

# 9M23 results

9 November 2023

## 1. 3Q23 results

## 2. Appendices

2.1 Segment results

2.2 Consolidated financial data

2.3 Company overview

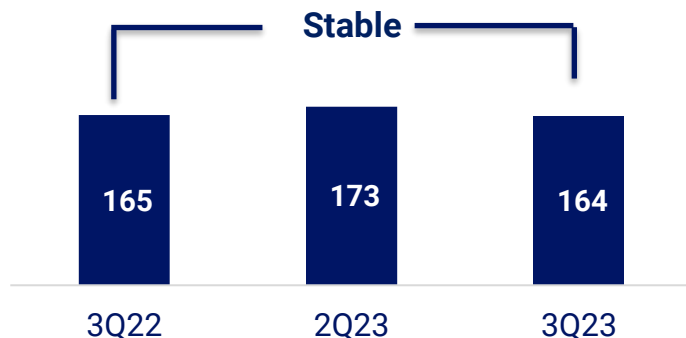


## 3Q23 results

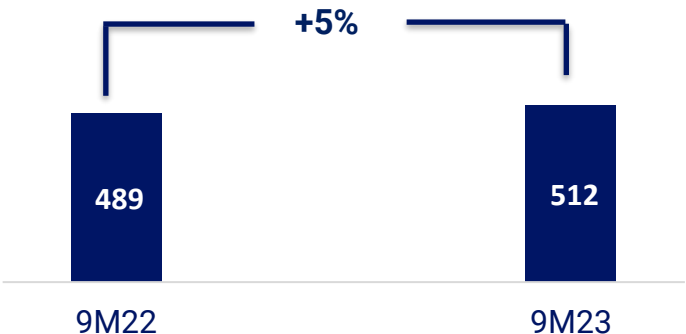
- 1 **Net income in 3Q23 of €34mln (vs. €45mln in 2Q23 and €33mln in 3Q22). 9M23 net income at €125mln (+18% YoY)**
- 2 **Loan loss provisions at €15mln, including €6mln on a structured finance position. Total management overlays stable at €65mln**
- 3 **Windfall tax to be allocated to non-distributable reserves** (no consideration due)
- 4 **CET1 at 15.5%** (calculated including YTD net income, net of interim/foreseeable dividend) in support of the growth strategy and the solidity of the Bank
- 5 **€1.2 interim dividend per share to be paid on 22 Nov. 2023** (total €63mln)\*. The ex-dividend date is on 20 Nov.23 and the record date on 21 Nov.23

\*Payout ratio at 50.5%; full-year payout (in line with the new dividend policy approved by the Board of Directors on 3 August 2023) will be computed on the basis of full year results.

## Quarterly Revenues



## First 9 months Revenues



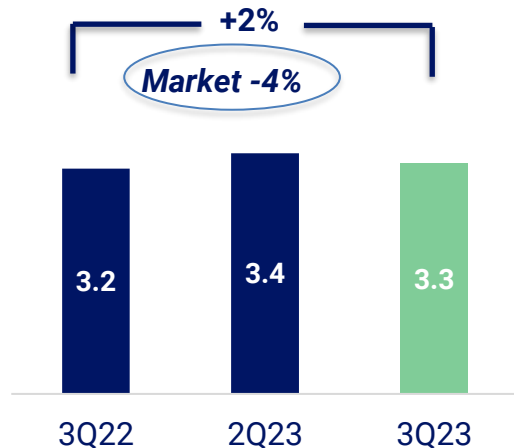
- **Net revenues at €164m ( -5% QoQ due to typical August seasonality and substantially stable YoY)**
- 3Q23 net revenues breakdown:
  - Commercial banking revenues at €84m (€87m in 2Q23 and €83m in 3Q22). Excluding capital gains on direct and indirect PE investments, revenues would be stable QoQ and up +7% YoY\*
  - Npl revenues\*\* prove resilient at €66m (€67m in 2Q23 and €66m in 3Q22) despite inflation and rates scenario
  - Non Core & G&S at €14m confirming a recurrent and stable contribution to revenues (€19m in 2Q23 and €16m in 3Q22)

\* Capital gains on direct and indirect PE investments: €1m in 3Q23, €3m in 2Q23 and €5m in 3Q22

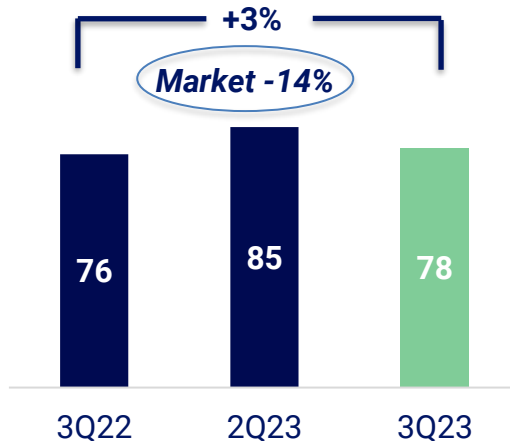
\*\* Includes interest income, cost of funding and certain minor items (i.e. net commission income and the gains on sales of receivables)

# Commercial activity reflects market and 3Q typical seasonality

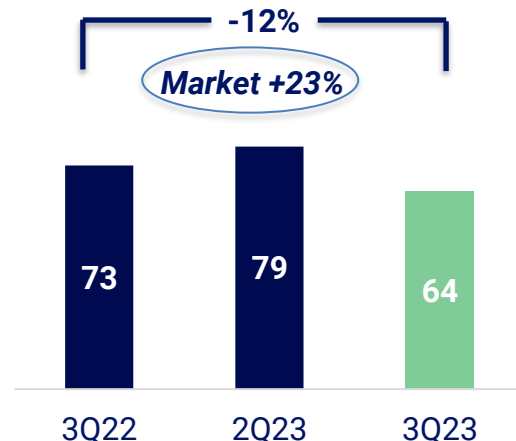
Factoring turnover (€bn)



New leasing equipment and technology (€mln)



New automotive (€mln)

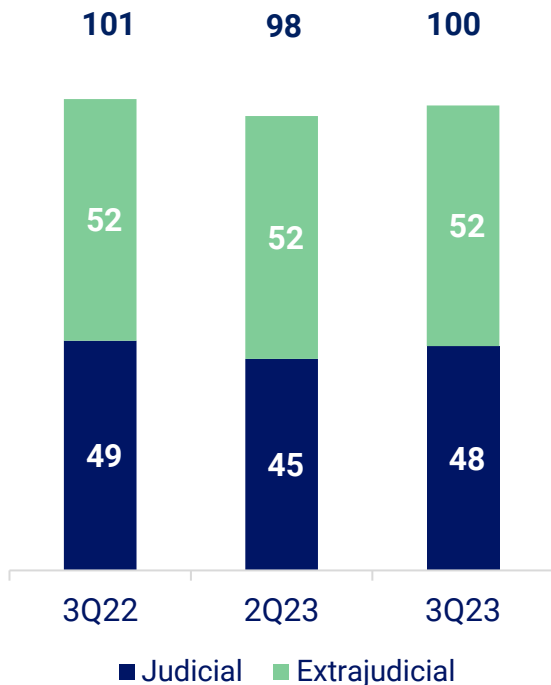


- After strong resiliency in previous months, the market is showing some signs of slowdown due to lower invoices and credit demand
- Banca Ifis's growth above market while maintaining underwriting and pricing discipline

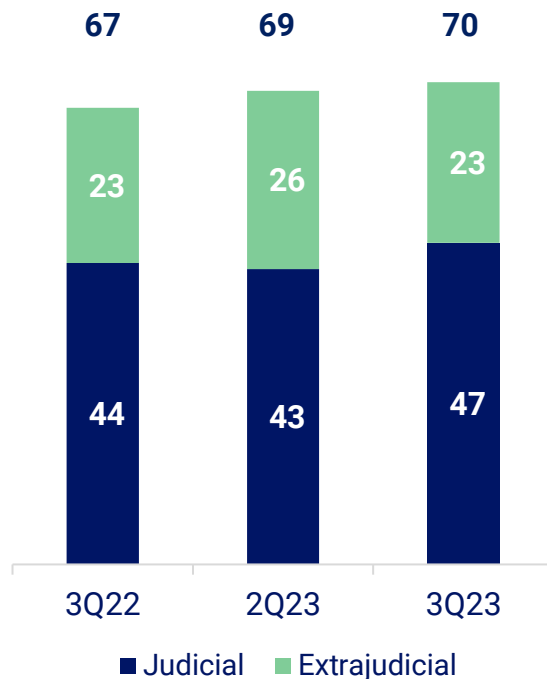
- **Equipment and technology:** since late August, we saw first evidence of delays in SMEs capex decisions. Banca Ifis reported a growth above the market. The renewal of tax incentives (Sabatini law) may provide some acceleration for leasing in 4Q23
- **Automotive:** Banca Ifis's strategy (i) premium/luxury segments (not volumes) (ii) price/margin discipline. 3Q23 automotive leasing average spread at 3.92% on top of base rate\*, +0.3% up YoY

# Npl portfolio performance resilient and well-positioned\*

Quarterly cash collection (€mln)



Revenues from judicial and extrajudicial recovery\*\* (€mln)

