



# 1Q23 results

11 May 2023

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# 1Q23 results

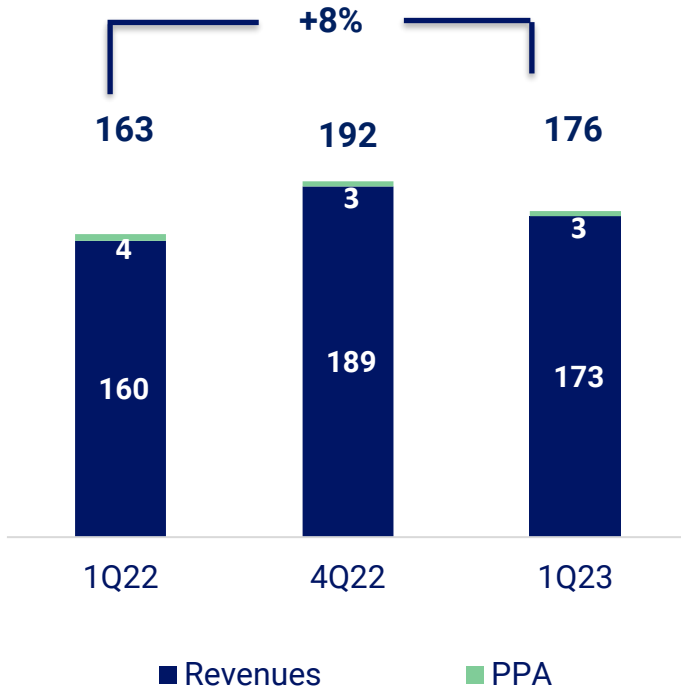
# 1Q23 results summary

- 1 Net income in 1Q23 of €46m ( +29% QoQ and +31% YoY), confirming Banca Ifis's acceleration**
- 2 Net revenues at €176m (-8% QoQ and +8% YoY), driven by performance in Commercial Banking**
- 3 Factoring turnover +17% YoY (excluding factoring vs. PA), new business in leasing +22% YoY. Cash collection of Npl portfolio at €97m (-3% QoQ, +7% YoY)**
- 4 Operating costs\* at €91m (-19% QoQ and +4% YoY). Inflation impact countered by efficiency, discipline and cost control**
- 5 Loan loss provisions at €10m including €5m prudent add-on provisions against macroeconomic risk in performing loans, confirming outstanding risk/return performance of loan book**
- 6 Stable and resilient customer deposit base (flat QoQ). Average cost of funding developing as expected at 2.24% in 1Q23 (1.49% in 4Q22)**
- 7 CET1 up by 20bps to 15.21% in support of the growth strategy and the dividend payout of the Bank. €0.40 dividend per share to be paid on 24 May 23. The record date is on 23 May 23 and the ex-dividend date on 22 May 23**

\* Excluding risks and charges

# Net revenues accelerating

## Quarterly Revenues



- **Net revenues at €176m ( -8% QoQ and +8% YoY)**
- 1Q23 net revenues breakdown:
  - Commercial banking revenues at €88m (€93m in 4Q22 and €74m in 1Q22) reflecting the Bank's positive interest rates correlation and ongoing loan repricing. 1Q23 includes €8m capital gains on direct and indirect PE investments (€1m in 1Q22) due to the disposals of some equity stakes
  - Npl revenues at €69m (€83m in 4Q22 and €70m in 1Q22)
  - Non Core & G&S (proprietary bond portfolio) at €19m with a recurrent and stable contribution to revenues

# Very robust commercial activity

## Factoring turnover (€bn)

## New leasing business (€mln)

## Of which: automotive (€mln)



\* excluding factoring vs PA

1Q22 4Q22 1Q23

1Q22 4Q22 1Q23

1Q22 4Q22 1Q23

\* Factoring turnover +17% YoY excluding factoring vs. PA for which Ifis has reviewed its business model following the application of the new DoD

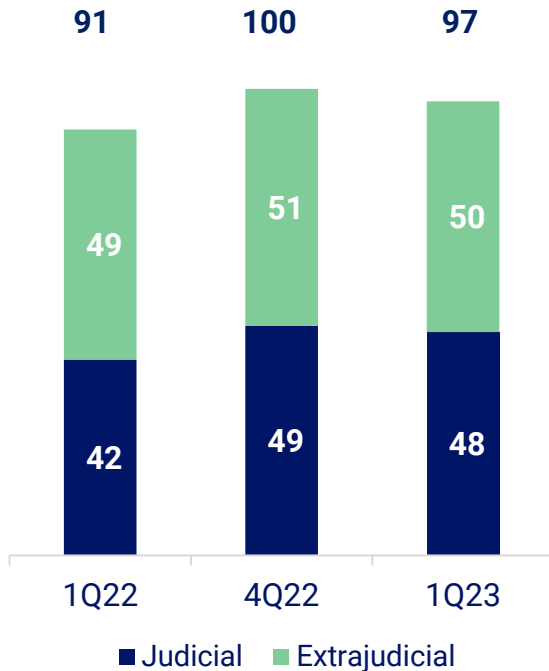
- Excellent commercial productivity in SME lending
- No change in small ticket focus
- Acceleration in equipment and tech leasing. No real estate/nautical
- Excellent 1Q23 notwithstanding 4Q22 peak due to fiscal benefits

- Strong presence with electrical vehicle brands

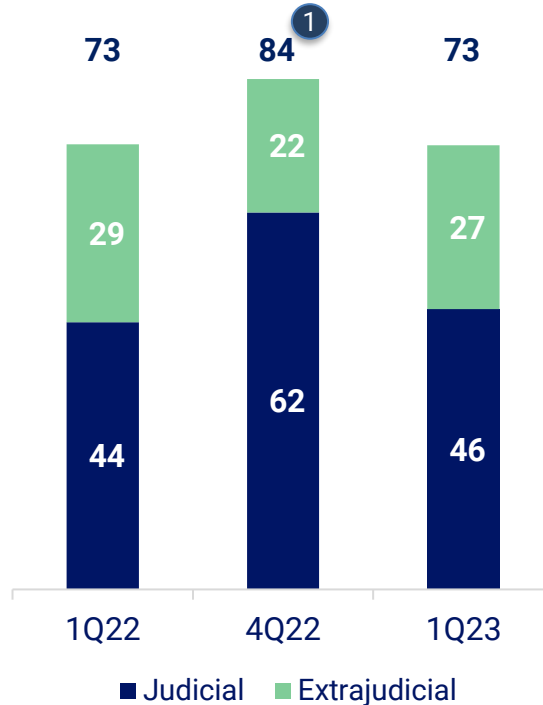
■ Factoring vs. SMEs ■ Factoring vs. PA

# Npl portfolio performance resilient and well-positioned\*

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



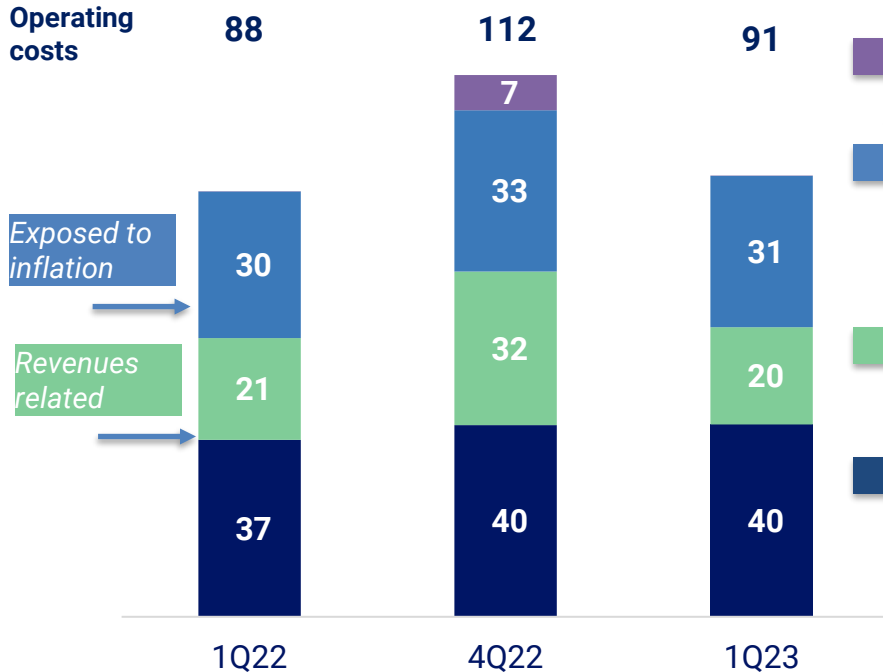
## Revenues (€mln)



