

## **Banca Ifis: net profit up 32% to 105,5 million Euro in the first nine months of 2022**

**The Board of Directors appointed Ernesto Fürstenberg Fassio as President of Banca Ifis and designated Sebastien Egon Fürstenberg as Honorary President of the same institution. Distribution of an interim dividend for FY 2022 in the amount of 52,4 million Euro approved.**

- The Bank's commercial activity, which grew in all sectors, yielded record results on both revenues (+10%) and Npl collections (+13%).
- An all-time high for the nine months was also reached for net profit, net of PPA.
- Further increased the reserves set aside in previous years to enable the Group to cope with potential risks due to the slowdown in economic growth and the worsening macroeconomic scenario.
- The solid capital position allows for the distribution of 52,4 million Euro (1 Euro per outstanding share, gross of any withholding taxes) of a 2022 interim dividend, which will be paid with ex-dividend no. 26 dated 21 November 2022, record date of 22 November 2022 and payment date of 23 November 2022.
- The CET1 ratio stands at 16,18%, including the profit for the first 9 months of 2022 net of the interim dividend and the foreseeable share of the dividend<sup>1</sup>, and is well above the capital requirements of 8,65%.

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The net profit target of approximately 120 million Euro for FY 2022 is confirmed.

The emission reduction targets financed by 2030 on the credit portfolio have been announced, fulfilling the commitments made by joining the Net Zero Banking Alliance.

### **Results for the first nine months of 2022**

Reclassified data<sup>2</sup> - 1 January 2022/30 September 2022

- **Net banking income is up 9,6% to 488,7 million Euro** (445,9 million Euro at 30.09.2021) and benefited from the greater revenues of the Npl Segment of 200,9 million Euro (+9,0% compared to 30.09.2021) and of the Commercial & Corporate Banking Segment of 225,2 million Euro (+5,8% compared to 30.09.2021).
- **Operating costs, amounting to 278,5 million Euro** (+7,9% compared to 258,2 million Euro as at 30.09.2021), were up due to higher personnel expenses (111,2 million Euro compared to 103,7 million Euro as at 30.09.2021, mainly due to the growth in variable remuneration and the contribution, in terms of resources, linked to the former Aigis acquisition) and other administrative expenses (171,5 million Euro compared to 161,7 million Euro as at 30.09.2021) due to higher costs related to the recovery of the Npl portfolios and some Group strategic projects.
- **The Group's net profit amounted to 105,5 million Euro, up 32%** from 80,2 million Euro in the first nine months of 2021.
- **Credit costs of 48,9 million Euro**, down from 60,3 million Euro in the corresponding period of 2021. The figure includes additional provisions for macroeconomic risk, although to date there are no signs of deterioration in asset quality.
- **Solid liquidity position: approximately 1 billion Euro at 30 September 2022** in reserves and free assets that can be financed by the ECB (LCR above 1000%).

<sup>1</sup> Pursuant to Article 2 of EU Regulation 241/2014.

<sup>2</sup> Reclassifications and aggregations of the consolidated income statement concern the following:

- net impairment losses/reversals of the Npl Segment are reclassified to Interest receivable and similar income (and therefore to the "Net interest income") to the extent to which they represent the operations of this business and are an integral part of the return on the investment;
- net provisions for risks and charges are excluded from the calculation of "Operating costs";
- The following is included under the single item "Net value adjustments to receivables":
  - net adjustments/reversals for credit risk relating to financial assets valued at amortised cost (with the exception of those relating to the Npl Segment mentioned above to the extent to which it is representative of the operation of such business and an integral part of the relevant return) and to financial assets valued at fair value through other comprehensive income;
  - net provisions for risks and charges for credit risk relating to commitments and guarantees issued;
  - profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment.

**Capital requirements<sup>3</sup>**

- **CET1 of 16,18% (15,44% as at 31 December 2021)** and TCR of 20,49% (19,63% as at 31 December 2021), calculated including earnings in the first nine months of 2022 net of the interim dividend and the foreseeable share of the dividend.