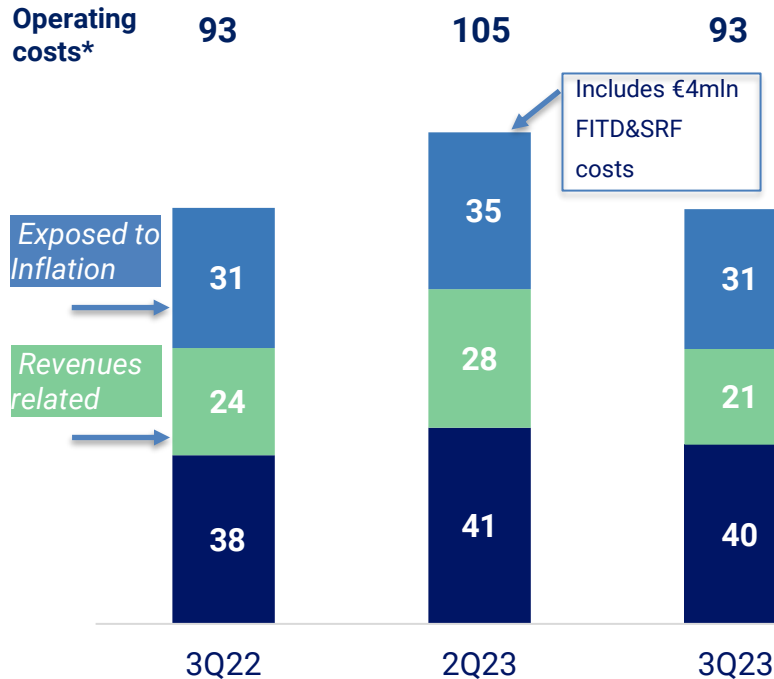


- Until 3Q23, modest impact from higher interest rates or inflation on debtors. The bank keeps monitoring new voluntary plans in the light of macroeconomic uncertainty; expected to show macro-impact in coming quarters
- The Bank has continued the sale of tails of NPL portfolios for modest profits (sold GBV of €0.7bn in 3Q23 and €0.7bn in 2Q23)
- Revalea integration costs will be booked upfront in 4Q23

\*Source: management accounting data and risk management 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)

# Inflation impact countered by efficiency, enabling continued investments in transformation and positioning



## Other operating costs\*:

- Impact of inflation and volume growth more than offset by suppliers' contract renegotiations
- Includes ca. €23mln IT expenses YTD, which remained substantially stable YoY/QoQ in the last 2Y as per key business plan projects in innovation and digitalization

**Costs directly linked to Npl recovery:** -€7mln QoQ mainly due to seasonality (courts shut down in August)

**Cost of personnel** stable QoQ. Cost of personnel expected to increase in coming quarters due to the renewal of the labour contract at national level

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

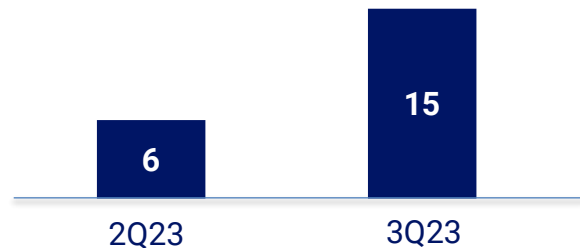
<b>Operating costs + other items</b>	<b>101</b>	<b>99</b>	<b>99</b>
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\*including other administrative expenses and other net income/expenses excluding Npl recovery costs

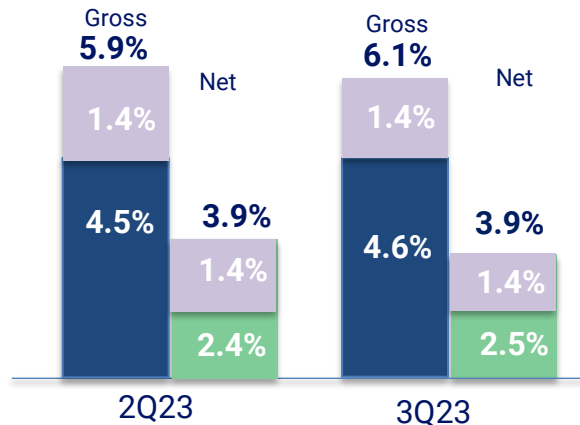


# Asset quality confirmed and overlay fully expresses Bank's prudence

## Loan loss provisions\*



- **3Q23 LLP at €15mln** includes €6mln provisions on a structured finance position (classified as UTP, under restructuring)
- **Asset quality protected by stable overlays at €65mln (>1.2% of EAD)**



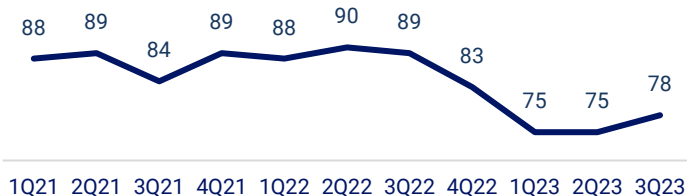
- **Gross and Net Npe Ratio of 4.6% and 2.5% excluding loans in past due vs. Italian public health system**
- The application of the New DoD led to the reclassification mainly into past due a total of ca. €101mln loans vs. the Italian public health system (historically, a late payer with limited asset quality risk)

Legend: Gross Npes (Dark Blue), Loans vs. the public health system in past due (Light 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)"

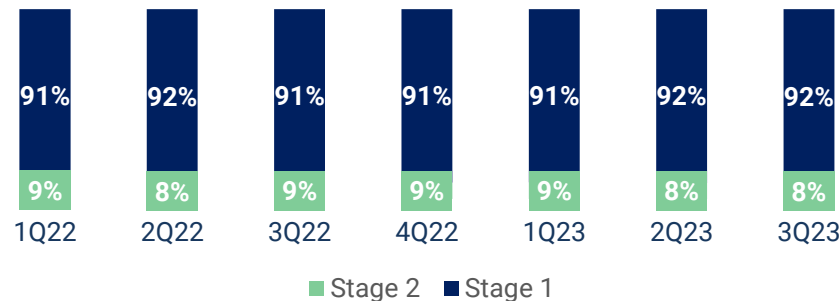
# No signs of macro credit risks materializing in Banca Ifis's commercial business

## Payment days in factoring

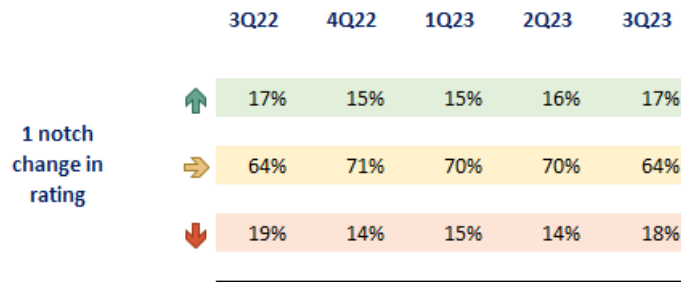


## Stage 1 and stage 2 loans\*

Coverage Stage 1: 1.8%  
Coverage Stage 2: 2.9%



## Ratings migration in credit book\*\*



## Probability of default\*\*



Source: management accounting

\*Data refers to €5.4bn customer loans as at 3Q23. Excludes loans at FV, securities, loans vs. banks and others

\*\* Data refer only to customer loans to rated corporate (ca. €4.4bn)

# Funding plan to reimburse TLTRO (expiring in Sept 2024) ahead of schedule

## Main funding maturities

**€2bn TLTRO**  
(expiring in Sep 2024)

**€0.4bn senior bond** (expiring in June 24)

## Completed management actions

- ✓ **€0.4bn re-marketing of senior leasing securitization notes**
- ✓ **€0.4bn ramp-up of the securitization of an unsecured NPL portfolio created in 2021\***
- ✓ **€0.3bn senior bond issue in September 2023**
- ✓ **€0.7bn proprietary portfolio maturing by Sept. 2024 and not to be reinvested**

## Ongoing management actions

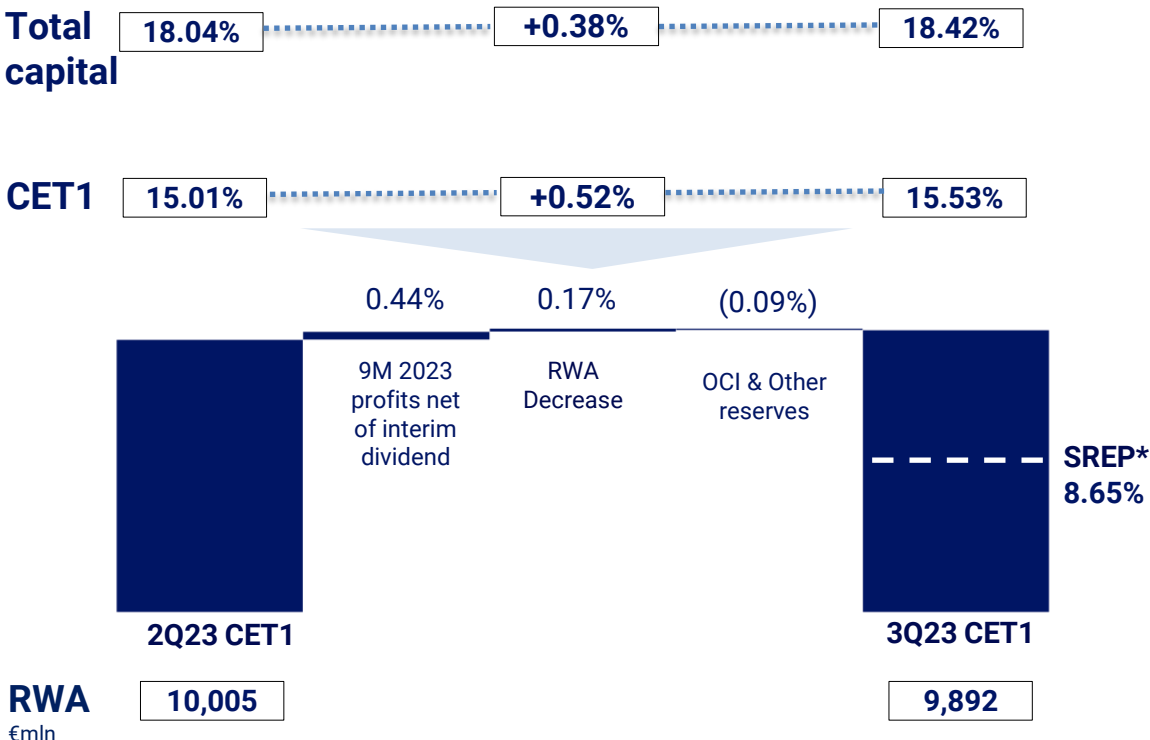
- **Senior bond issues**, subject to market conditions
- **Further increase of retail funding** through different channels and maturities
- **> €1bn potential repos** with institutional counterparties (using sovereign bonds currently posted at ECB against TLTRO)