- Extrajudicial collections remain solid, therefore negligible impact from interest rate or inflation increase on collections
- Area of focus: monitoring of new voluntary plans in the face of a potential economic slowdown

<sup>1</sup> 4Q22 revenues included positive contribution of the release of specific (large) newly acquired NPL portfolios. As a result, both NPLs revenues and NPL variable recovery costs decreased by ca. -€12mln QoQ

# Inflation impact countered by efficiency, translating into solid cost control



**FITD&SRF** €6mIn provisions in 1Q23 (€7mIn were booked as costs in 4Q22)

**Other operating costs\***: potential impact of inflation and volume growth more than offset by contract renegotiation. Includes **ca. €8mIn** IT investment, which remained stable YoY/QoQ in the last 2Y as per key business plan projects in innovation and digitalization

**Costs directly linked to Npl recovery**: Costs directly linked to Npl recovery decrease of €12mIn QoQ partially linked in seasonality

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

FITD & SRF	6	-7	6
Other provisions	0	3	1

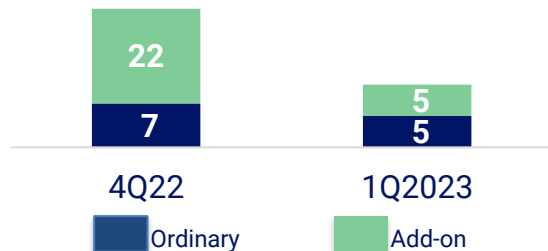
<b>Operating costs + provisions</b>	<b>94</b>	<b>108</b>	<b>97</b>
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\*including other administrative expenses and other net income/expenses excluding Npl recovery costs



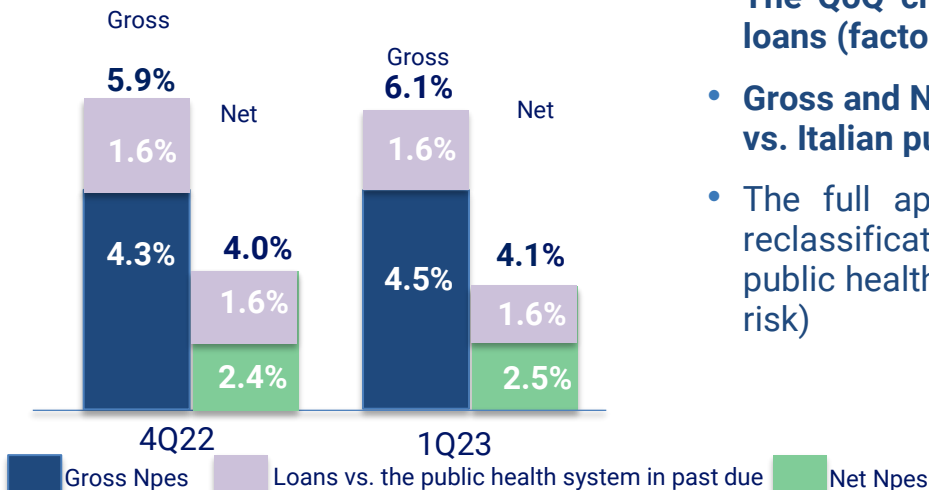
# Very resilient loan book confirms asset quality

## Loan loss provisions\*



- **1Q23 LLP of €10mln**, including €5mln add-on provisions against potential macroeconomic risks. In 1Q23 no visible sign of asset quality deterioration
- **Total management overlay against performing loans reached ca. €60mln provisions for potential macroeconomic risks**

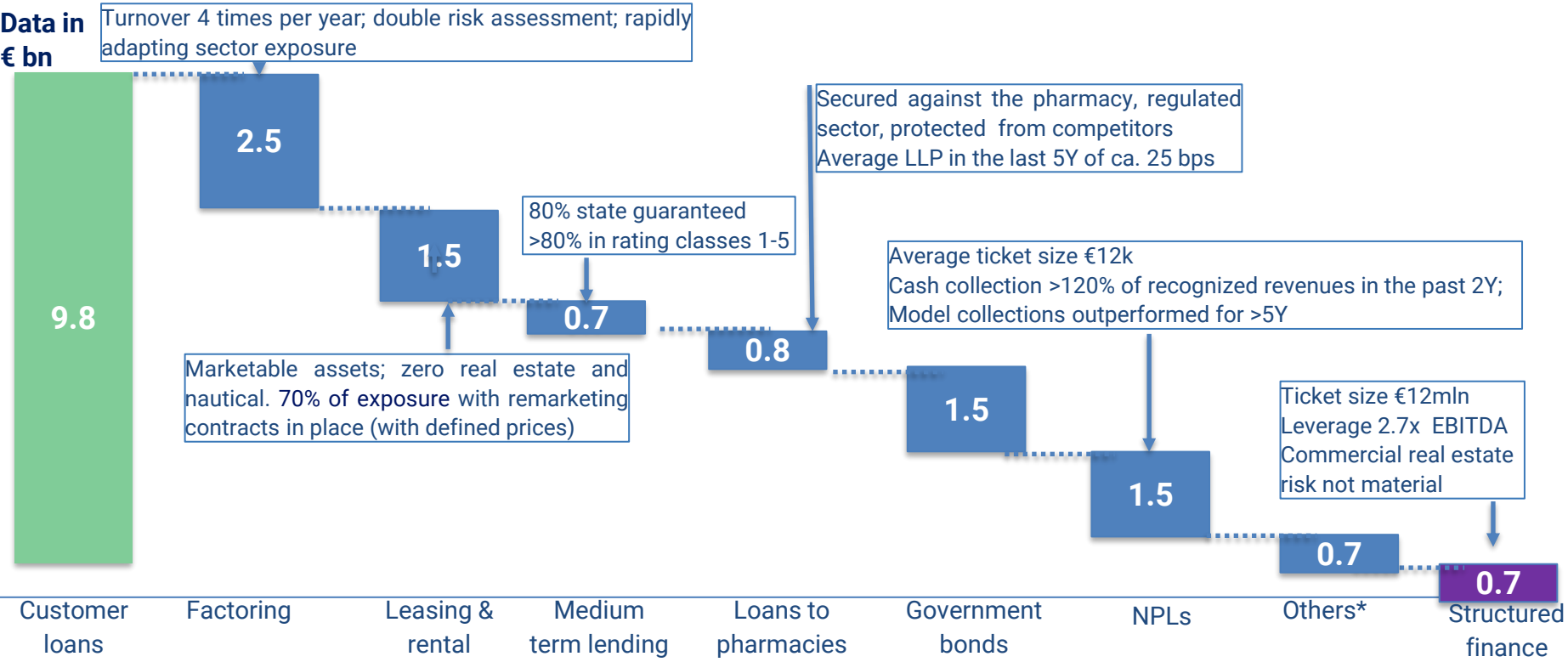
## Asset quality Npe ratios



- **The QoQ change in asset quality ratios is due to lower performing loans (factoring seasonality). Total NPEs are stable in €/mln**
- **Gross and Net Npe Ratio of 4.5% and 2.5% 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 €111mln loans vs. the Italian public health system (historically, a late payer with limited asset quality risk)**

# Banca Ifis's superior risk-return trade-off (1/3)

Data in  
€ bn



**Only ca. 10%-15% of Banca Ifis's loan book is direct, unmitigated medium/term lending to enterprises. In this loan book, leverage and concentration risks are kept low and are strongly reserved against (management overlay)**

\* Loans mainly related to financial bonds portfolio 5Y (€0.3bn) and residual retail mortgages (€0.1bn).

