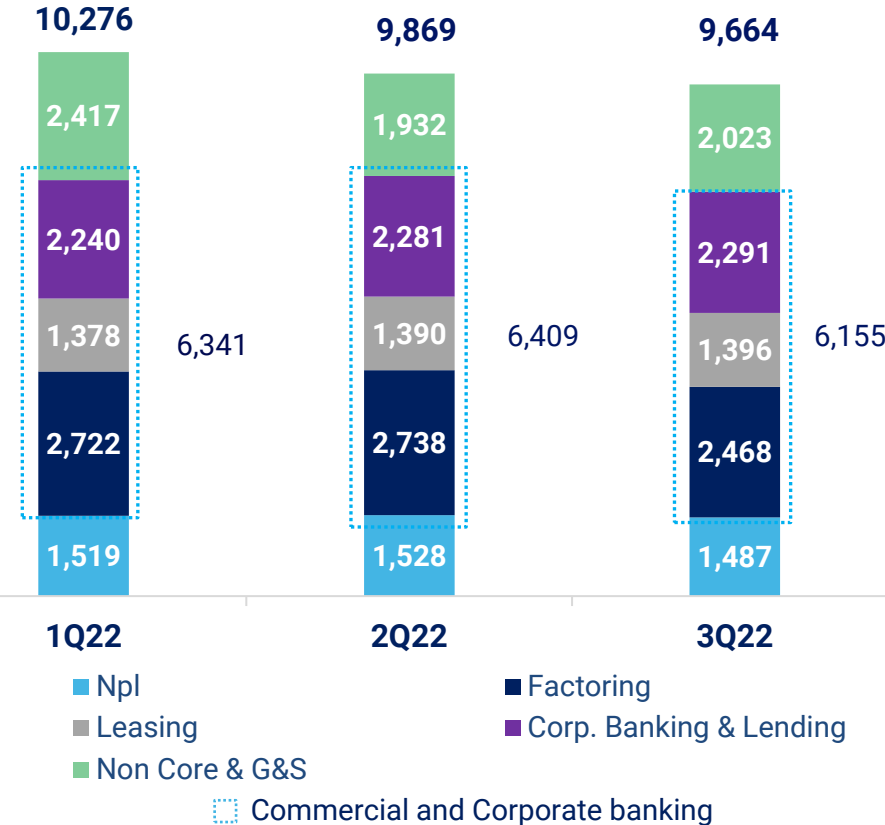


\*Source: management accounting data and risk management data (i.e. data refer only to property portfolio)

## **2.2 Consolidated financial data**

# Customer loans\*

## Customer loans (€ mln)



- 3Q22 customer loans at €9,664 (-2% QoQ)
- Corp. Banking & Lending and Leasing stable QoQ
- Factoring at €2,468 (-10% QoQ) mainly due to seasonality and the revision of the business model of the factoring vs. the public administration, following the full application of the New DoD

## Asset quality (€ mln)

Consolidated ratios	1Q22	2Q22	3Q22
Gross Npe*	6.4%	7.3%	7.4%
Net Npe*	3.8%	4.7%	4.8%

Commercial & Corporate Banking	Gross	Coverage %	Net
Bad loans	119	77%	27
UTPs	149	43%	84
Past dues	187	6%	175
<b>Total Npes</b>	<b>455</b>	<b>37%</b>	<b>286</b>

Non Core & G&S**	Gross	Coverage %	Net
Bad loans	15	50%	7
UTPs	48	45%	26
Past dues	4	23%	3
<b>Total Npes</b>	<b>66</b>	<b>45%</b>	<b>36</b>

## • Asset quality ratios in 3Q22:

- **Gross Npe Ratio\*:** 7.4% (7.3% in 2Q22); 5.3% excluding loans in past due vs. Italian public health system
- **Net Npe Ratio\*:** 4.8% (4.7% in 2Q22); 2.7% excluding loans in past due vs. Italian public health system