Mestre, 10 November 2022 - The Board of Directors appointed Ernesto Fürstenberg Fassio Chairman of Banca Ifis and designated Sebastien Egon Fürstenberg as Honorary Chairman of the same Bank<sup>4</sup>, pursuant to Article 10-bis of the Articles of Association.

The Board of Directors appointed Ernesto Fürstenberg Fassio Chairman of Banca Ifis and appointed Sebastien Egon Fürstenberg as Honorary Chairman of the same Bank, pursuant to Article 10-bis of the Articles of Association.

*"I would like to thank the Bank's Board of Directors for the appointment as Chairman. I am happy to continue the path started - almost forty years ago now - by my father. I will work to innovate in the tradition of our Group," says **Ernesto Fürstenberg Fassio, Chairman of Banca Ifis.***

The Board of Directors of Banca Ifis approved as well the results for the first nine months of 2022.

*"The results of the first nine months once again confirm the Group's solidity, with a net profit of 105,5 million Euro, up 32% compared to the same period in 2021. This figure represents an all-time high for our Bank<sup>5</sup> and is mainly driven by the revenue trend<sup>6</sup>. On this front, too, we record the best nine months ever. Our CET1 Ratio of 16,18% places us among the best Italian banks in terms of capital solidity, a solidity that allows us to reward our shareholders with the distribution of an interim dividend and to confirm the target net profit for 2022 of 120 million Euro, as set out in the Business Plan, **declares Frederik Geertman, Chief Executive Officer of Banca Ifis.***

*Our strong earnings, capital and financial position shows the resilience of our business and our ability to deal effectively with the complex macroeconomic environment. Indeed, we record higher growth rates than the reference markets in Factoring (+23%<sup>7</sup> compared to +17% for the market) and in Leasing, with disbursements up 35% compared to +9% for the market. These numbers are a sign that our sales network is working concretely to support our customers.*

*Finally, we also recorded a result that represents an all-time high in Npl collections in the first nine months, confirming us as one of the main players in the industry of impaired credit in the work supporting the Italian banking system.*

*We continue to be committed to the realisation of our Business Plan by focusing on innovation and digitalisation, on sustainable management of our business on the social and environmental front, and on our constant desire to grow and evolve in order to find effective and fast solutions to be more and more the smart bank able to face the challenges ahead together with our customers, **Frederik Geertman concludes.***

Revenues of the **Commercial & Corporate Banking Segment** increased by +6% compared to the same period of last year. Factoring and Leasing volumes, which are linked to invoice amounts and the price of the underlying assets, showed a favourable dynamic, directly reflecting the increase in inflation. The positive exposure to rising interest rates, which started in the second quarter of 2022, will be more visible in the coming quarters. The dynamism of the Bank's commercial network was evidenced by growth rates above those of its reference markets<sup>8</sup>: in the first nine months of 2022, Factoring turnover (excluding the PA component whose business is being reviewed following the New Definition of Default) grew by 23% (compared to +17% for the market) and Leasing disbursements by +35% (compared to +9% for the market).

In the **Npl Segment**, cash recoveries on acquired portfolios amounted to 284 million Euro (+13% compared to 252 million Euro in the first nine months of 2021). The purchase of Npl portfolios proceeded in line with expectations: in the first 9

<sup>3</sup>CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated by the Banking Group in the first nine months of 2022, net of the dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

<sup>4</sup> Sebastien Egon Fürstenberg and Ernesto Fürstenberg Fassio, non-executive and non-independent directors, elected from the list submitted by the majority shareholder, are not members of any internal board committee. As of today's date, based on the information available to the Bank, (i) Sebastien Egon Fürstenberg is the direct owner of no. 52.000 ordinary shares of Banca Ifis, representing 0,096% of the share capital; and (ii) Ernesto Fürstenberg Fassio is the indirect owner, through La Scogliera S.A., of no. 27.174.347 ordinary shares of Banca Ifis, representing 50,490% of the share capital.

<sup>5</sup> Net of PPP

<sup>6</sup> Net of PPP

<sup>7</sup> Excluding the PA component whose business is being reviewed following the New Definition of Default

<sup>8</sup> Source: Assifact and Assilea

months of the year Banca Ifis acquired 1,4 billion Euro in terms of GBV. The preliminary results of the review in progress of the Npl portfolio to estimate the potential lower cash flows resulting from the new legislation that increases the minimum threshold for the attachment of pensions from 750 Euro to 1.000 Euro, and from the increase in inflation on out-of-court deposits, appear to be manageable within the scope of the Group's normal operations.