# Banca Ifis's superior risk-return trade-off (2/3)

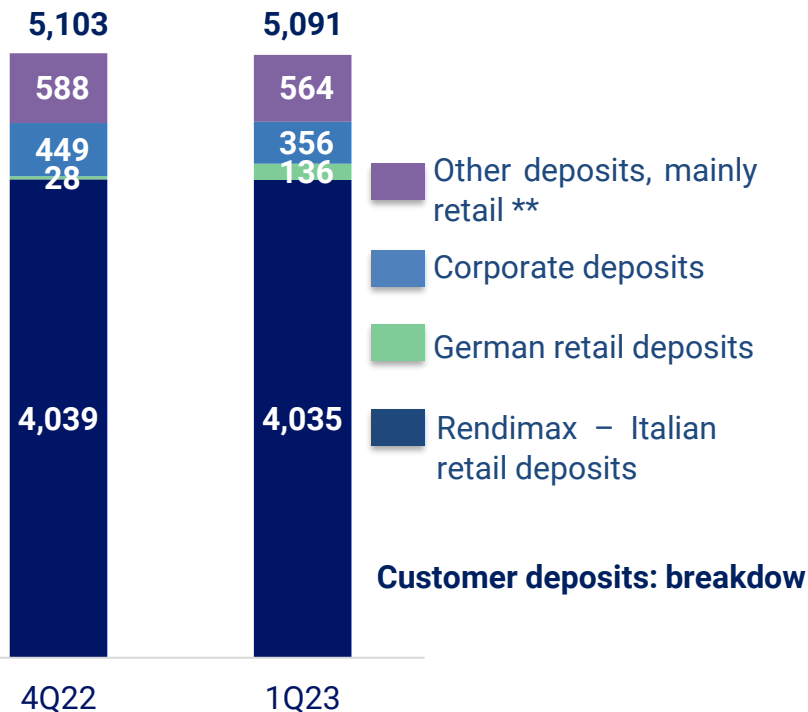
	€ bn	Average Duration in Y	Average ticket size
Factoring	2.5	0.22*	€300k*
Leasing	1.3	2.7	€40k auto €60k equipment
Rental	0.2	2.0	€7k
Medium term lending	0.7	3.0	€300k
Loans to pharmacies	0.8	7.5	€400k
Structured finance	0.7	5.0	€12mln
NPLs	1.5	4.0	€12k
Government bonds	1.5	2.5	Government bonds classified as HTC
Other	0.7		€0.3bn financial bonds portfolio 5Y €0.1bn retail mortgages

\*Excluding factoring to PA, taxed incentives ("superbonus 110%") and VAT credit

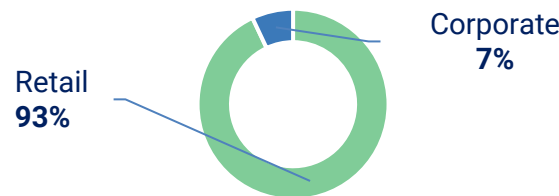
**Customer loans: >70% of Banca Ifis's customer loan book has a duration shorter than 3Y**

# Banca Ifis's superior risk-return trade-off (3/3)\*

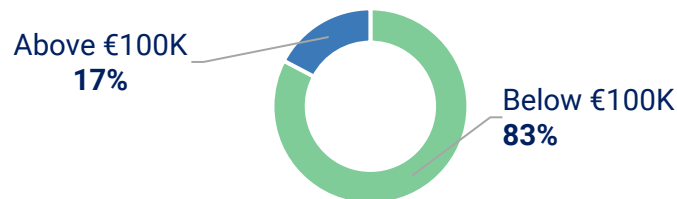
## Customer deposit breakdown



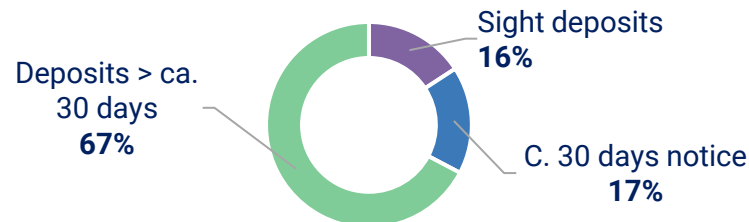
## Very limited corporate deposits



## Rendimax deposits: 83% protected by FITD



## Rendimax: very limited sight deposits



\*Source: management accounting data

\*\* Other deposits include mainly B.Credifarma retail deposits (€243mln in 1Q23), ex Aigis deposits (€83mln in 1Q23) and Time deposits (€115mln in 1Q23)

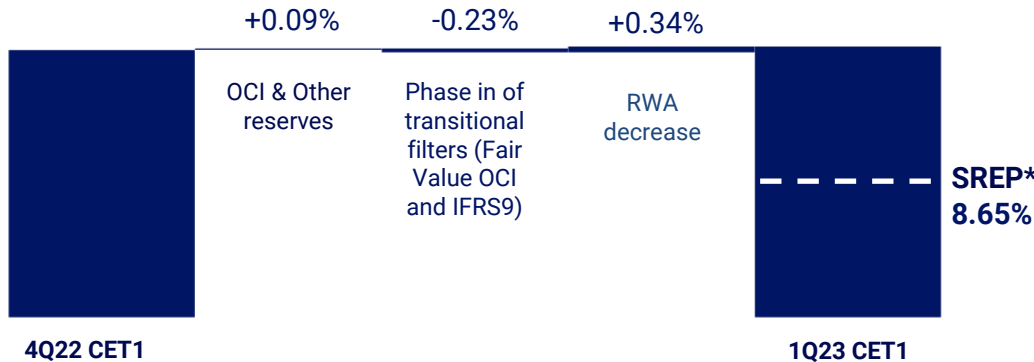
# Banca Ifis Group – Capital ratios evolution



**CET1 actual of 15.21% at 31 Mar 23, excluding 1Q23 net income**

## Key items of CET1 evolution in 1Q23

- **+0.09%** mainly due to a combination of decrease in FVOCI reserve (+0.06%) and increase in other reserve (+0.03%)
- **-0.23%** due to the regulatory removal of transitional filters on the FVOCI reserves on Government bonds and a partially removal of IFRS9 provisions
- **+0.34%** as a combination of lower RWA for the seasonality in factoring, and higher RWA for market risk and counterparty risk in REPOs business



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

# Quarterly results

Reclassified Consolidated Income Statement - (€ mln)	1Q22	4Q22	1Q23
Net interest income	131.1	155.7	139.4
Net commission income	20.7	28.3	23.3
Trading and other revenues	11.5	7.8	13.1
<b>Total Revenues</b>	<b>163.3</b>	<b>191.9</b>	<b>175.8</b>
Loan loss provisions	(17.0)	(28.6)	(10.0)
<b>Total Revenues - LLP</b>	<b>146.3</b>	<b>163.2</b>	<b>165.9</b>
Personnel expenses	(36.6)	(39.6)	(39.7)
Other administrative expenses	(53.6)	(70.9)	(53.8)
Other net income/expenses	2.3	(1.4)	2.4
<b>Operating costs</b>	<b>(87.8)</b>	<b>(111.8)</b>	<b>(91.1)</b>
Net provisions for risks and charges	(6.4)	4.1	(6.4)
<b>Pre tax profit</b>	<b>52.1</b>	<b>55.5</b>	<b>68.4</b>
Taxes	(16.7)	(19.7)	(22.1)
<b>Net income - attributable to the Parent company</b>	<b>34.9</b>	<b>35.5</b>	<b>45.9</b>
Customer loans	10,276	10,187	9,834
- of which Npl Business	1,519	1,520	1,495
Total assets	12,893	13,262	13,300
Total funding	10,612	11,131	11,112
- of which customer deposits	5,683	5,103	5,091
- of which TLTRO and LTRO	2,031	2,424	2,035
Shareholders Equity	1,642	1,598	1,650