**Available cash\*\* projected > €1bn post TLTRO repayment (available cash at €1.7bn on 30 Sept 2023, above our target level, due to the issue of a senior bond ahead of plan for prudential reasons)**

\*Senior notes to be refinanced on the institutional investors' market. Mezzanine and junior notes to be entirely subscribed by Ifis Npl Investing and not be transferred

\*\*Counterbalancing capacity

# Capital ratios evolution



**CET1 actual of 15.53% as at 30 Sep 23, calculated including 9M net income and interim dividend (net of full year foreseeable dividend not paid out yet\*\*)**

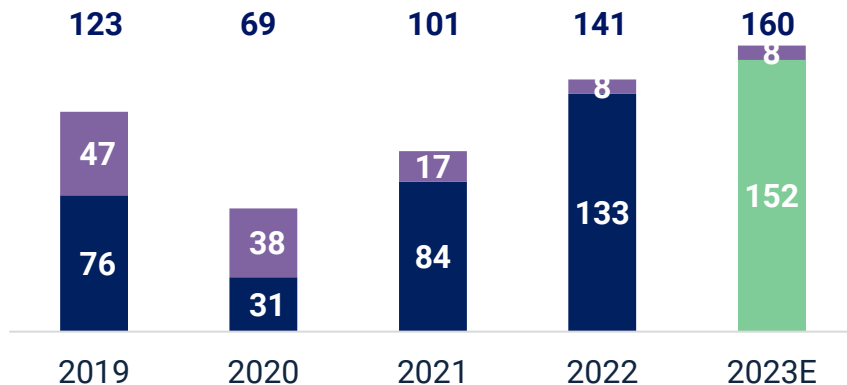
## Key items of CET1 evolution in 3Q23:

- +0.44% due to 9M 2023 net income of €125mln net of either €63mln interim dividend and €12mln foreseeable dividend\*\*
- +0.17% due to RWA decrease mainly attributable to the credit risk component (- €148mln) partially offset by market and CVA risk (€+35mln)
- 0.09% mainly due to increase in OCI negative reserve and in intangible assets

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

\*\* The new dividend policy implies €75mln dividends in the first 9M23. Although only €63mln will be paid in Nov 2023, the difference of €12mln is deducted from CET1

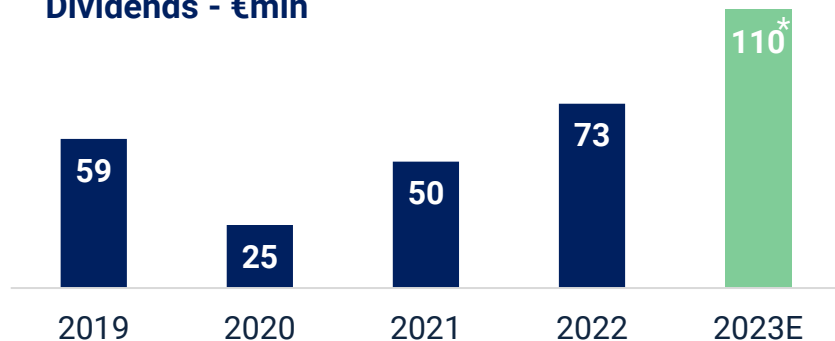
## Net income - €mln



## Executing the Business Plan:

- Marginal reliance on extraordinary revenues (PPA) or non recurring items
- Capex and opex to ensure operational excellence and make the Bank future-proof
- 2023 guidance of €160mln (2024 target to be achieved 1Y in advance)

## Dividends - €mln



## New dividend policy:

- Potential total dividends of €110mln (>€2 per share), of which €63mln (€1.2 per share) interim dividend to be paid on 22 Nov. 2023
- 2023 dividend yield at 12.3%\*

\*Dividend based on 2023 guidance presented on 3 August 2023, with €890mln market cap as at 7 Nov 2023

Actual net income - PPA
  Guidance net income - PPA
  PPA (post tax)

## Macroeconomic scenario in Italy

- ✓ Macroeconomic slowdown, with high interest rates and gradually reducing inflation
- ✓ Corporates more cautious on capex and loan demand
- ✓ Significantly increased cost of funding across all channels
- ✓ No sign of widespread asset quality deterioration, but first anecdotal issues appearing

## Banca Ifis

- ✓ Focus on running the core business well; maintain investments
- ✓ Continued emphasis on short term lending with attractive risk / return ratios (keep the balance sheet short)
- ✓ Completed funding requirements ahead of plan to repay TLTRO by Sep. 24
- ✓ €65mln management overlay against possible shocks
- ✓ CET1 increasing (ready for Revalea integration)

# Quarterly results

Reclassified Consolidated Income Statement - (€ mln)	2Q23	3Q23	9M22	9M23
Net interest income	135.2	134.8	392.5	409.5
Net commission income	27.0	24.0	65.2	74.3
Trading and other revenues	1 10.5	5.0	31.0	28.6
<b>Total Revenues</b>	<b>172.7</b>	<b>163.9</b>	<b>488.7</b>	<b>512.4</b>
Loan loss provisions	(6.4)	2 (14.5)	(48.9)	(30.9)
<b>Total Revenues - LLP</b>	<b>166.3</b>	<b>149.3</b>	<b>439.8</b>	<b>481.5</b>
Personnel expenses	(40.7)	(40.0)	(111.2)	(120.5)
Other administrative expenses	(65.4)	3 (53.1)	(171.5)	(172.4)
Other net income/expenses	1.5	0.4	4.2	4.3
<b>Operating costs</b>	<b>(104.7)</b>	<b>(92.7)</b>	<b>(278.5)</b>	<b>(288.5)</b>
Net provisions for risks and charges	4 5.8	5 (6.2)	(4.5)	(6.7)
Value adjustments of goodwill	-	-	(0.8)	-
Gains (Losses) on disposal of investments	-	-	0.3	-
<b>Pre tax profit</b>	<b>67.5</b>	<b>50.4</b>	<b>156.3</b>	<b>186.2</b>
Taxes	(21.8)	(16.3)	(50.2)	(60.1)
<b>Net income - attributable to the Parent company</b>	<b>45.1</b>	<b>33.7</b>	<b>105.5</b>	<b>124.7</b>

1 Includes €8mln dividends and €3mln capital gains on PE investments due to the disposals of some equity stakes

2 Includes €6mln provision on a structured finance position

3 -€7mln QoQ in costs directly linked to Npl recovery due to seasonality

4 Released of FITD&SRF provisions booked in 1Q23

5 Includes €6mln FITD&SRF provisions

Customer loans	10,114	9,908	9,664	9,908
- of which Npl Business	1,476	1,439	1,487	1,439
Total assets	13,352	13,920	12,433	13,920
Total funding	11,142	11,727	10,208	11,727
- of which customer deposits	5,461	5,281	5,240	5,281
- of which TLTRO and LTRO	2,051	2,071	2,019	2,071
Shareholders Equity	1,675	1,705	1,611	1,705

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

# 3Q23 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	62	27	13	19	60	13	135
Net commission income	1	17	3	5	24	(1)	24
Trading & other revenues	3	(0)	0	1	1	2	5
<b>Net revenues</b>	<b>66</b>	<b>44</b>	<b>16</b>	<b>24</b>	<b>84</b>	<b>14</b>	<b>164</b>
-Of which PPA	0	0	0	0	0	3	3
Loan loss provisions	0	(4)	(1)	(8)	(14)	(0)	(15)
Operating costs	(45)	(22)	(8)	(9)	(39)	(9)	(93)
Net allocations to provisions for risks and charges	0	(0)	0	(0)	(0)	1 (6)	(6)
<b>Net income</b>	<b>14</b>	<b>12</b>	<b>5</b>	<b>5</b>	<b>21</b>	<b>(1)</b>	<b>34</b>
Net income attributable to non-controlling interests							(0)
<b>Net income attributable to the Parent company</b>							34
<b>Net income (%)</b>	<b>41%</b>	<b>35%</b>	<b>13%</b>	<b>14%</b>	<b>62%</b>	<b>(3%)</b>	<b>100%</b>
<b>Customer Loans</b>	1,439	2,359	1,494	2,367	6,221	2,248	9,908
<b>RWA<sup>1</sup></b>	1,697	2,275	1,309	1,742	5,327	1,778	8,802
<b>Allocated capital<sup>2</sup></b>	<b>264</b>	<b>353</b>	<b>203</b>	<b>271</b>	<b>827</b>	<b>276</b>	<b>1,367</b>

1 €6mln FITD&SRF provisions

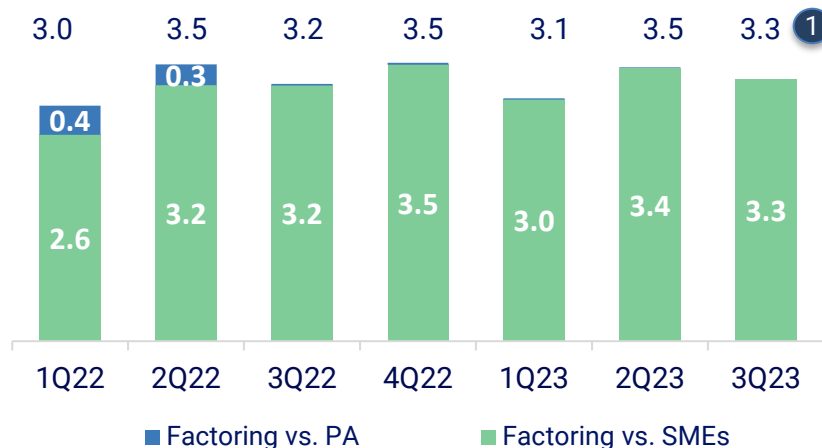
2 Breakdown of customer loans in Non Core & G&S