The prudent **credit policy** led to a further increase in the reserves set aside to cope with the potential risks of slowing economic growth, although there are no signs of deterioration to date. These reserves also absorb those set aside for Covid in previous years, which have been requalified and not released. The gross Npe ratio and the net Npe ratio stood at 7,4% and 4,8%. The figures would come in respectively at 5,3% and 2,7% excluding reclassifications resulting from the application of the New Definition of Default regulations to receivables from the National Health System, which are characterised by limited credit risk and long payment terms.

Given the current national and supranational macroeconomic situation, we believe that the Banca Ifis Group is able to close FY 2022 with a result of 120 million Euro, in line with the target envisaged for the first year of the 2022-2024 Business Plan.

In terms of the potential achievement of the consolidated net result expected in the first year of the above-mentioned 2022-2024 Business Plan, the main implications arising from the current macroeconomic context were also considered, both as regards rising interest rates and the possible effects of rising inflation and the economic slowdown experienced in Europe and the potential implications related to the Npl business arising from the regulatory change related to the raising of the minimum threshold for the attachment of pensions. There is no evidence to suggest any significant changes in the Group's main economic figures such as to alter the trends that have occurred to date and to an extent that would not allow the Banca Ifis Group to achieve the net result at the end of the year.

As far as the **Group's dividend distribution** is concerned, in line with what was resolved by the last Shareholders' Meeting (20 July 2022), today, the Board of Directors resolved to distribute an interim dividend for 2022 totalling 52.433.114, i.e. equal to 1 Euro (gross of withholding taxes) for each of the 52.433.114 Banca Ifis shares issued and outstanding as of today's date (and therefore excluding treasury shares held by the Bank). Should the total number of outstanding Banca Ifis shares change, the total amount of the interim dividend will remain unchanged and the unit amount will be automatically adjusted to the new number of outstanding shares. The interim dividend 2022 will be paid with ex-dividend no. 26 dated 21 November 2022, record date of 22 November and payment date of 23 November 2022. Eligible shareholders may collect the dividend from their respective intermediaries.

After the distribution of the advance, the capital ratios of both the Bank and the Group remained well above the minimum required levels, with an individual CET1 Ratio of 16,70% and a consolidated one of 16,18%, and an individual Total Capital Ratio of 21,99% and a consolidated one of 20,49%.

Please also note that the Board of Directors' report and the financial statements as at 30 September 2022 pursuant to Article 2433-bis of the Italian Civil Code. - on the basis of which the Board of Directors of Banca Ifis resolved to distribute the interim dividend and included in the Interim Report as at 30 September 2022 - are made available to the public at the Bank's registered office, as well as on the authorised storage mechanism and on the Bank's institutional website, [www.bancaifis.it](http://www.bancaifis.it), in the "Investor Relations" section. Lastly, for the purposes of the distribution of the interim dividend, the independent auditing firm EY S.p.A. today issued the opinion required by Article 2433-bis of the Italian Civil Code, which will be made available to shareholders at the Bank's registered office.

## Highlights

### RECLASSIFIED DATA<sup>9</sup>

The Banca Ifis Group's **consolidated income statement** for the first nine months of 2022 reported a profit attributable to the Parent Company of 105,5 million Euro.

Highlights from the Banca Ifis Group's income statements for the first nine months of 2022 are set out below.

### Net banking income

**Net banking income** totalled 488,7 million Euro, up 9,6% from 445,9 million Euro at 30 September 2021. Contributing to this result was the growth of the **Factoring Area**, with 123,2 million Euro and an increase of 14,5%, thanks to the increase in net interest income and net commissions as a result of the performance of managed receivables, and the good performance of the **Leasing Area** (42,6 million Euro, essentially in line with 30 September 2021). At 59,3 million Euro, the **Corporate Banking & Lending Area** decreased slightly by 4,1% compared to the figure of 30 September 2021.