- Includes €8mln capital gains on PE investments (€1mln in 1Q22) due to the disposals of some equity stakes
- Includes €5mln add-on provisions against macroeconomic risk
- Includes €22mln negative one-offs due to the impacts of the Government decree ("decreto aiuti")
- Includes €6mln FITD&SRF costs booked as provisions for risks and charges

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. 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)"



## Appendices

## 2.1 Segment results



# 1Q23 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	68	27	13	18	57	15	139
Net commission income	1	17	3	4	23	(1)	23
Trading & other revenues	1	(1)	0	8	7	5	13
<b>Net revenues</b>	<b>69</b>	<b>43</b>	<b>15</b>	<b>30</b>	<b>88</b>	<b>19</b>	<b>176</b>
-Of which PPA	0	0	0	0	0	3	3
Loan loss provisions	0	(3)	(1)	(9)	(12)	2	(10)
Operating costs	(41)	(24)	(8)	(9)	(41)	(9)	(91)
Net allocations to provisions for risks and charges	(0)	0	0	(0)	(0)	(6)	(6)
Gains (Losses) on disposal of investments	0	0	0	0	0	0	0,0
<b>Net income</b>	<b>19</b>	<b>11</b>	<b>5</b>	<b>8</b>	<b>24</b>	<b>4</b>	<b>46</b>
Net income attributable to non-controlling interests							0.4
<b>Net income attributable to the Parent company</b>							<b>46</b>
<b>Net income (%)</b>	<b>41%</b>	<b>24%</b>	<b>10%</b>	<b>17%</b>	<b>51%</b>	<b>8%</b>	<b>100%</b>
<b>Customer Loans</b>	1,495	2,467	1,475	2,296	6,238	2,101	9,834
<b>RWA<sup>1</sup></b>	1,756	2,323	1,303	1,655	5,281	1,777	8,813
<b>Allocated capital<sup>2</sup></b>	<b>267</b>	<b>353</b>	<b>198</b>	<b>252</b>	<b>803</b>	<b>270</b>	<b>1,341</b>

① €8mln capital gains on PE investments (€1mln in 1Q22) due to the disposals of some equity stakes

② €6mln FITD&SRF Operating costs reclassified from provisions for risks and charges

③ Breakdown of customer loans in Non Core & G&S

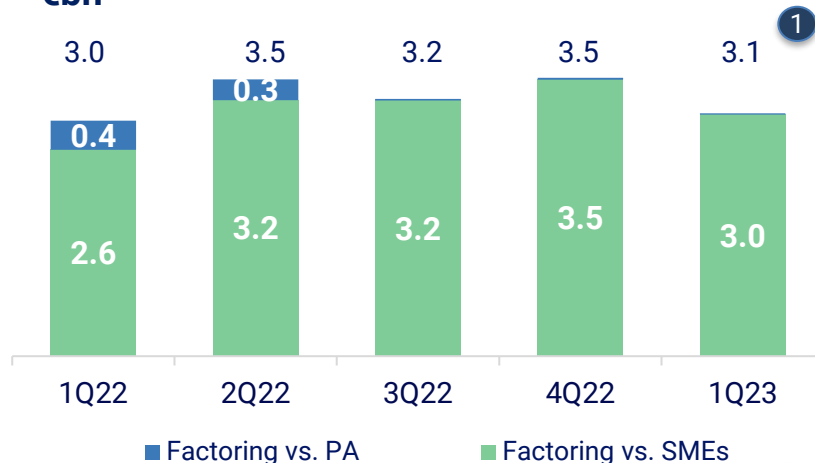
- G&S: includes €1.5bn of Government bonds at amortized costs

- Non Core: includes €0.1bn of performing loans mainly ex Interbanca, €0.1bn retail mortgages and €0.03bn 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)

## Turnover - €bn



① 1Q23 factoring turnover at €3.1bn, +17% YoY excluding factoring vs. PA, for which Banca Ifis is reviewing its business model; 4Q22 is impacted by usual seasonality

② The reduction of the factoring loans YoY (-9%) is due the revision of the business model of the factoring vs. the public administration, following the full application of the New DoD

③ Net revenues / average customer loans at 6.6%. The change vs. 4Q22 is due to cost of funding increase

Net customer loans - €mln

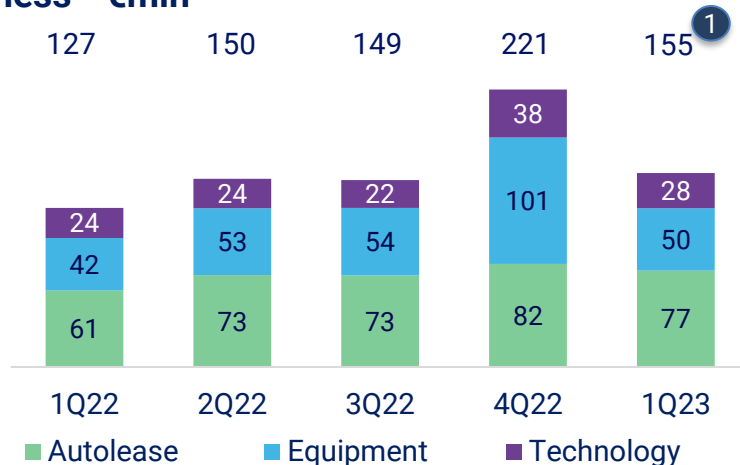
Period	1Q22	2Q22	3Q22	4Q22	1Q23
Net customer loans - €mln	2,722	2,738	2,468	2,756	2,467

Data in €mln	1Q22	2Q22	3Q22	4Q22	1Q23
Net revenues	40	39	44	48	43
Net revenues / avg. customer loans	5.7%	5.7%	6.8%	7.4%	6.6%
Loan loss provisions*	(9)	(1)	(4)	(0)	(3)

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



- <sup>1</sup> New leasing +22% YoY due to revamping commercial activity
- <sup>2</sup> Net revenues / average customer loans at 4.2% in 1Q23
- <sup>3</sup> Asset quality risk is mitigated by strong sector and borrower diversification and by the remarketing agreements for repossessed assets

Net customer loans - €mln

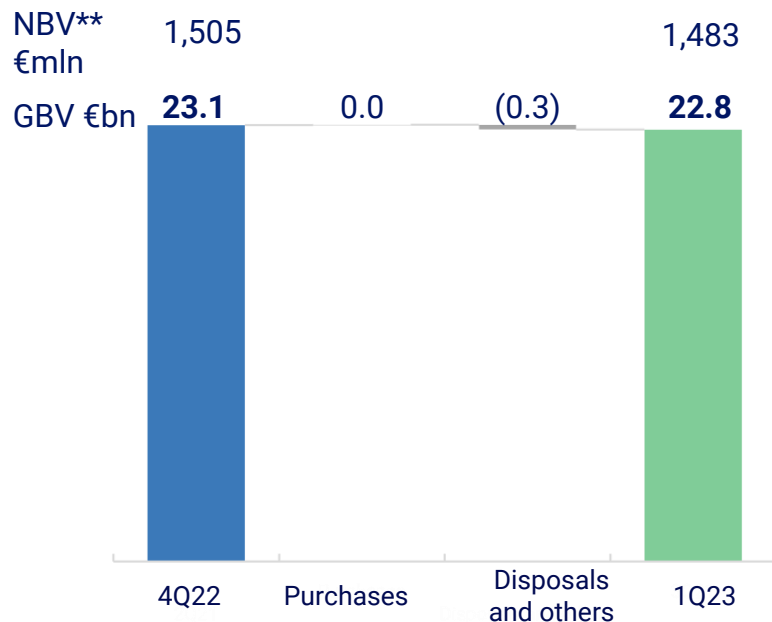
Period	1Q22	2Q22	3Q22	4Q22	1Q23
Net customer loans	1,378	1,390	1,396	1,472	1,475