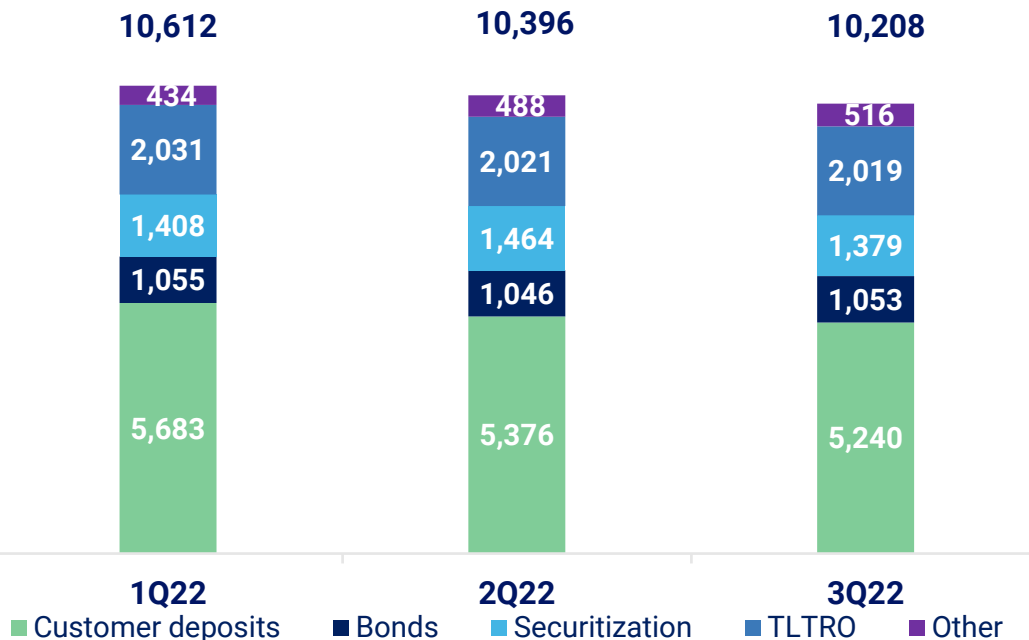
- Gross and Net Npe in Commercial & Corporate Banking came in at €455mln (€462mln in 2Q22) and €286mln (€291mln in 2Q22), respectively

- The application of the New Definition of Default (“New DoD”) led to the reclassification into past due €145mln loans vs. the Italian public health system, historically, a late payer with limited asset quality risk

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

\*\* Npes in Non Core & G&S that arose from the acquisition of former Interbanca, in accordance with IFRS 9 are qualified as POCI (“purchased or originated credit-impaired”) and are booked net of provisions

## Funding (€mln)



- Customer deposits -3% QoQ. Deposit base of ca. 100k customers proved to be resilient. The Bank has initiated the repricing (i.e. increasing the offered rates) of its deposits focusing on longer maturities
- Securitizations include €1,044mln of factoring securitization and €334mln of Banca Credifarma securitization
- Banca Ifis has €2.0bn TLTRO expiring in September 2024
- Average cost of funding at 0.78% in 3Q22, 0.70%\* in 2Q22, 0.84% in 1Q22, 0.84% in 4Q21, 0.84% in 3Q21, 0.96% in 2Q21, and 1.02% in 1Q21

	1Q22	2Q22	3Q22
<b>LCR</b>	>1,300%	>1,000%	>1,000%
<b>NSFR</b>	>100%	>100%	>100%

\* The cost of funding in 2Q22 include €7.5mln one-off TLTRO III benefit from the Additional Special Period (0.50% from Sept 2021 to June 2022). Stripping out this one-off benefit the average cost of funding would be 0.84%, in line with 1Q22

# Proprietary portfolio: resiliency and positive contribution to P&L

- Long term «fundamental» positioning strongly focused on investment grade bond area/high dividend equity stock coupled with opportunistic trading approach
- Low Duration level (consistent with liabilities)
- Use of enhancing and hedging strategies coupled with both risk and expected credit loss control
- Strategic use (at around 75% of total assets (\*) in 3Q22) of HTC to reduce proprietary portfolio volatility
- Low RWA density and relevant ECB / funding eligibility

## YTD '22 (3Q22) proprietary portfolio revenues of €40.1m (€10.4m)

- € 23m (€8m) interest income (partially driven by inflation linked bonds)
- €17.1m (€2.4m) trading and other income of which €8.9m from dividends
- +€16.3m vs. '21