Net banking income of the **Npl Segment** amounted to 200,9 million Euro, up 9,0% compared to 30 September 2021, mainly due to the good performance of legal collections, essentially due to the greater number of injunctions and foreclosures. This growth was partially offset by the performance of out-of-court deposits, which showed a reduction in the margin contribution compared to the same period of the previous year, mainly due to the reduction in the collection of payment agreements (repayment plans). In particular, out-of-court management contributed 32,8 million Euro and legal management contributed 58,9 million Euro.

Finally, the activity on the proprietary portfolio contributed 7,1 million Euro to the growth in net banking income, of which 4,2 million Euro came from trading and the remainder from higher dividends on securities in the portfolio. Similarly, the portfolio of financial instruments of the **Non-Core Area** also made a positive contribution to net banking income, with a growth of 3,1 million Euro.

### Net credit risk losses

Reclassified net credit risk losses include provisions for credit risk on guarantees issued and gains/losses on the sale of loans. At 30 September 2022, they amounted to 48,9 million Euro compared to 60,3 million Euro in the equivalent period of 2021, the figure for which included adjustments of 17,0 million Euro on the Npl Segment, made following a detailed analysis - still in progress at the time and which was then concluded at end 2021 - carried out also in response to the Covid-19 pandemic, in terms of longer collection times on positions characterised mainly by higher vintage.

### Operating costs

**Operating costs** totalled 278,5 million Euro, showing a 7,9% increase on the 258,2 million Euro at 30 September 2021.

The cost/income ratio was 57,0% compared to 57,9% in September 2021.

Below are details of the item's main components:

- Personnel expenses amounted to 111,2 million Euro. The increase of 7,3% was attributable to variable remuneration growth expenses that had been reduced in 2021 due to the Covid-19 pandemic and to the different Group scope, linked to the acquisition of the former Aigis Banca at the end of May 2021;

<sup>9</sup> Reclassifications and aggregations of the consolidated income statement concern the following:

- net impairment losses/reversals of the Npl Segment are reclassified to interest receivable and similar income (and therefore to the "net Interest income") to the extent to which they represent the operations of this business and are an integral part of the return on the investment;
- net provisions for risks and charges are excluded from the calculation of "Operating costs";
- the following is included under the single item "Net write-offs/write-backs for credit risk":
  - net adjustments/reversals for credit risk relating to financial assets valued at amortised cost (with the exception of those relating to the NPL Segment mentioned above to the extent to which it is representative of the operation of such business and an integral part of the relevant return) and to financial assets valued at fair value through other comprehensive income;
  - net provisions for risks and charges for credit risk relating to commitments and guarantees issued;
  - profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment.

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- other administrative expenses as at 30 September 2022 amounted to 171,5 million Euro, up 6,1% compared to the corresponding period of 2021, mainly due to higher costs related to the Group's strategic projects;
- other net operating income amounted to 16,6 million Euro, down 22,8% compared to September 2021. The change was mainly due to the inclusion in the figures for the first nine months of 2021 of 3,4 million Euro of positive difference, which arose from the process of allocating (provisional at the time) the purchase price of the former Aigis Banca business unit.

### Net allocations to provisions for risks and charges

At 30 September 2022, **net provisions for risks and charges** showed a balance of 4,5 million Euro, an improvement compared to the balance of 8,1 million Euro at 30 September 2021, mainly due to the 5,7 million Euro reversal recorded in the first nine months of 2022 on the provisions for risks related to contractual guarantees given.

### Net profit attributable to the Parent Company

At 30 September 2022, the net profit attributable to the Parent company amounted to 105,5 million Euro, up 25,4 million Euro (+31,6%) on the same period of 2021.

### Focus on individual Segments

Below are the main dynamics recorded in the individual Segments that go towards forming the economic-equity results at 30 September 2022.

The net profit of the **Commercial & Corporate Banking Segment** amounted to 44,0 million Euro, down by 1,1 million Euro (-2,4%) compared to 30 September 2021. This result was driven by the growth in net interest income of 13,1 million Euro (+9,3%) and net commissions (+2,2 million Euro, or +3,6%), offset by the reduction in other components of net interest and other banking income of 2,9 million Euro (-30,4%) and higher net adjustments of 10,9 million Euro (+35,4%).