- G&S: includes €1.7bn 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 3Q23 factoring turnover +2% YoY above market (-4% YoY) while maintaining price and underwriting discipline
- 2 Net revenues / average customer loans at 7.1%, reflecting Banca Ifis discipline on margins

Net customer loans - €mln

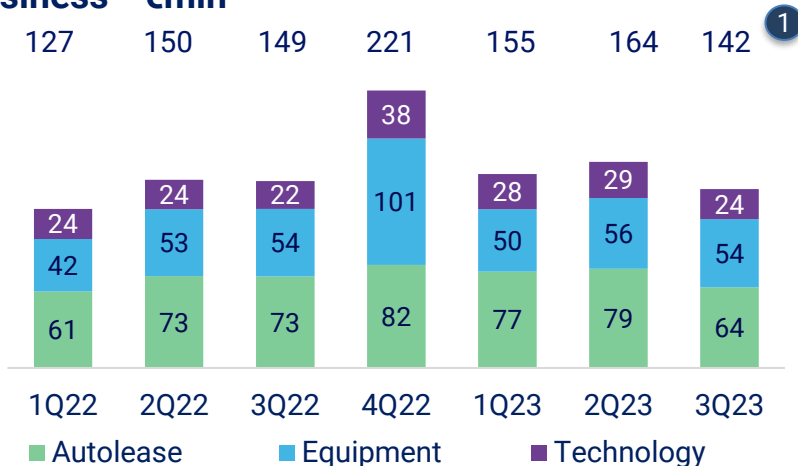
1Q22	2,722	2,738	2,468	2,756	2,467	2,558	2,359
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Data in €mln	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Net revenues	40	39	44	48	43	44	44
Net revenues / avg. customer loans	5.7%	5.7%	6.8%	7.4%	6.6%	7.0%	7.1%
Loan loss provisions*	(9)	(1)	(4)	(0)	(3)	1	(4)

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



**Net customer loans - €mln**

Period	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Net customer loans - €mln	1,378	1,390	1,396	1,472	1,475	1,499	1,494

Data in €mln	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Net revenues	15	14	14	17	15	15	16
Net revenues / avg customer loans	4.5%	4.0%	3.9%	4.6%	4.2%	4.1%	4.2%
Loan loss provisions*	(1)	1	(2)	(1)	(1)	(1)	(1)

Loan loss provisions include:

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

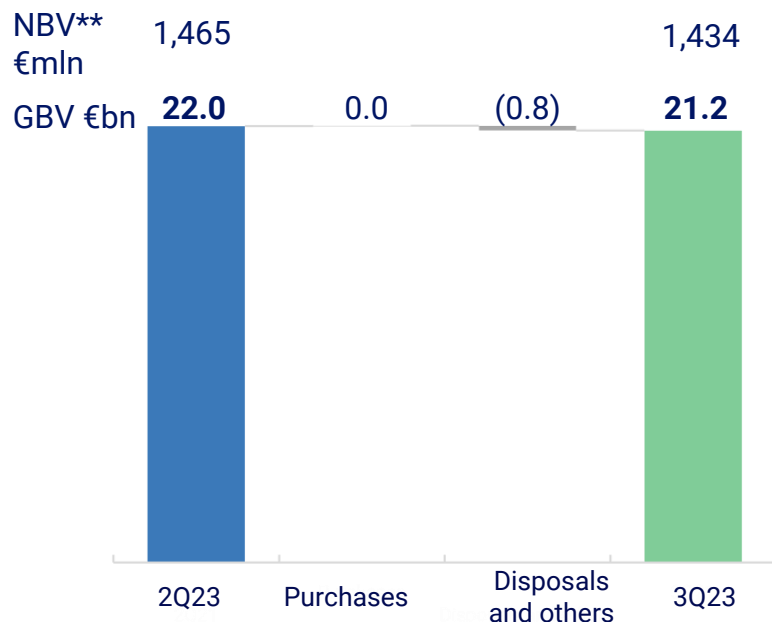
**1** New leasing -4% YoY reflecting two different trends:

- Equipment ad technology: Banca Ifis's growth was above market. The renewal of tax incentives (Sabatini law) may provide some acceleration for leasing in 4Q23
- Automotive: Banca Ifis's strategy (i) premium/luxury segments (not volumes) (ii) price/margin discipline

**2** Net revenues / average customer loans at 4.2% in 3Q23

**3** Asset quality risk is mitigated by strong sector and borrower diversification and by the remarketing agreements for repossessed assets

## Npl portfolio evolution



### Key numbers\*

- 2.0mln tickets, #1.4mln borrowers
- Extensive portfolio diversification by location, type and age of borrower

### Npls acquired in 3Q23: €0bn GBV

- Acquisition of Revalea from Mediobanca. As at 30 September 23, Revalea had a portfolio of unsecured small ticket NPLs of €6.5bn in terms of GBV (NBV of €232mln)
- Banca Ifis achieved the NPL purchase targets of the 2022-24 Business Plan 1Y in advance, allowing for rigorous selectivity going forward
- Revalea transaction completed on 31 Oct 2023

### Npls disposals and others in 3Q23: €0.8bn GBV

- The disposals generated a capital gain of €2.9mln. "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: €2.7bn



## ERC breakdown

Data in €bn	GBV	NBV	ERC
Waiting for workout - At cost	0.3	0.0	0.1
Extrajudicial positions	13.6	0.5	0.8
Judicial positions	7.3	0.9	1.9
<b>Total</b>	<b>21.2</b>	<b>1.4</b>	<b>2.7</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 3Q23), court injunctions ["precetto"] issued and order of assignments (GBV of €2.0bn in 3Q23) have already been expensed in P&L
- **€2.4bn cash recovery (including proceeds from disposals) was generated in the years 2014 –3Q2023**

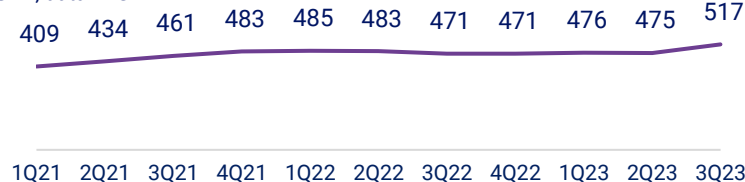
## Judicial recovery

Judicial recovery (€ mln)	GBV	%
Frozen	1,572	21%
Court injunctions ["precetto"] and foreclosures	1,119	15%
Order of assignments	862	12%
Secured and Corporate	3,776	52%
<b>Total</b>	<b>7,328</b>	<b>100%</b>

**To be processed**

## Non judicial recovery – Voluntary plans

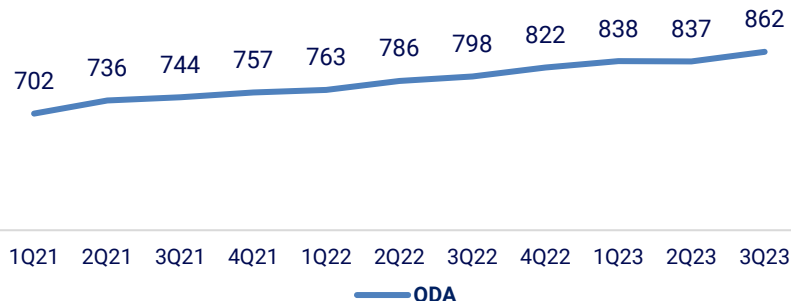
GBV, data in €mln



— Non-judicial payment plans

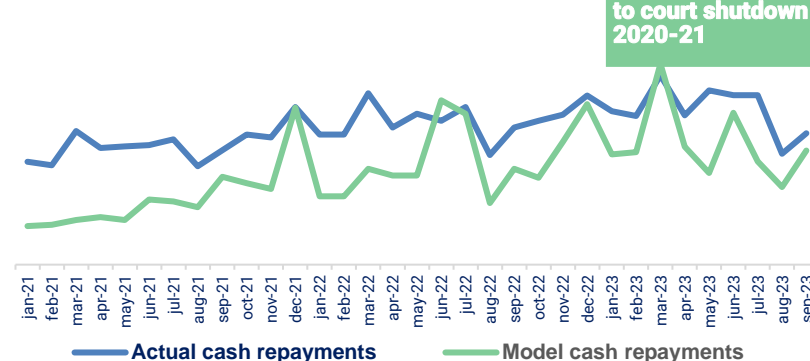
## Judicial recovery – Order of Assignments

GBV, data in €mln



## Actual vs. model cash repayments

Judicial + non judicial recovery, data in €mln



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

\*Source: management accounting data

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

## 1 Cash collection

- Npl cash collection at €100mln despite persistent high inflation
- As planned in the 3Y Business Plan, the Bank is expecting a slight 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	2Q23	3Q23	2021 YE	2022 YE
Cash collection	81	89	82	94	91	91	101	100	97	98	100	345	384
Contribution to P&L**	64	70	66	74	73	71	67	84	73	69	70	273	295
Cash collection / contribution to P&L	127%	128%	124%	127%	125%	128%	152%	120%	134%	141%	142%	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	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
<b>Waiting for workout - Positions at cost</b>	<b>3,850</b>	<b>4,193</b>	<b>1,571</b>	<b>1,284</b>	<b>1,096</b>	<b>1,149</b>	<b>286</b>
<b>Extrajudicial positions</b>	<b>11,155</b>	<b>11,379</b>	<b>13,386</b>	<b>14,302</b>	<b>14,196</b>	<b>13,510</b>	<b>13,558</b>
- Ongoing attempt at recovery	10,670	10,896	12,914	13,831	13,720	13,035	13,041
- Non-judicial payment plans	485	483	471	471	476	475	517
<b>Judicial positions</b>	<b>7,245</b>	<b>7,323</b>	<b>7,498</b>	<b>7,478</b>	<b>7,539</b>	<b>7,338</b>	<b>7,328</b>
- Freezed**	1,662	1,715	1,725	1,627	1,708	1,609	1,572
- Court injunctions ["precetto"] issued and foreclosures	818	858	913	978	1,018	1,073	1,119
- Order of assignments	763	786	798	822	838	837	862
- Secured and Corporate	4,002	3,963	4,062	4,051	3,975	3,819	3,776
<b>Total</b>	<b>22,250</b>	<b>22,895</b>	<b>22,455</b>	<b>23,065</b>	<b>22,831</b>	<b>21,996</b>	<b>21,173</b>