Banca Ifis adopted the mechanism offsetting unrealized gains/losses measured through the FVOCI method on government assets

Type of asset - Data in €m as at end of quarter	Bonds			Equity	Total
	Government	Financial	Corporate		
Held to collect/amortized cost	1435	234	99		1768
Held to collect and sell (FVOCI)	398	35	48	84	565
<b>Total (HTC and HTC&amp;S)</b>	<b>1833</b>	<b>269</b>	<b>147</b>	<b>84</b>	<b>2333</b>
Held for trading/Funds					11
<b>Total portfolio</b>	<b>1833</b>	<b>269</b>	<b>147</b>	<b>84</b>	<b>2343</b>
Percentage of total	78%	11%	6%	4%	100%
Held to collect/amortized cost Duration	2,8	3,1	3,2	NA	2,9
Held to collect and sell (FVOCI) Duration	3,7	2,1	3,0	NA	3,5
<b>Average duration (HTC and HTC&amp;S) - YEARS</b>	<b>3,0</b>	<b>2,9</b>	<b>3,1</b>	<b>NA</b>	<b>3,0</b>

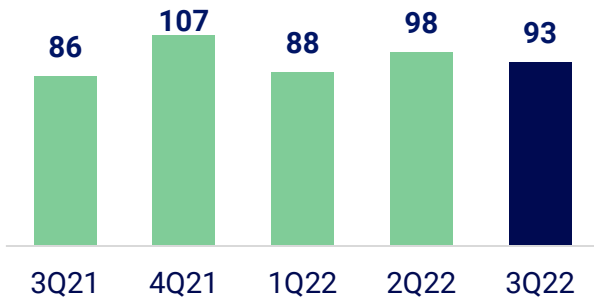
(\*) Evaluation HTC: inception value;  
Evaluation HTCS & HFT/Funds: market value

## Potential 2022 further upside

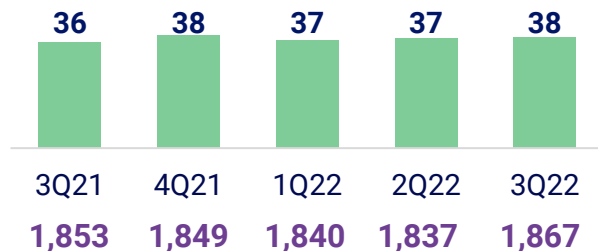
- Expected additional dividend flows
- Expected higher interest income partially driven by:
  - a) investment in 5y IT Gov;
  - b) inflation linked (7% of total assets in 3Q22) and floater bonds (more than 30% of total assets in 3Q22) in case of further inflation and short term rate increase
- Selective investments in financial and corporate bonds with attractive risk-return ratios due to market dislocations

# Reclassified consolidated operating costs\*

## Operating costs (€mln)



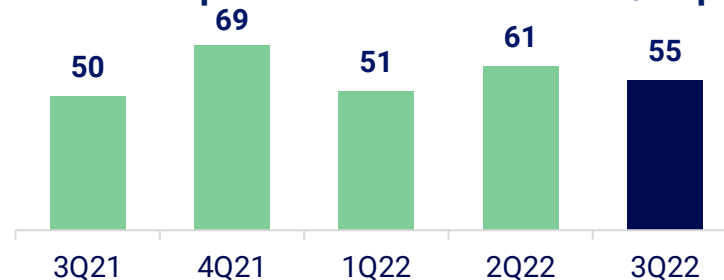
## Personnel expenses (€mln)



## 3Q22 operating costs -€4.7mln vs. 2Q22

- HR costs stable QoQ
- -€5.3mln QoQ in other operating costs, mainly due to
  - -€4.6mln FITD&SRF booked as provisions in 1Q22, which were released and booked as costs in 2Q22
  - -€0.6mln “Other adm. expenses and other income / expenses” related to 2Q’22 one-off projects on Consum.it (€0.23mln), former AIGIS (€0.12mln), and Banca Credifarma (€0.18mln)