Net banking income derives from the combined effect of the various Areas of the segment, as described below:

- the contribution of the **Factoring Area** amounted to 123,2 million Euro in the first nine months of 2022, an increase of 14,5% compared to 30 September 2021. This result was due to the greater contribution both of net interest income (up by 12,3 million Euro) and net commission income (up by 4,0 million Euro), which benefited from the positive trend of receivables under management;
- The **Leasing Area's** net banking income amounted to 42,6 million Euro, down slightly compared to 30 September 2021 (-0,6 million Euro, or -1,4%), due for 0,4 million Euro to lower net commissions and for 0,2 million Euro to lower net interest income;
- net banking income of the **Corporate Banking & Lending Area** came to 59,3 million Euro at 30 September 2022, down 2,5 million Euro on 30 September 2021 (-4,1%). The negative change was caused by the combined effect of the 1,0 million Euro increase in net interest income (driven by the positive contribution made by the Lending to SMEs segment, which more than offset the decrease in the Corporate Banking division, which, moreover, suffers the physiological lesser contribution of the release of the PPA), a 1,3 million Euro decrease in net commissions (mainly arising from Corporate Banking), and the 2,2 million Euro decrease in other components of net banking income attributable to the Corporate Banking division. The figure for the first nine months of 2021 had also benefited from the contribution of approximately 5 million Euro from the revaluation of the investment in a minority shareholding.

**Net impairment losses** on receivables amounted to 41,9 million Euro, up 10,9 million Euro compared to 30 September 2021. This change resulted mainly from provisions made in the first nine months of 2022 on individual impaired positions belonging to the SME segment that are most affected by the current macroeconomic environment.

The 1,8 million Euro increase in **operating expenses** was mainly due to higher personnel expenses due to an overall increase in remuneration, which was attributable to both the different Group scope, linked to the acquisition of the former Aigis Banca business unit at the end of May 2021, and to higher variable remuneration, which had been reduced in 2021 due to the Covid-19 pandemic context.

Period profit of the **NPL Segment** is 44,2 million Euro, up 37,5% on 30 September 2021. The net banking income of the Segment amounted to 200,9 million Euro (+9,0%) as compared with 184,3 million Euro at 30 September

2021. The increase was due both to the increase in average loans, which generated interest income of 119,4 million Euro, and to the improvement in expected cash flows based on realised receipts, which in turn generated a contribution of 91,7 million Euro to net interest and other banking income. The positive effect on net interest income was 12,5 million Euro as at 30 September 2022 (193,1 million Euro compared to 180,6 million Euro as at 30 September 2021).

Collections of the NPL Segment in the first nine months of 2022 came to 283,4 million Euro, including the instalments collected during the nine months from re-entry plans, from garnishment orders and transactions carried out and rise by 12,7% on the collections of 251,6 million Euro made in the same period of 2021.

Profit for the **Governance & Services and Non-Core Segment** at 30 September 2022 is 18,0 million Euro compared to a figure of 4,4 million Euro at 30 September 2021. The Segment's net banking income amounts to 62,7 million Euro, up 13,7 million Euro on the same period of the previous year and is due to growth of 22,2 million Euro in the **Governance & Services Area**, offset by a lower contribution of 8,5 million Euro from the run-off activities of the **Non-Core Area**.

As regards the **cost of credit**, there is a decrease in net adjustments to 7,0 million Euro compared with 12,4 million Euro at 30 September 2021, which was influenced by provisions on some singularly significant positions.

Segment **operating costs** come to 27,4 million Euro, up 3,5 million Euro on 30 September 2021. This increase is mainly related to the increased activities in both ICT and Marketing & Communication in the first nine months of the year.