Data in €mln	1Q22	2Q22	3Q22	4Q22	1Q23
Net revenues	15	14	14	17	15
Net revenues / avg customer loans	4.5%	4.0%	3.9%	4.6%	4.2% <sup>2</sup>
Loan loss provisions*	(1)	1	(2)	(1)	(1) <sup>3</sup>

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\*

- 2.2mln tickets, #1.5mln borrowers
- Extensive portfolio diversification by location, type and age of borrower

### No Npls acquired in 1Q23

- Very limited NPL transactions in 1Q23
- No concerns on achieving Business Plan purchasing targets

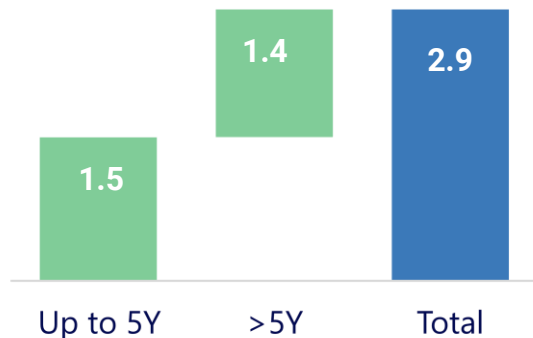
### Npls disposals and others in 1Q23: €0.3bn GBV

- The disposals generated a capital gain of €0.5mln. "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	1.1	0.1	0.2
Extrajudicial positions	14.2	0.5	0.8
Judicial positions	7.5	0.9	1.9
<b>Total</b>	<b>22.8</b>	<b>1.5</b>	<b>2.9</b>

## ERC assumptions

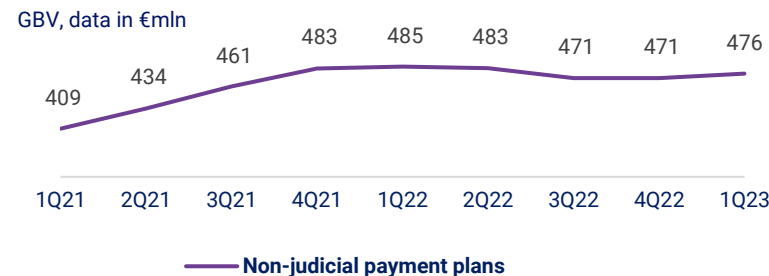
- ERC based on proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
  - Type of borrower, location, age, amount due, employment status
  - Time frame of recovery
  - Probability of decay
- ERC represents Banca Ifis's expectation in terms of gross cash recovery. Internal and external costs of positions in non-judicial payment plans (GBV of €0.5bn in 1Q23), court injunctions ["precetto"] issued and order of assignments (GBV of €1.9bn in 1Q23) have already been expensed in P&L
- **€2.2bn cash recovery (including proceeds from disposals) was generated in the years 2014 –1Q2023**

## Judicial recovery

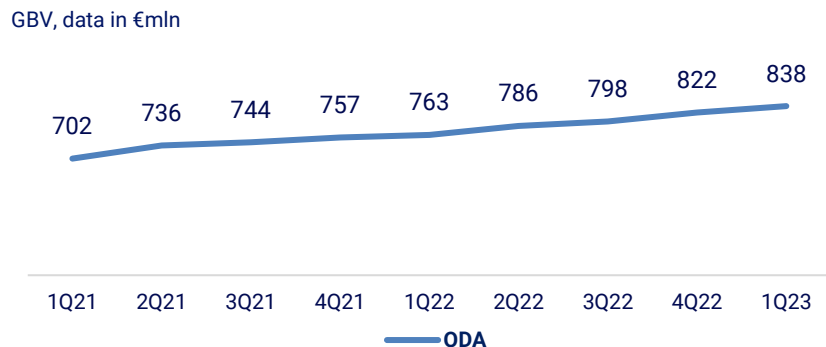
Judicial recovery (€ mln)	GBV	%
Frozen	1,708	23%
Court injunctions ["precetto"] and foreclosures	1,018	14%
Order of assignments	838	11%
Secured and Corporate	3,975	53%
<b>Total</b>	<b>7,539</b>	<b>100%</b>

To be processed

## Non judicial recovery – Voluntary plans

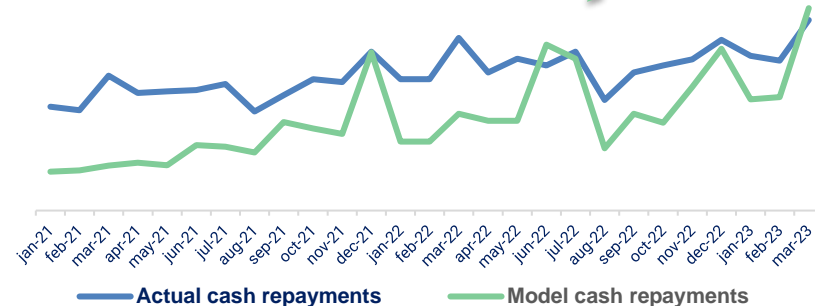


## Judicial recovery – Order of Assignments



## Actual vs. model cash repayments

Judicial + non judicial recovery, data in €mln



\*Source: management accounting data

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

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

## Cash collection

- 1 Npl cash collection at €97m, driven by judicial recovery. 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)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2021 YE	2022 YE
Cash collection	81	89	82	94	91	91	101	100	1 97	345	384
Contribution to P&L**	64	70	66	74	73	71	67	84	73	273	295
Cash collection / contribution to P&L	127%	128%	124%	127%	125%	128%	152%	120%	134%	127%	130%

\*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	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
<b>Waiting for workout - Positions at cost</b>	<b>1,147</b>	<b>107</b> <sup>1</sup>	<b>203</b>	<b>3,409</b> <sup>2</sup>	<b>3,850</b>	<b>4,193</b>	<b>1,571</b>	<b>1,284</b>	<b>1,096</b>
<b>Extrajudicial positions</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>	<b>14,302</b>	<b>14,196</b>
- Ongoing attempt at recovery	10,578	10,846	11,196	10,321	10,670	10,896	12,914	13,831	13,720
- Non-judicial payment plans	409	434	461	483	485	483	471	471	476
<b>Judicial positions</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>	<b>7,478</b>	<b>7,539</b>
- Frozen**	3,243	3,644	2,883	2,010	1,662	1,715	1,725	1,627	1,708
- Court injunctions ["precetto"] issued and foreclosures	686	700	727	771	818	858	913	978	1,018
- Order of assignments	702	736	744	757	763	786	798	822	838
- Secured and Corporate	2,915	2,816	2,830	4,080	4,002	3,963	4,062	4,051	3,975
<b>Total</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>	<b>23,065</b>	<b>22,831</b>

NBV - €mln	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
<b>Waiting for workout - Positions at cost</b>	<b>112</b>	<b>15</b>	<b>31</b>	<b>136</b>	<b>148</b>	<b>159</b>	<b>77</b>	<b>114</b>	<b>86</b> <sup>***</sup>
<b>Extrajudicial positions</b>	<b>368</b>	<b>393</b>	<b>413</b>	<b>425</b>	<b>436</b>	<b>438</b>	<b>464</b>	<b>470</b>	<b>468</b>
- Ongoing attempt at recovery	188	198	200	202	208	208	237	238	230
- Non-judicial payment plans	180	195	213	223	228	230	227	232	238
<b>Judicial positions</b>	<b>916</b>	<b>961</b>	<b>930</b>	<b>917</b>	<b>898</b>	<b>908</b>	<b>929</b>	<b>921</b>	<b>929</b>
- Frozen**	300	330	295	271	240	235	229	208	211
- Court injunctions ["precetto"] issued and foreclosures	162	161	166	172	181	187	200	207	209
- Order of assignments	292	305	306	310	320	333	335	346	355
- Secured and Corporate	162	165	163	164	157	154	164	160	154
<b>Total</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>	<b>1,505</b>	<b>1,483</b>