NBV - €mln	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	***
<b>Waiting for workout - Positions at cost</b>	<b>148</b>	<b>159</b>	<b>77</b>	<b>114</b>	<b>86</b>	<b>92</b>	<b>27</b>	
<b>Extrajudicial positions</b>	<b>436</b>	<b>438</b>	<b>464</b>	<b>470</b>	<b>468</b>	<b>460</b>	<b>484</b>	
- Ongoing attempt at recovery	208	208	237	238	230	222	223	
- Non-judicial payment plans	228	230	227	232	238	239	262	
<b>Judicial positions</b>	<b>898</b>	<b>908</b>	<b>929</b>	<b>921</b>	<b>929</b>	<b>913</b>	<b>922</b>	
- Freezed**	240	235	229	208	211	194	186	
- Court injunctions ["precetto"] issued and foreclosures	181	187	200	207	209	216	231	
- Order of assignments	320	333	335	346	355	355	359	
- Secured and Corporate	157	154	164	160	154	149	146	
<b>Total</b>	<b>1,483</b>	<b>1,505</b>	<b>1,469</b>	<b>1,505</b>	<b>1,483</b>	<b>1,465</b>	<b>1,434</b>	

\*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	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
<b>Waiting for workout - Positions at cost</b>							
<b>Extrajudicial positions</b>	29	25	23	22	27	26	23
- Ongoing attempt at recovery	(1)	0	4	1	(1)	0	0
- Non-judicial payment plans	30	24	18	21	28	26	23
<b>Judicial positions</b>	44	47	44	62	46	43	47
- Freezed**	-	-	-	-	-	-	-
- Court injunctions and foreclosures + Order of assignments	41	40	36	54	40	37	38
- Secured and Corporate	2	7	8	8	6	6	9
<b>Total</b>	<b>73</b>	<b>71</b>	<b>67</b>	<b>84</b>	<b>73</b>	<b>69</b>	<b>70</b>

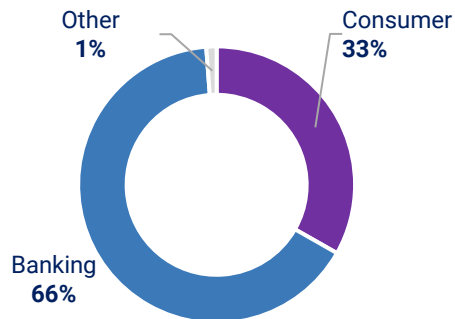
Cash - €mln	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
<b>Waiting for workout - Positions at cost</b>							
<b>Extrajudicial positions</b>	49	49	52	51	50	52	52
- Ongoing attempt at recovery	5	6	11	8	6	7	8
- Non-judicial payment plans	44	44	41	43	44	45	44
<b>Judicial positions</b>	42	42	49	49	48	45	48
- Freezed**	-	-	-	-	-	-	-
- Court injunctions and foreclosures + Order of assignments	33	32	35	37	36	34	37
- Secured and Corporate	9	10	14	13	12	11	11
<b>Total</b>	<b>91</b>	<b>91</b>	<b>101</b>	<b>100</b>	<b>97</b>	<b>98</b>	<b>100</b>

\*Source: management accounting data

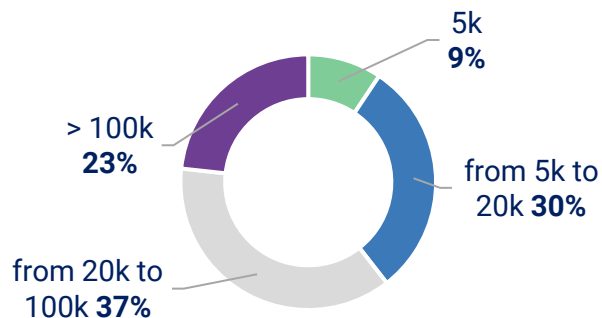
\*\*Other Judicial positions

# Npl Business\*: portfolio diversification

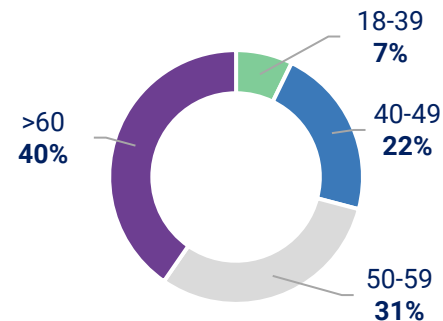
## Breakdown of GBV by type



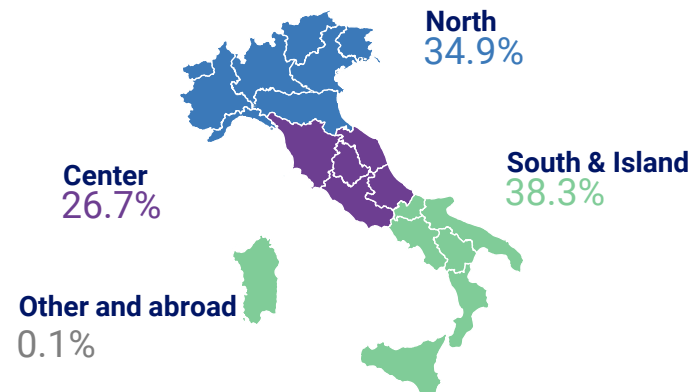
## Breakdown of GBV by ticket size



## Breakdown of GBV by borrower age



## Breakdown of GBV by region

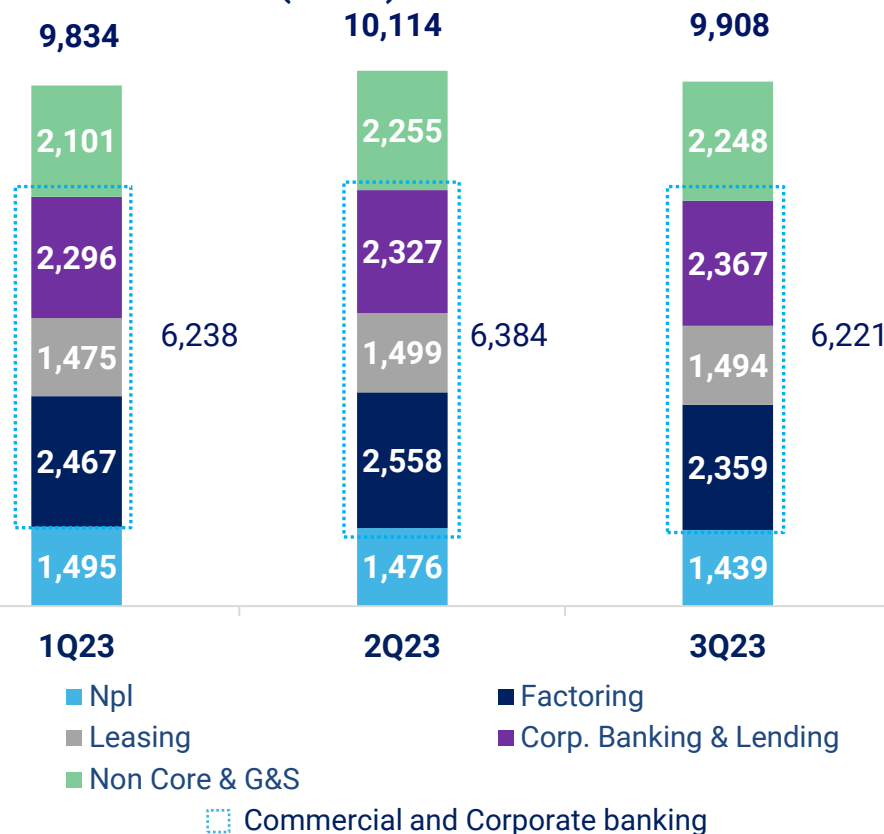


\*Source: management accounting data and risk management data  
(i.e. data refer only to property portfolio)

## 2.2 Consolidated financial data

# Customer loans

## Customer loans (€ mln)



- 3Q23 customer loans at €9,908mln (-2% QoQ) driven by factoring seasonality (-8% QoQ)
- Loan demand slightly decreased in the market as corporate are more cautious due to high interest rates
- Banca Ifis maintained discipline in pricing and underwriting

## Asset quality (€ mln)

Consolidated ratios	1Q23	2Q23	3Q23
Gross Npe*	6.1%	5.9%	6.1%
Net Npe*	4.1%	3.9%	3.9%

Commercial & Corporate Banking	Gross	Coverage %	Net
Bad loans	101	74%	26
UTPs	159	42%	92
Past dues	125	5%	118
<b>Total Npes</b>	<b>385</b>	<b>39%</b>	<b>236</b>

Non Core & G&S**	Gross	Coverage %	Net
Bad loans	13	52%	6
UTPs	24	35%	16
Past dues	8	36%	5
<b>Total Npes</b>	<b>44</b>	<b>40%</b>	<b>26</b>