[The breakdown of the main statement of financial position items of the Banca Ifis Group at 30 September 2022 is shown below.](#)

### **Receivables due from customers measured at amortised cost**

Total receivables due from customers measured at amortised cost amounted to 9.664,5 million Euro, a reduction on 31 December 2021 (10.331,8 million Euro). The figure includes debt securities for 1,8 billion Euro (2,0 billion Euro at 31 December 2021). The **Commercial & Corporate Banking segment** recorded a reduction (-6,2%) concentrated in the **Factoring Area** (-16,1%, a change influenced by both the seasonality of the business and a revision of the Area's strategic approach and in particular of the ATD product to the NHS), against the substantial stability of the **Leasing** and **Corporate Banking & Lending Areas**. The **Governance & Services and Non-Core Segment** decreased by 223,8 million Euro, mainly due to the movement in the period of the customer debt securities portfolio at amortised cost, following the sale and redemption due to reaching maturity of certain government bonds, the decrease in which was not entirely offset by new investments. **Npl Segment** loans are essentially stable compared to 31 December 2021.

### **Funding**

During the first nine months of 2022, **the Group continued its strategy of differentiating between distribution channels**, in order to ensure a better balance with respect to retail funding. The Group has surplus liquidity in respect of its needs (approximately one billion Euro at 30 September 2022 in reserves and free assets that can be financed in the ECB), thereby enabling it to easily respect the LCR and NSFR limits (with indexes more than of 1.000% and 100% respectively).

At 30 September 2022, **total funding** came to 10.208,0 million Euro, -5,4% on the end of FY 2021; the funding structure was as follows:

- 51,3% customers;
- 10,3% debt securities;
- 13,5% Asset Backed Securities (ABS);
- 19,8% TLTROs;
- 5,1% other.

**Payables due to customers** amounted to 5.240,5 million Euro as at 30 September 2022, down 7,8% compared to the figure as at 31 December 2021, due to a careful policy of rationalising the most expensive and volatile forms of financing. **Payables due to banks** amounted to 2.535,3 million Euro, slightly down 2,4% compared to the figure for December 2021 due to less recourse to short-term payables to Central Banks. **Debt securities issued** amounted to 2.432,3 million Euro at 30 September 2022, down 2,9% from 2.504,9 million Euro at 31 December 2021.

## Equity and ratios<sup>10</sup>

At 30 September 2022, the Group's **consolidated shareholders' equity** stood at 1.610,6 million Euro, down from the 1.623,9 million Euro recorded at the end of 2021. The main changes in consolidated equity are:

- the positive change relative to the period result attributable to the Parent company of 105,5 million Euro;
- the net negative change for 12,8 million Euro following the corporate reorganisation brought about as a result of the merger by incorporation of the former Credifarma into Farbanca (now renamed Banca Credifarma), at the end of which Banca Ifis's controlling interest increased to 87,74% (while at the beginning of 2022 Banca Ifis held 70% of the former Credifarma and 71,06% of Farbanca);
- the negative change of 19,3 million Euro connected with the repurchase of treasury shares to service the LTI plan;
- the net negative change of 38,5 million Euro in the valuation reserve due to actuarial gains, exchange rate adjustments and changes in the fair value of financial instruments with an impact on comprehensive income;
- the negative change related to profit distribution of 49,8 million Euro.

At 30 September 2022, the **ratios for the Banca Ifis Group** amounted to a CET1 ratio of 16,18% (compared with 15,44% at 31 December 2021), a Tier 1 ratio of 16,19% (15,45% at 31 December 2021) and a Total Capital Ratio of 20,49% (compared with 19,63% at 31 December 2021).

Please note that on 19 May 2022, the Bank of Italy, following the Supervisory Review and Evaluation Process (SREP) to review the capitalisation targets of the system's largest intermediaries, notified the Banca Ifis Group to adopt the following consolidated capital requirements in 2022, including a 2,5% capital conservation buffer:

- CET1 Ratio of 7,90%, with a required minimum of 5,40%;
- Tier 1 Ratio of 9,75%, with a required minimum of 7,25%;
- Total Capital Ratio of 12,15%, with a required minimum of 9,65%.

In order to ensure a level of capital that can absorb any losses arising from stress scenarios, as referred to in Article 104 ter of EU Directive 36/2013, the Bank of Italy has set the following capital levels for the Banca Ifis Group, to which the specific countercyclical coefficient is added:

- CET1 Ratio of 8,65%, consisting of an OCR CET1 Ratio of 7,90% and a target component (Pillar 2 Guidance) of 0,75%;
- Tier 1 Ratio of 10,50%, consisting of an OCR Tier 1 Ratio of 9,75% and a target component of 0,75%;
- Total Capital Ratio of 12,90%, consisting of an OCR Total Capital Ratio of 12,15% and a target component of 0,75%.