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



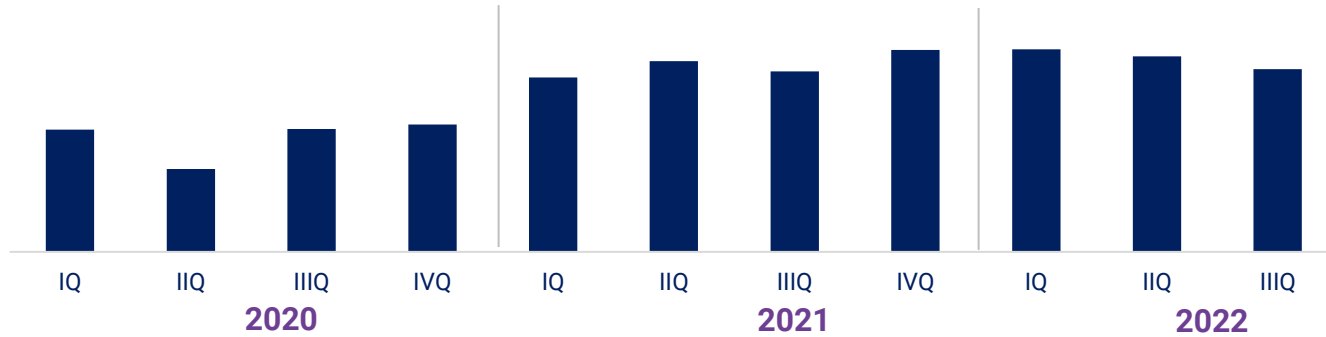
Banca Ifis  
employees

\*Figures exclude “Net allocations to provisions for risks and charges”

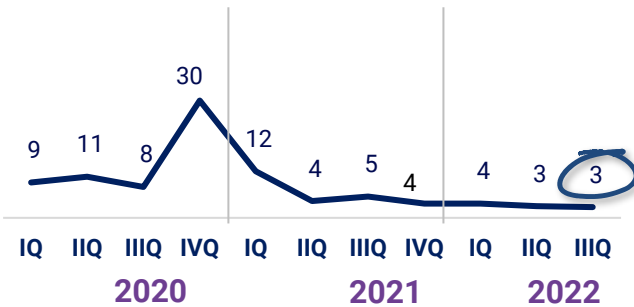


# Seasonality in Npl and PPA and effect of Covid-19

## Net interest income in Npls

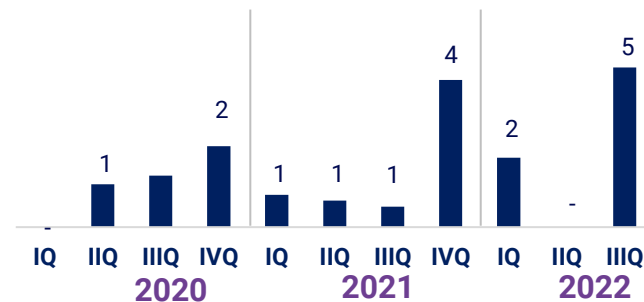


## Reversal of PPA ex-IB (pre-tax)



3Q22 pre tax reversal PPA at €3mIn

## Capital gains from Npl disposal



## 2.3 Focus on DTA

# Focus on DTA regulatory implications

## Convertible DTAs

- DTAs related to write downs of loans convertible into tax credits (under Law 214/2011)
- Their recovery is certain regardless of the presence of future taxable income and is defined by fiscal law (range ca. 5%-12% per annum, with full release by 2026)
- No time and amount limit in the utilization of converted DTAs
- Capital requirements: 100% weight on RWA

Data in €/mln

205.3

## DTAs due to tax losses (non - convertible)

- DTAs on losses carried forward (non-convertible) and DTAs on ACE (Allowance for Corporate Equity) deductions can be recovered in subsequent years only if there is positive taxable income
- No time limit to the use of fiscal losses against taxable income of subsequent years
- Capital requirements: 100% deduction from CET1

28.9

## Other non-convertible DTAs

- DTAs generated due to negative valuation reserves and provisions for risks and charges (~€ 54.2\*mln as of 30 Sep 2022)
- Capital requirements: deduction from CET1 or weighted in RWA depending on certain thresholds\*\*. For Banca Ifis they would be weighted at 250% but they are partially offset by DTL (~€ 28.4mln as of 30 Sep 2022)

25.8

\*Includes prudentially €5.2mln of DTAs related to Ifis Rental not included in the Banking Group as not a regulated entity