<sup>1</sup> 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

<sup>2</sup> 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	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
<b>Waiting for workout - Positions at cost</b>									
<b>Extrajudicial positions</b>	22	29	30	38	29	25	23	22	27
- Ongoing attempt at recovery	(2)	6	(2)	6	(1)	0	4	1	(1)
- Non-judicial payment plans	24	23	32	33	30	24	18	21	28
<b>Judicial positions</b>	42	41	36	35	44	47	44	62	46
- Frozen**	-	-	-	-	-	-	-	-	-
- Court injunctions and foreclosures + Order of assignments	36	34	30	32	41	40	36	54	40
- Secured and Corporate	5	7	5	3	2	7	8	8	6
<b>Total</b>	<b>64</b>	<b>70</b>	<b>66</b>	<b>74</b>	<b>73</b>	<b>71</b>	<b>67</b>	<b>84</b>	<b>73</b>

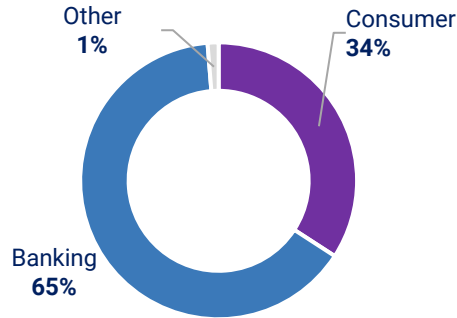
Cash - €mln	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
<b>Waiting for workout - Positions at cost</b>									
<b>Extrajudicial positions</b>	42	47	43	51	49	49	52	51	50
- Ongoing attempt at recovery	6	9	5	6	5	6	11	8	6
- Non-judicial payment plans	36	39	38	46	44	44	41	43	44
<b>Judicial positions</b>	39	42	39	42	42	42	49	49	48
- Frozen**	-	-	-	-	-	-	-	-	-
- Court injunctions and foreclosures + Order of assignments	30	30	31	32	33	32	35	37	36
- Secured and Corporate	9	12	7	11	9	10	14	13	12
<b>Total</b>	<b>81</b>	<b>89</b>	<b>82</b>	<b>94</b>	<b>91</b>	<b>91</b>	<b>101</b>	<b>100</b>	<b>97</b>

\*Source: management accounting data

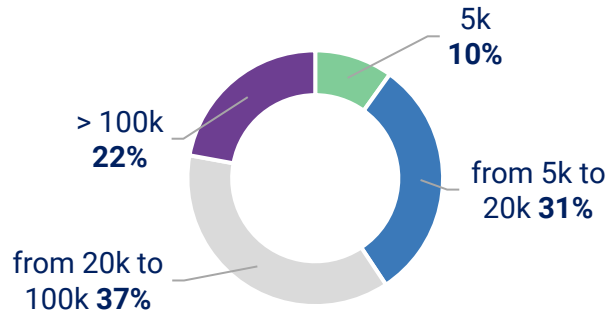
\*\*Other Judicial positions

# Npl Business\*: portfolio diversification

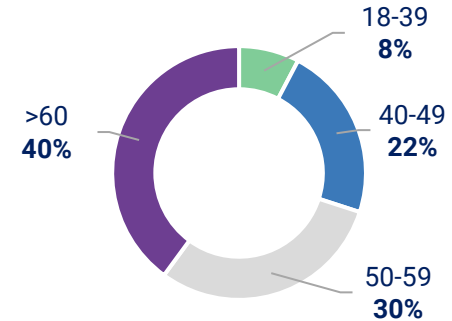
## Breakdown of GBV by type



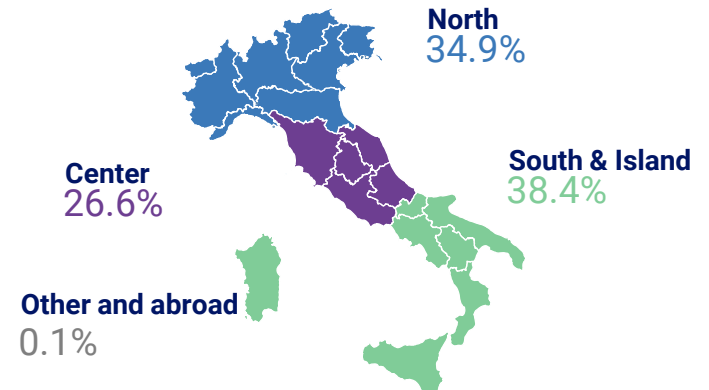
## Breakdown of GBV by ticket size



## Breakdown of GBV by borrower age



## Breakdown of GBV by region

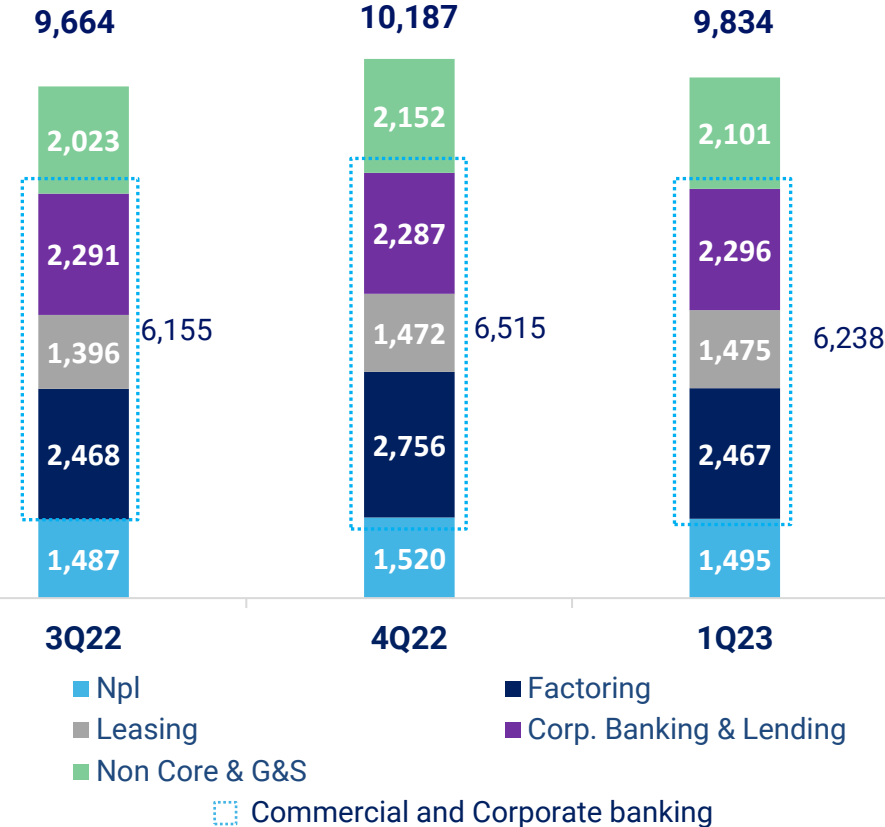


\*Source: management accounting data and risk management data (i.e. data refer only to property portfolio)

## 2.2 Consolidated financial data

# Customer loans

## Customer loans (€ mln)



- 1Q23 customer loans at €9,834mln (-3% QoQ) driven by:
  - Normal seasonality in factoring (-10% QoQ)
  - Some disposals of long term Government bonds in G&S (-1% QoQ)

## Asset quality (€ mln)

Consolidated ratios	3Q22	4Q22	1Q23
Gross Npe*	7.4%	5.9%	6.1%
Net Npe*	4.8%	4.0%	4.1%

Commercial & Corporate Banking	Gross	Coverage %	Net
Bad loans	92	73%	25
UTPs	143	43%	82
Past dues	143	5%	136
<b>Total Npes</b>	<b>378</b>	<b>36%</b>	<b>243</b>