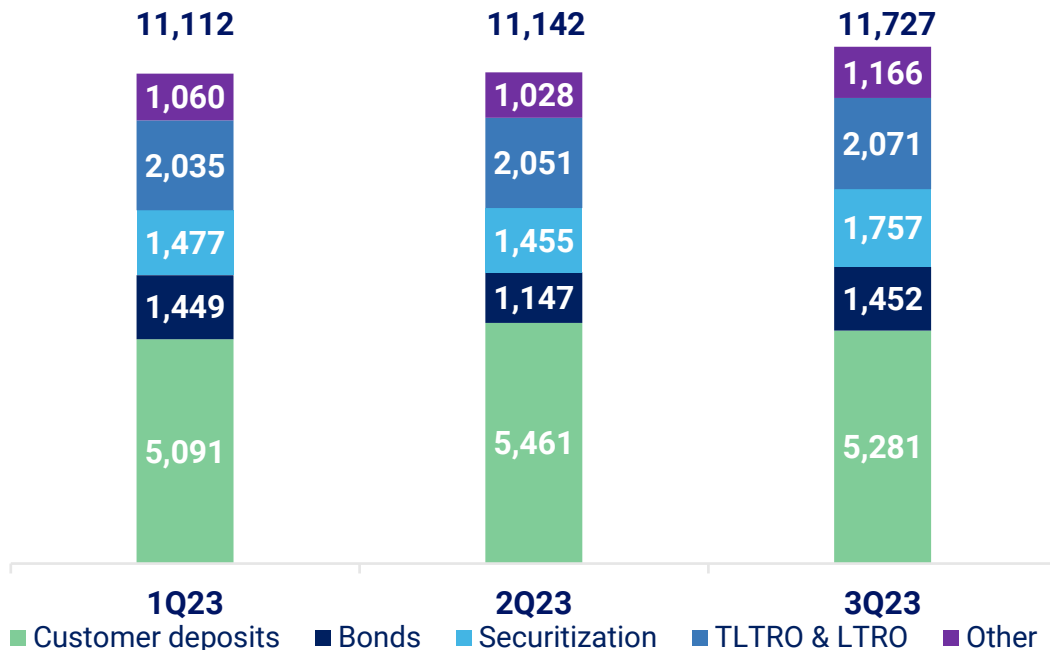
### • Asset quality ratios in 3Q23

- **Gross Npe Ratio\*: 6.1%** (5.9% in 2Q23); 4.6% excluding loans in past due vs. Italian public health system
- **Net Npe Ratio\*: 3.9%** (3.9% in 2Q23); 2.5% excluding loans in past due vs. Italian public health system
- Gross and Net Npe in Commercial & Corporate Banking came in at €385mln (€371mln in 2Q23) and €236mln (€232mln in 2Q23), respectively
- The New Definition of Default led to the reclassification mainly into past due of €101mln loans vs. the Italian public health system

\*Includes commercial loans in Commercial Banking, Non Core and G&S. It excludes Npl business and €1.7bn 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)

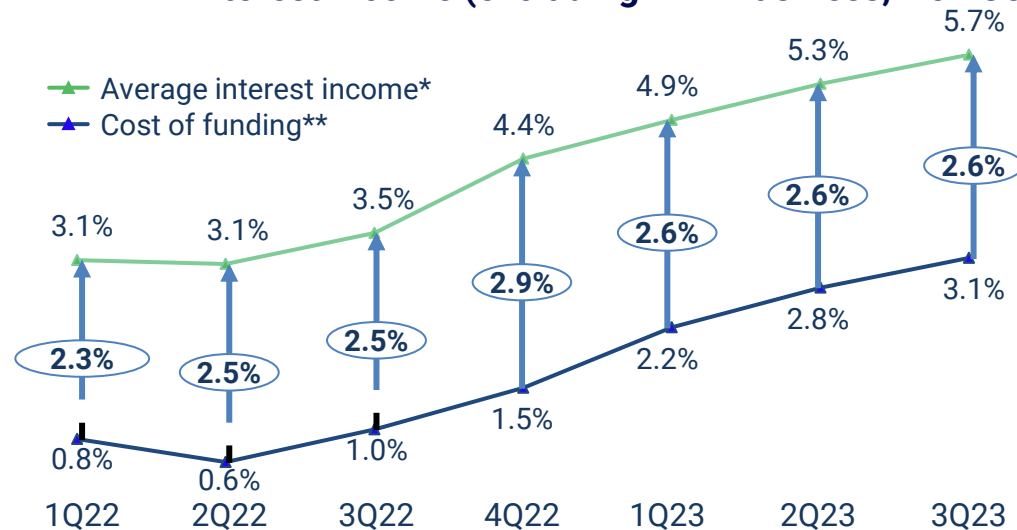


- Securitizations: €957mln of factoring; €401mln of Banca Credifarma securitizations and €400mln re-marketing Senior Notes of auto lease securitization
- New bond issue of €300mln in Sept 2023 with 5Y maturity
- “Other” includes €899mln banking repo with underlying proprietary portfolio
- Average cost of funding at 3.12% in 3Q23 (2.76% in 2Q23)
- Banca Ifis has €2bn TLTRO expiring in Sept. 2024
- MREL at 12.15% of TREA. The requirement of ca. €1.2bn is entirely covered by equity

	1Q23	2Q23	3Q23
<b>LCR</b>	>800%	>1,000%	>1,200%
<b>NSFR</b>	>100%	>100%	>100%

# Interest income and cost of funding evolution

## Interest income (excluding NPL Business, Non Core and treasury) and interest expenses



2022	2023 YTD	Delta
3.5% Average interest income	5.3% Average interest income	+1.8%
1.0% Average cost	2.7% Average cost	+1.7%
+2.5%	+2.6%	

- Positive seasonality in factoring in 2Q and 4Q
- Increase in cost of funding due to increase in alternative investment opportunities (i.e government bonds, term deposits of other banks). Vast majority of assets and liabilities have already repriced
- Proved ability to pass cost of funding increase to clients
- Prudent funding policy impacting profitability

\* Interest income excludes NPL Business, Non Core and Treasury

\*\* Cost of funding peak in 2Q22 is driven by the «Additional Special Period» (TLTRO)



# Proprietary portfolio: resilient 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 76% of total assets\* in 3Q23) of HTC to reduce proprietary portfolio volatility
- Low RWA density and relevant ECB / funding eligibility

**9M23 proprietary portfolio revenues at around €69.5mln, +€29.5mln (+74%) vs. 9M22**

- 9M23: €58.2mln interest income + €11.3mln trading/other income (of which €10.6mln dividends)
- 3Q23 portfolio revenues at around €23.4mln

## €0.8bn bond portfolio expiring by Dec. 24

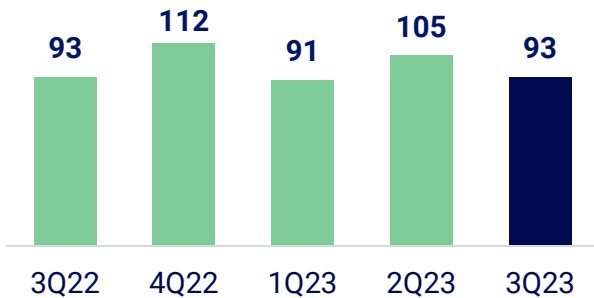
- €0.7bn by Sept. 24, consistent with TLTRO repayment (€0.1bn by Dec 23)
- €0.1bn between Sept 24 and Dec. 24

Type of asset - Data in €mln as at end of quarter (*)	Bonds			Equity	Total
	Government	Financial	Corporate		
Held to collect/amortized cost	1667	643	97		2408
Held to collect and sell (FVOCI)	464	138	51	102	755
<b>Total (HTC and HTC&amp;S)</b>	<b>2131</b>	<b>781</b>	<b>149</b>	<b>102</b>	<b>3163</b>
Held for trading/Funds		1			3
<b>Total portfolio</b>	<b>2131</b>	<b>782</b>	<b>149</b>	<b>102</b>	<b>3166</b>
Percentage of total	67,3%	24,7%	4,7%	3,2%	100,0%
Held to collect/amortized cost Modified Duration	2,0	2,9	2,3	NA	2,3
Held to collect and sell (FVOCI) Modified Duration	2,5	2,7	2,2	NA	2,5
FVTPL Modified Duration		10,2			10,2
<b>Average Modified duration - YEARS</b>	<b>2,1</b>	<b>2,9</b>	<b>2,3</b>	<b>NA</b>	<b>2,3</b>

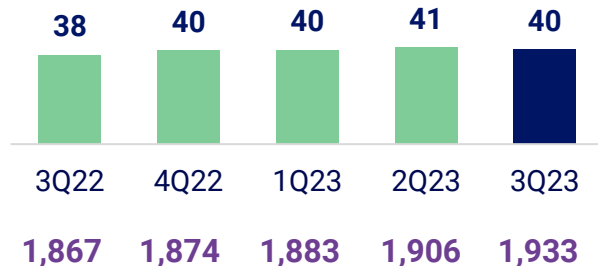
(\*) Evaluation HTC: amortized cost  
Evaluation HTCS & HFT/Funds: market value

# Reclassified consolidated operating costs\*

## Operating costs (€mln)



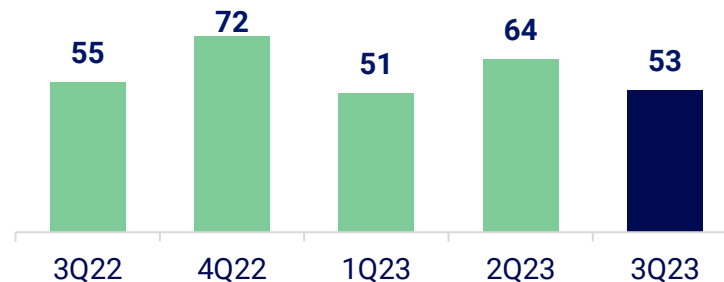
## Personnel expenses (€mln)