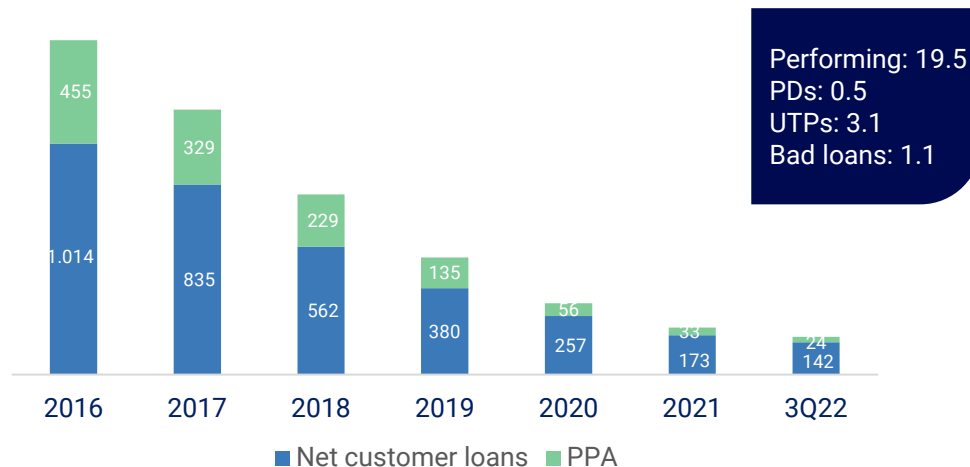
\*\* As stated by CRR (article 48), these kind of DTAs are subjected to a double threshold mechanism: if their amount is less than 10% of the CET1 Capital, they are weighted at 250%; if their amount added to the total<sup>35</sup> investments in financial sector subjects is less than 17.65% they are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

## 2.4 Focus on PPA

- In 2016, following the acquisition of former Interbanca, Banca Ifis valued the performing and non performing loans of Interbanca by applying a market discount and a liquidity discount to reflect purchase price
- The purchase price allocation (PPA) is written back with the progressive maturity/the disposal of Interbanca's loans

As at 30 Sep 22, the residual amount of pre-tax PPA was €24m

## Net customer loans and PPA - €m



Performing: 19.5  
PDs: 0.5  
UTPs: 3.1  
Bad loans: 1.1

## PPA reversal in P&L- €m

1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
9	11	8	30*	12	4	5	4	4	3	3
<b>FY 20: €57m. o/w:</b> -€2m Non Core & G&S -€56m Non Core & G&S				<b>FY 21: €25m. o/w:</b> -€3m Non Core & G&S -€22m Non Core & G&S				<b>9M 22: €9m. o/w:</b> -€1m Non Core & G&S -€9m Non Core & G&S		

Outstanding at 3Q22
24
<b>3Q22 Outstanding, o/w:</b> -€0m Non Core & G&S -€24m Non Core & G&S

\*In 4Q20, the write back of PPA was mainly driven by loans and Npl disposals and prepayments

- This Presentation may contain written and oral “forward-looking statements”, which includes all statements that do not relate solely to historical or current facts and which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of Banca Ifis (the “Company”). There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus such forward-looking statements are not a reliable indicator of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice. Neither this Presentation nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision.
- The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the “Other Countries”), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.
- Data regarding Scenario considerations, Market, PPA, asset quality ratios, cost income ratios, liquidity ratios, cost of funding, proprietary portfolio, segment reporting, business unit breakdown, commercial and corporate loan breakdown are management accounting. Data regarding Npl portfolio and ERC, Npl cash recovery and Npl P&L contribution, Npl GBV and NBV evolution and breakdown, Npl P&L and cash evolution and breakdown are management accounting.
- Mariacristina Taormina, Manager charged with preparing the financial reports of Banca Ifis S.p.A., pursuant to the provisions of Art. 154 bis, paragraph 2 of Italian Legislative Decree no.58 dated 24 February 1998, declares that the accounting information included into this document corresponds to the related books and accounting records.
- Neither the Company nor any member of Banca Ifis nor any of its or their respective representatives directors or employees accept any liability whatsoever in connection with this Presentation or any of its contents or in relation to any loss arising from its use or from any reliance placed upon it.