Non Core & G&S**	Gross	Coverage %	Net
Bad loans	12	51%	6
UTPs	32	25%	24
Past dues	6	31%	4
<b>Total Npes</b>	<b>51</b>	<b>32%</b>	<b>35</b>

- The QoQ change in asset quality ratios is due to lower performing loans (factoring seasonality)
- Asset quality ratios in 1Q23:
  - **Gross Npe Ratio\***: 6.1% (5.9% in 4Q22); **4.5%** excluding loans in past due vs. Italian public health system
  - **Net Npe Ratio\***: 4.1% (4.0% in 4Q22); **2.5%** excluding loans in past due vs. Italian public health system
- Gross and Net Npe in Commercial & Corporate Banking came in at €378mln (€382mln in 4Q22) and €243mln (€251mln in 4Q22), respectively
- The application of the New Definition of Default (“New DoD”) led to the reclassification into past due €111mln 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 €1.5bn 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

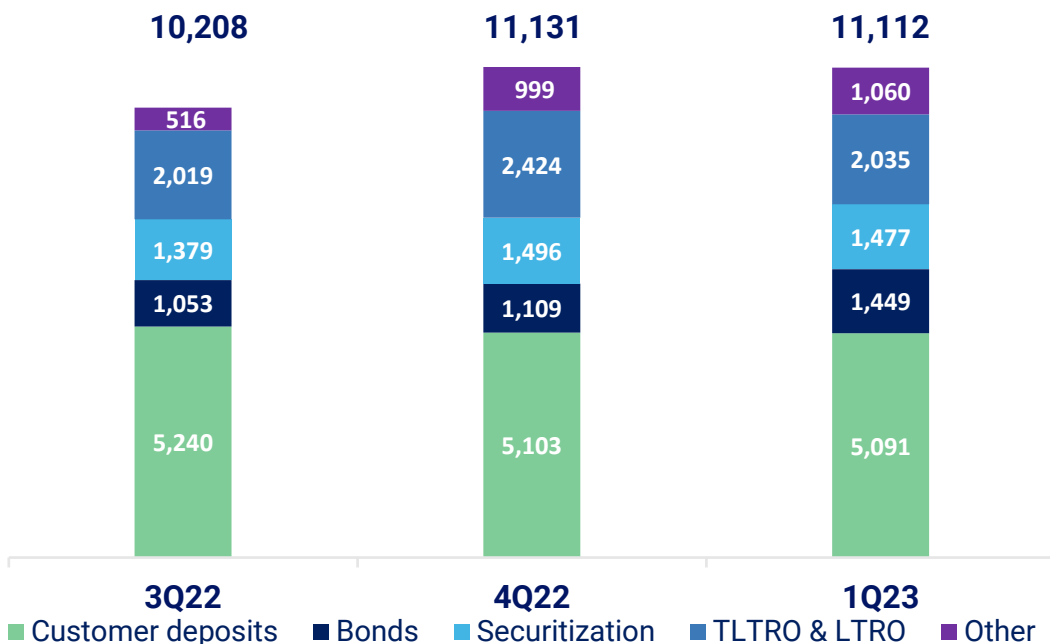
# Strong sector and borrower diversification\*

Industry	€mln	% of total	Max concentration
General and other manufacturing	923	15%	20%
Pharmacy lending	818	13%	20%
Wholesale and commercial trade	544	9%	12%
Transport and storage	358	6%	8%
Activities linked to constructions	309	5%	6%
Private lending	255	4%	8%
National Healthy System (PA)	249	4%	15%
Export lending and foreign subsidiaries	228	4%	6%
Professional activities	172	3%	5%
Automotive	166	3%	5%
Retail commercial trade	139	2%	6%
Health and social activities	154	2%	5%
Building and constructions	146	2%	5%
Food industry	145	2%	5%
Financial services	135	2%	5%
Arts and sports	140	2%	5%
Rental and support	123	2%	5%
Agriculture	111	2%	5%
Plastic and gum/tyre industry	98	2%	5%

Industry	€mln	% of total	Max concentration
Plastic and gum/tyre industry	98	2%	5%
Metallurgic industry	84	1%	5%
Information services	83	1%	5%
Other transportation vehicles	76	1%	5%
Energy and gas supply	69	1%	5%
Chemical Industry	68	1%	5%
Restaurant and leisure	56	1%	5%
Real estate activities	61	1%	5%
Water and waste management	62	1%	5%
Paper production	48	1%	5%
Electronical activities	46	1%	5%
Furniture production	42	1%	5%
Textil industry	41	1%	5%
Wood industry	41	1%	5%
Pharmaceutical industry	33	1%	5%
Shoes manufacturing	32	1%	5%
Others	184	3%	NA
<b>Total</b>	<b>6.238</b>	<b>100%</b>	<b>100%</b>

- Strong sector diversification: exposure to all sectors of the Italian economy (“codici Ateco”)
- All sector exposure significantly below concentration risk
- Small tickets focus and high borrower diversification in all sectors

## Funding (€mln)



	3Q22	4Q22	1Q23
<b>LCR</b>	>1,000%	>500%	>800%
<b>NSFR</b>	>100%	>100%	>100%

- Customer deposits stable QoQ
- Securitizations include €1,106mln of factoring securitization and €371mln of Banca Credifarma securitization
- Banca Ifis has €2.0bn TLTRO expiring in September 2024
- New bond issue of €300mln in Jan 2023 with 4Y maturity. In April 2023, Banca Ifis reimbursed €300mln senior bond
- “Other” includes €785mln banking repo with underlining the property portfolio
- Average cost of funding at 2.24% in 1Q23 (1.49% in 4Q22)
- MREL fixed at 12.15% of TREA. The requirement of ca. €1.2bn is entirely covered by equity

# 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
- Use of enhancing and hedging strategies coupled with both risk and expected credit loss control
- Strategical use (at around 75% of total assets\* in 1Q23) of HTC to reduce proprietary portfolio volatility
- Low RWA density and relevant ECB / funding eligibility

**1Q23 proprietary portfolio revenues at around €21mln\*\*, +€4.7mln (+30%) vs. 1Q22**

- € 17.8mln interest income
- €3.2mln trading and other income of which €0.7mln from dividends

Type of asset - Data in €mln as at end of quarter	Bonds			Equity	Total
	Government	Financial	Corporate		
Held to collect/amortized cost	1513	617	93		2223
Held to collect and sell (FVOCI)	445	131	50	115	740
<b>Total (HTC and HTC&amp;S)</b>	<b>1958</b>	<b>748</b>	<b>143</b>	<b>115</b>	<b>2963</b>
Held for trading/Funds		14			15
<b>Total portfolio</b>	<b>1958</b>	<b>761</b>	<b>143</b>	<b>115</b>	<b>2978</b>
Percentage of total	65,7%	25,6%	4,8%	3,9%	100,0%
Held to collect/amortized cost Duration	2,5	3,6	2,9	NA	2,8
Held to collect and sell (FVOCI) Duration	3,1	3,3	2,8	NA	3,1
FVTPL Duration		12,0			12,0
<b>Average duration (HTC and HTC&amp;S) - YEARS</b>	<b>2,6</b>	<b>3,7</b>	<b>2,9</b>	<b>NA</b>	<b>2,9</b>

(\*) Evaluation HTC: amortized cost  
Evaluation HTCS & HFT/Funds: market value  
(\*\*) Data excluding cost of funding

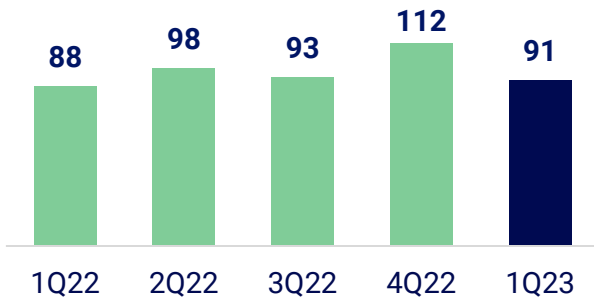
## Expected 2023 further upside revenues' pillars:

- Estimated additional dividend flows at around €9mln
- Gradually increasing interest income, potentially improved by inflation linked (5% of total assets in 1Q23) and floater bonds (more than 24% of total assets in 1Q23) in case of further inflation and short term rate increase



# Reclassified consolidated operating costs\*

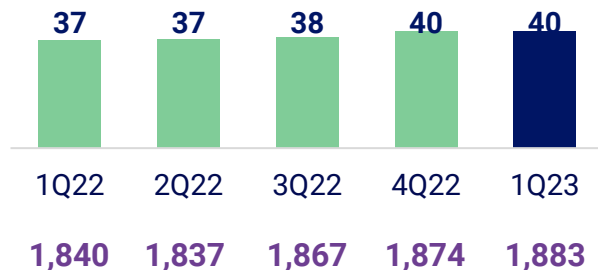
## Operating costs (€mln)



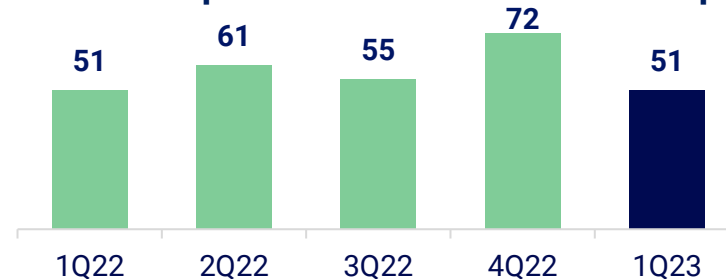
## 1Q23 operating costs at €91mln

- HR costs stable vs 4Q22
- -€21mln QoQ in other operating costs. Main items:
  - Costs directly linked to Npl recovery decrease of €12mln QoQ partially linked to seasonality
  - -€7mln of FITD costs

## Personnel expenses (€mln)



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

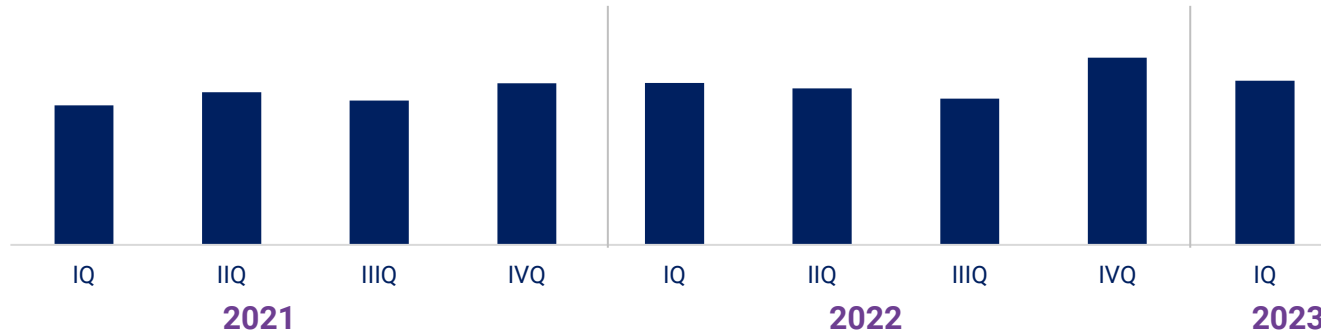


Banca Ifis  
employees

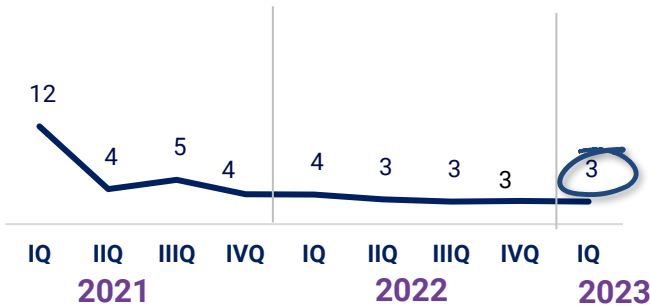
\*Figures exclude "Net allocations to provisions for risks and charges"

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

## Net interest income in Npls

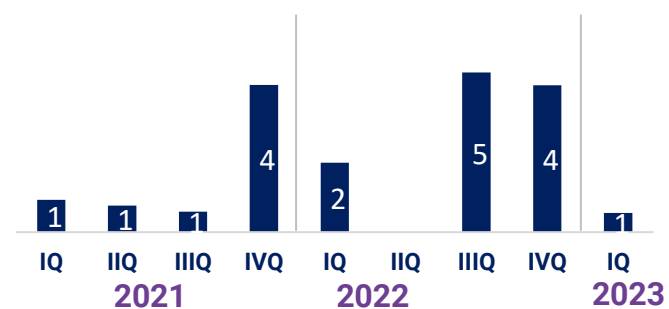


## Reversal of PPA ex-IB (pre-tax)



1Q23 pre tax reversal PPA at €3mIn

## Capital gains from Npl disposal



## **2.3 Focus on DTA regulatory implications**

# 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 (full release by 2026)
- No time and amount limit in the utilization of converted DTAs
- Capital requirements: 100% weight on RWA

Data in €/mln

172.2

## 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

28.8

## Other non-convertible DTAs

- DTAs generated due to negative valuation reserves and provisions for risks and charges (~€48.3mln as of 31 Mar 2023)
- Capital requirements: deduction from CET1 or weighted in RWA depending on certain thresholds\*. For Banca Ifis they would be weighted at 250% (partially offset by regulatory treatments, mainly DTL ~ €27.4mln as of 31 Mar 2023)

20.9

\* 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 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.

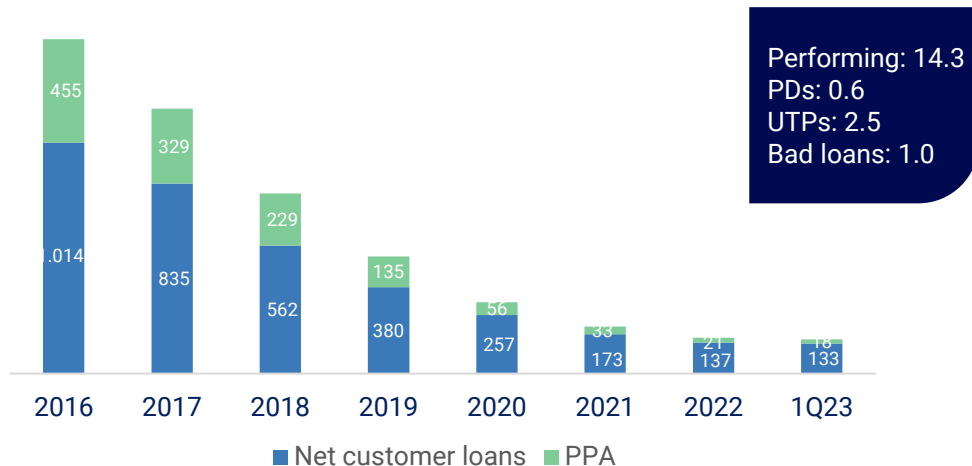
## 2.4 Focus on PPA

# Focus on ex-Interbanca 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 31 Mar 23, the residual amount of pre-tax PPA was €18m

## Net customer loans and PPA - €m



## PPA reversal in P&L- €m

1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
12	4	5	4	4	3	3	3
<b>FY 21: €25m. o/w:</b> -€3m Corp. Banking & Lending -€22m Non Core & G&S				<b>FY 22: €12m. o/w:</b> -€1m Corp. Banking & Lending -€11m Non Core & G&S			

1Q23
3
<b>1Q23: €3m. o/w:</b> -€0m Corp. Banking & Lending -€3m Non Core & G&S

Outstanding at 1Q23
18
<b>1Q23 Outstanding, o/w:</b> -€0m Corp. Banking & Lending -€18m Non Core & G&S

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