## 3Q23 operating costs

- HR costs stable QoQ. Cost of personnel expected to increase in coming quarters due to the renewal of the labour contract at national level
- -€11mln QoQ in other operating costs:
  - -€7mln on NPL legal and recovery costs due to seasonality (court shut down in August)
  - -€4mln due to FITD&SRF seasonality

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

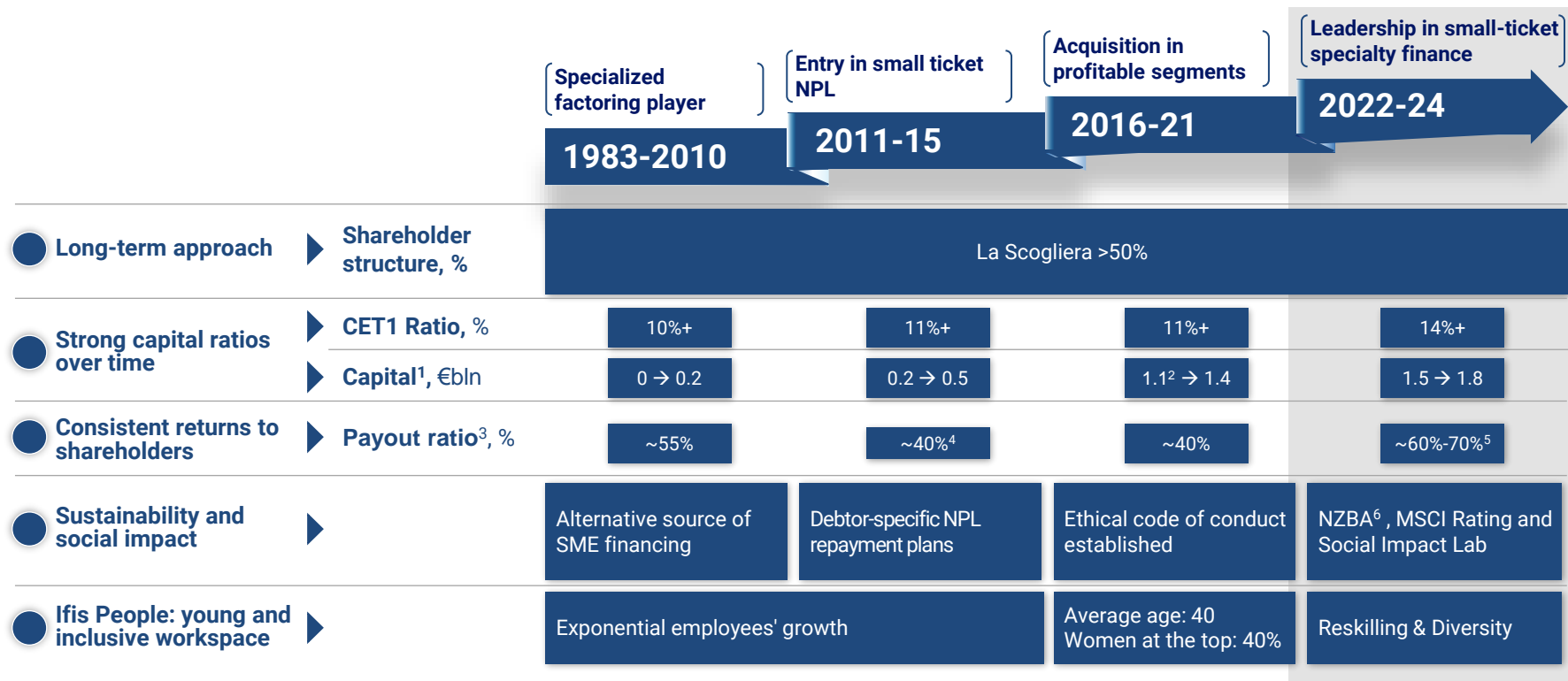


Banca Ifis  
employees

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

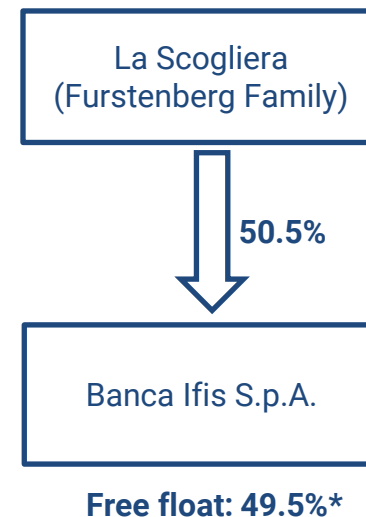
## 2.3 Company overview

# Banca Ifis: a long-term track record of sustainable growth



1. Own funds; 2. Increase in the capital levels driven by the acquisition of the former GE Capital Interbanca Group on 30 November 2016, with a gain on bargain purchase of €623.6mln recognized in the income statement and as such included in the Group's post-transaction capital position at 31 December 2016; 3. Average payout ratio within the time period; 4. Excluding gain from the rebalancing of the government bond portfolio from the profit of 2015; 5. Progressive payout ratio, upon exceeding the threshold of earnings necessary to satisfy the Bank's capital requirements. Subject to Bank of Italy's approval. Distribution of 50% of the consolidated net income up to €100mln. Distribution of 100% of the consolidated net income > €100mln; 6. Net-Zero Banking Alliance

- **La Scoglieria provides, as main shareholder, continuity and stability to Banca Ifis**
  - Long term value creation with a strategy focused on creating continuous adequate earnings, self funding superior growth and delivering attractive and steady dividends
  - Forefront in business and digital innovation
  - Prudent attitude towards risks but able seize industrial opportunities when they arise (i.e. acquisition of Interbanca, acquisition of Revalea)
- La Scoglieria does not have any other material assets and liabilities other than Banca Ifis



\*Includes private banking, long only funds, hedge funds (limited presence), retails, index linked funds

# A Family Bank challenger, but with 40 years track record

## Commercial and Corporate Banking



- ▶ **Specialised player for SMEs**, with a broad range of credit products (factoring, lending, leasing, and rental)
- ▶ **Market leader in profitable businesses** (e.g., SME factoring, Tech Rental, Pharmacies)
- ▶ **"Light" commercial network** (without cash services) rooted in the most industrialized areas of the country
- ▶ Customer interaction based **on a high-performance service model** and a **reputation for efficiency**

**~100k**

active enterprise clients

**~6 €bIn**

customer loans

**75%**

of credit portfolio with <1-year maturity

## NPL



- ▶ **Investor and servicer** specialized in **small ticket NPEs**, with a distinctive vertically integrated business model
- ▶ **Execution track record** with **originators, investors, and other servicers**, supported by pricing capabilities and proprietary debtors' database
- ▶ **Proven collection strategy** with distinctive skip tracing<sup>1</sup> capabilities and internal "legal factory" team

**~2 mln**

debtors' records

**1.4 €bIn**

net book value

**6.0**

years for cash-to-cash 2x

**Know-how in small tickets valuation and management**

**Short-term maturity of all asset classes**

**Proven capabilities in risk management and credit**

**Flexible capital allocation**

# 9M23 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		
<b>Net revenues</b>	<b>202</b>	<b>130</b>	<b>46</b>	<b>82</b>	<b>259</b>	<b>51</b>	<b>512</b>
<i>% of total</i>	39%	25%	9%	16%	51%	10%	100%
Loan loss provisions	0	(6)	(3)	(25)	(34)	3	(31)
Operating costs + risks and charges	(137)	(69)	(24)	(27)	(121)	(38)	(295)
<b>Net income</b>	<b>44</b>	<b>37</b>	<b>13</b>	<b>20</b>	<b>71</b>	<b>11</b>	<b>126</b>
Net income attributable to non-controlling interests							(1)
<b>Net income attributable to the Parent company</b>							<b>125</b>
<b>Net income (%)</b>	<b>35%</b>	<b>30%</b>	<b>10%</b>	<b>16%</b>	<b>56%</b>	<b>9%</b>	<b>100%</b>
<b>Customer Loans</b>	1,439	2,359	1,494	2,367	6,221	2,248	9,908
<b>RWA <sup>1</sup></b>	1,697	2,275	1,309	1,742	5,327	1,778	8,802
<b>Allocated capital <sup>2</sup></b>	<b>264</b>	<b>353</b>	<b>203</b>	<b>271</b>	<b>827</b>	<b>276</b>	<b>1,367</b>

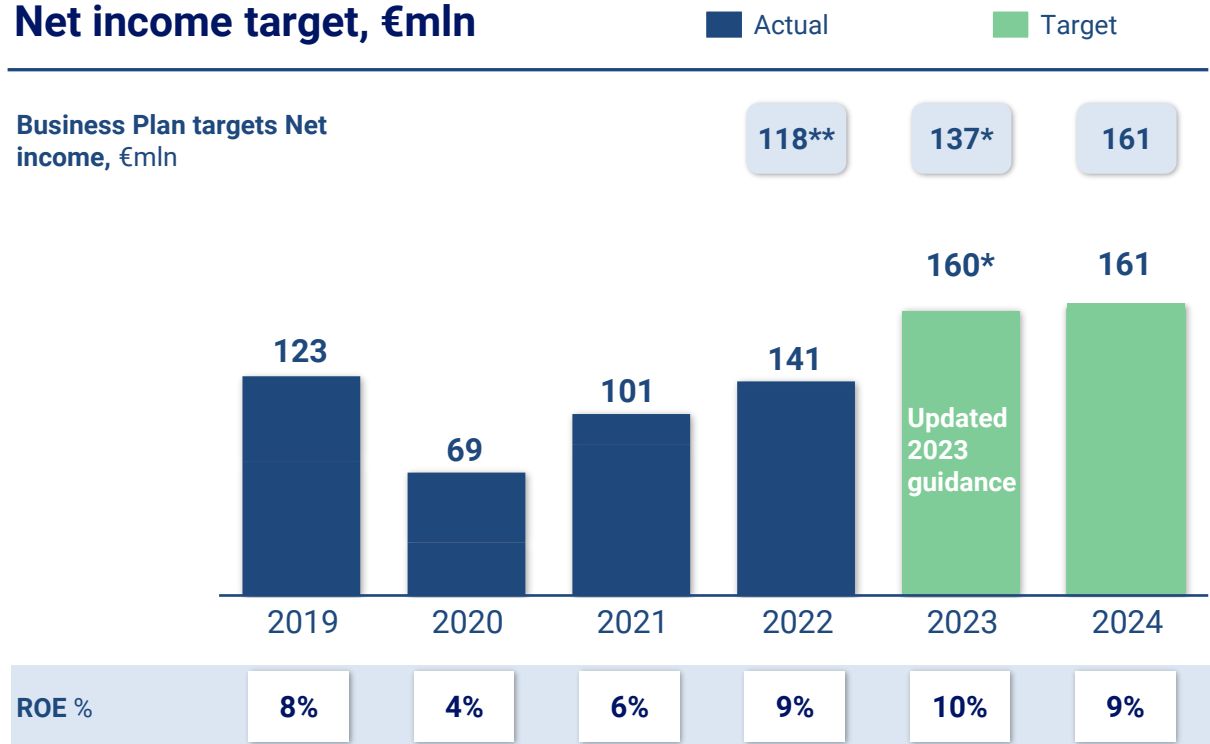
(1) RWA Credit and counterparty risk only. It excludes RWA from operating, market risks and CVA (€1bn)

(2) RWA (Credit and counterparty risk only)

# Consistent “core net income” growth, driven by our capabilities, with a low risk profile

## Net income target, €mln

Business Plan targets Net income, €mln



## Banca Ifis' risk profile

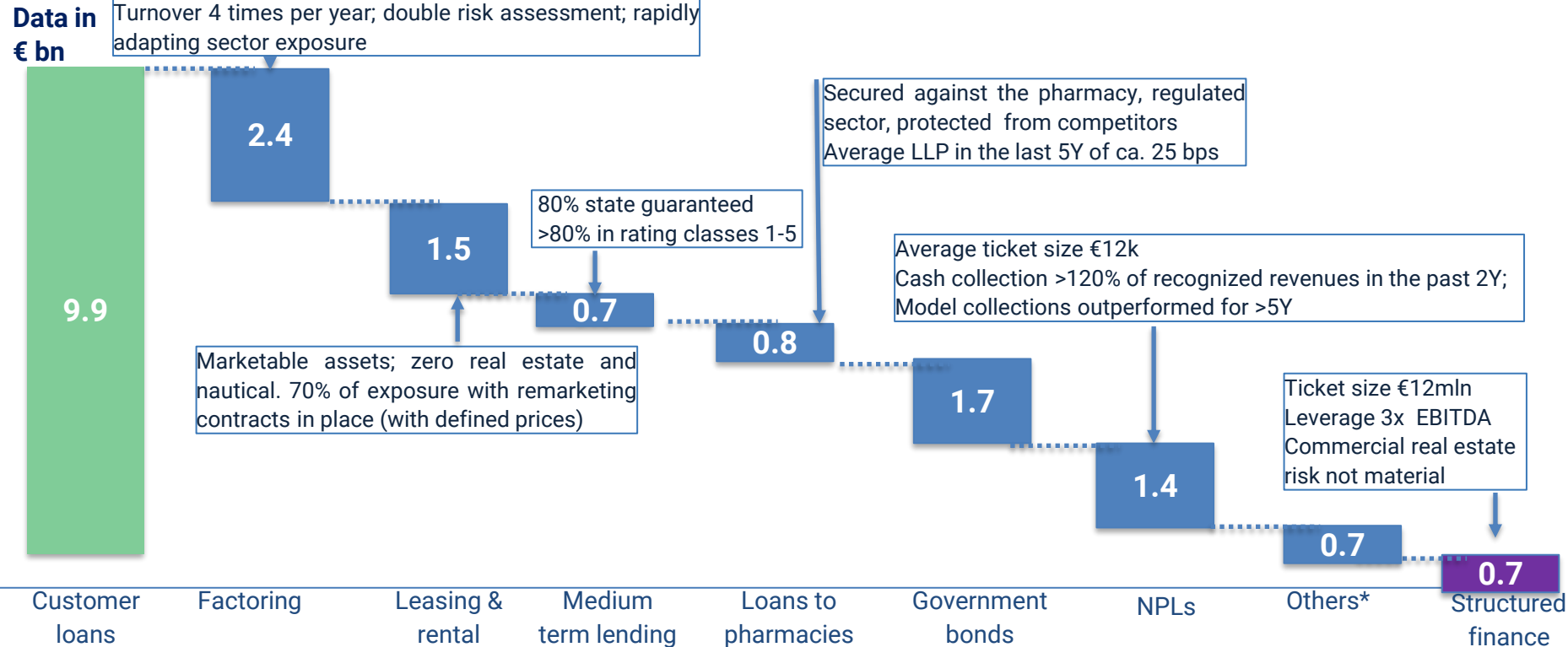
- Structurally protected liquidity position (maturities)
- Marginal contribution of extraordinary revenues
- Diversification
- Fragmentation of exposures and prudent credit policies
- Progressive cost/income reduction through resource re-skilling

\*Updated 2023 guidance well above 2023 Business Plan target of €137mln

\*\* 2022 actual net income well above 2022 target of €118mln



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



**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 (€0.4bn) and residual retail mortgages (€0.1bn).

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

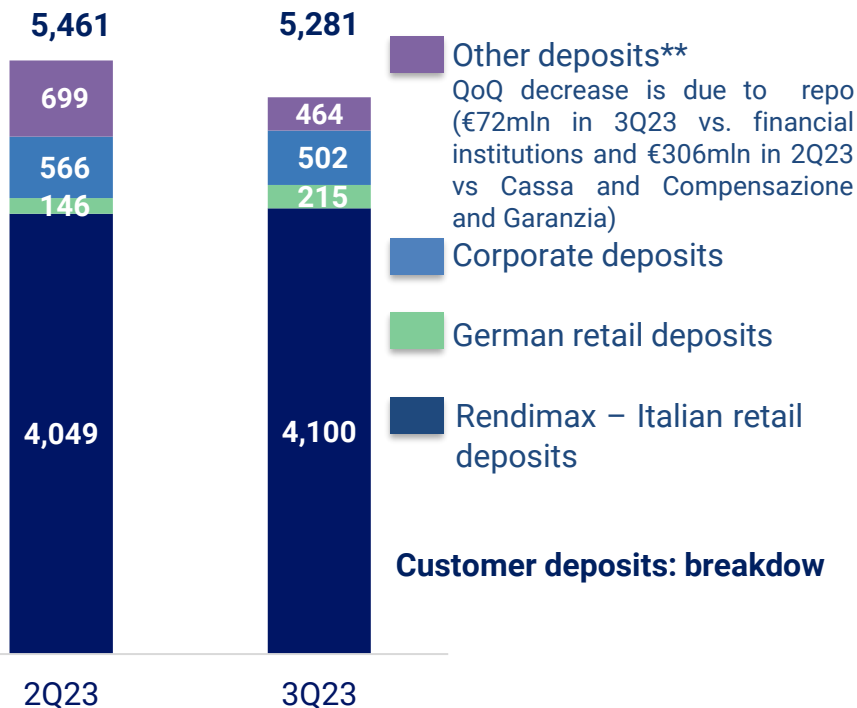
	€ bn	Average Duration in Y	Average ticket size
Factoring	2.4	0.21*	€350k*
Leasing	1.3	2.7	€50k auto €70k equipment
Rental	0.2	2.0	€6k
Medium term lending	0.7	3.0	€250k
Loans to pharmacies	0.8	7.5	€400k
Structured finance	0.7	4.0	€12mln
NPLs	1.4	4.0	€12k
Government bonds	1.7	2.5	Government bonds classified as HTC
Other	0.7		€0.4bn financial bonds portfolio 5Y €0.1bn retail mortgages

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

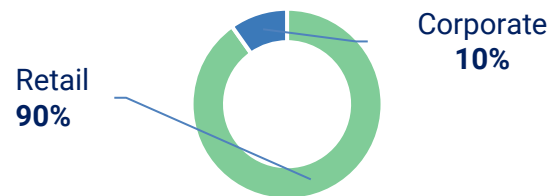
**Customer loans: >70% of Banca Ifis's customer loan book has a duration shorter than 3Y**

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

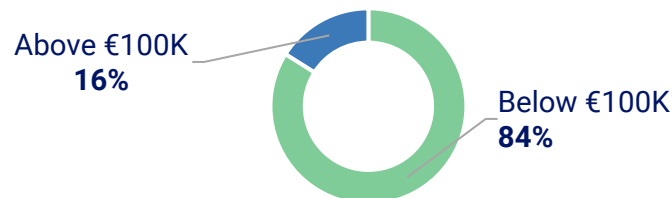
## Customer deposit breakdown



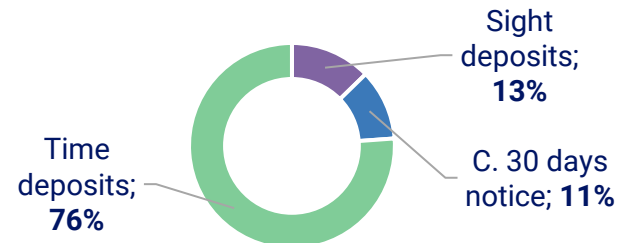
## Very limited corporate deposits



## Rendimax deposits: 84% protected by FITD



## Rendimax: stability of deposit base



\*Source: management accounting data

\*\* Other deposits include mainly repo vs. financial institutions (€72mIn in 3Q23), B.Credifarma retail deposits (€220mIn in 3Q23) and ex Aigis deposits (€45mIn in 3Q23)

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