At 30 September 2022, the Banca Ifis Group easily met the above prudential requirements.

## Significant events occurred in the period

The Banca Ifis Group transparently and promptly discloses information to the market, constantly publishing information on significant events through press releases. Please visit the subsection "Press Releases" of the "Investor Relations" section of the institutional website [www.bancaifis.it](http://www.bancaifis.it) to view all press releases.

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

### Banca Ifis approves the Liquidity Funding Plan 2022

On 17 January 2022, the Board of Directors of Banca Ifis has approved the Liquidity Funding Plan 2022 for the evolution of the Bank's liquidity funding sources, with a view to sound and prudent management and in compliance with rules of prudence. The aim is to optimise the cost of funding, ensuring appropriate diversification and balance

<sup>10</sup> CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated by the Banking Group in the first nine months of 2022, net of the dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

between sources in a sustainable composition and adequate to the risk tolerance thresholds. The Liquidity Funding Plan 2022 confirms the centrality and significant contribution of the Bank's direct retail funding through deposit and current account products and provides, with similar importance and relevance during the year, the increase of the stock of wholesale bonds issued by Banca Ifis with a market oriented target of 1,5 billion Euro at the end of 2022 (of which 400 million Euro of Tier 2 and 1,1 billion Euro of Senior Preferred) compared to the current value of 1,1 billion Euro.

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

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

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

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

### **Merger by incorporation of Credifarma into Farbanca completed**

On 11 April 2022 the merger by incorporation of Credifarma S.p.A. into Farbanca S.p.A., for which authorisation had been received from the Bank of Italy on 21 February 2022, was completed. Thanks to this operation, Banca Credifarma is born: the first specialised pole leader in financial services to pharmacies. The integration represents the completion of the project started with the acquisition of Farbanca in November 2020 and the starting point of a new reality equipped with the best skills in the provision of specialised credit to pharmacies thanks to the development of integrated digital services in a single large operator. The transaction is part of the initiatives of the 2022-2024 Business Plan aimed at further simplifying and specialising the organisational structure of the Banca Ifis Group. Post-integration synergies and cross selling with all the Group's financial products will allow Banca Credifarma to further develop its commercial presence in the reference segment. The extension of the investments in digital technology presented in the Business Plan will also speed up process innovation and the extension of the range of services offered, also thanks to new partnerships and consulting solutions complementary to the satisfaction of the needs of the pharmacy business.

### **Conclusion of the share buyback programme in support of the "2021-2023 LTI Plan"**

On 22 April 2022, the program for the purchase of Banca Ifis ordinary shares to service the "2021-2023 LTI Plan", which had been initiated on 15 March 2022 and subject to authorization by the Shareholders' Meeting for a number of ordinary shares not exceeding 1.044.000 and for a maximum total value not exceeding 20,9 million Euro (the "Buy-Back Program"), was concluded. In execution of the Buy-Back Programme, Banca Ifis purchased a total of 1.044.000 shares (corresponding to the maximum number of treasury shares subject to the said authorisation) - equal to 1,940% of the share capital, for a total value of 19,3 million Euro. Following the purchases made until 22 April 2022, considering the treasury shares already in portfolio, as of the closing date of the Buy-Back Programme, the Bank holds 1.383.139 treasury shares equal to 2,570% of the share capital.



## **The Shareholders' Meeting has approved the 2021 Financial statements and a dividend of 0,95 Euro per share**

The ordinary Shareholders' Meeting of Banca Ifis, which met on 28 April 2022 in single call, chaired by Sebastien Egon Fürstenberg in accordance with the applicable provisions, and hence in the manner set out in Art. 106 of Decree-Law no. 18 of 17 March 2020, approved:

- Banca Ifis 2021 Annual Report;
- the distribution to shareholders of a dividend of 0,95 Euro, equal to double the coupon distributed in FY 2020 gross of any withholding taxes, per share, with ex-dividend date (coupon no. 25) on 23 May 2022, record date on 24 May 2022 and payment from 25 May 2022;
- the increase in the number of directors from 12 to 13, appointing as members of the Board of Directors for the three-year period 2022-2024 Simona Arduini, Antonella Malinconico, Beatrice Colleoni, Monica Billio, Sebastien Egon Fürstenberg, Ernesto Fürstenberg Fassio, Frederik Herman Geertman, Monica Regazzi, Paola Paoloni, Giovanni Meruzzi, Luca Lo Giudice and Roberta Gobbi and Roberto Diacetti. The members of the Board of Statutory Auditors were also appointed in the persons of: Andrea Balelli (Chairman), Franco Olivetti (Standing Auditor), Annunziata Melaccio (Standing Auditor), Marinella Monterumisi (Alternate Auditor) and Emanuela Rollino (Alternate Auditor);
- Section I of the document "Report on Remuneration Policy and compensation paid" prepared in accordance with Art. 123-ter of Legislative Decree no. 58/1998. The Shareholders' Meeting also resolved in favour of Section II of the aforementioned document relating to the implementation of remuneration policies during FY 2021;
- the remuneration plan based on the assignment of Banca Ifis shares for certain corporate figures described in the information document drawn up pursuant to Art. 114-bis of Italian Legislative Decree no. 58/1998 and related implementing rules (Art. 84-bis of Consob Regulation no. 11971/1999);
- the assignment to PriceWaterhouseCoopers S.p.A. of the tasks related to the statutory audit of the accounts of Banca Ifis S.p.A. for the nine-year period 2023-2031.

## **Sale of Ifis Real Estate S.p.A.**

On 11 May 2022, Ifis Npl Servicing S.p.A.'s 100% stake in Ifis Real Estate S.p.A. was sold in its entirety to Resolute Asset Management Italy S.r.l. and, on the same date, Ifis Real Estate S.p.A. changed its name to Rebuild S.p.A, leaving the perimeter of the Banca Ifis Group's investee companies.

## **Conclusion of the Supervisory Review and Evaluation Process (SREP) by the Bank of Italy**

On 23 May 2022, the Bank of Italy received notification of the conclusion of the periodic prudential review process ('SREP decision') conducted on the Banca Ifis Group. The Bank of Italy has identified the following capital requirements (equal to the sum of the Overall Capital Requirement and Pillar 2 Guidance) for 2022 on a consolidated basis:

- CET1 ratio: 8,65%;
- Tier 1 ratio: 10,50%;
- Total Capital Ratio: 12,90%.

The above capital requirements include the Target component of the Pillar 2 Guidance of 0,75%.

## **Significant subsequent events**

No significant events occurred between the end of the reporting period and the preparation of the Interim Report at 30 September 2022 by the Board of Directors, other than those already considered in preparing them.

### **Declaration of the Manager Charged with preparing the Company's financial reports**

Pursuant to article 154 bis, paragraph 2 of the Consolidated Law on Finance, the Manager Charged with preparing the Company's financial reports, Mariacristina Taormina, declares that the financial information contained in this press release corresponds to the related books and accounting records.

### Reclassified Financial Statements and key balance sheet data

Reclassifications and aggregations of the consolidated income statement concern the following:

- net impairment losses/reversals of the Npl Segment are reclassified to interest receivable and similar income (and therefore to the "Net interest income") to the extent to which they represent the operations of this business and are an integral part of the return on the investment;
- net provisions for risks and charges are excluded from the calculation of "Operating costs";
- The following is included under the single item "Net value adjustments to receivables":
  - net adjustments/reversals for credit risk relating to financial assets valued at amortised cost (with the exception of those relating to the Npl Segment mentioned above to the extent to which it is representative of the operation of such business and an integral part of the relevant return) and to financial assets valued at fair value through other comprehensive income;
  - net provisions for risks and charges for credit risk relating to commitments and guarantees issued.

### Reclassified Consolidated Statement of Financial Position

<b>ASSETS</b> (in thousands of Euro)	<b>30.09.2022</b>	<b>31.12.2021</b>
Cash and cash equivalents	268.735	355.381
Financial assets held for trading through profit or loss	34.251	8.478
Financial assets mandatorily measured at fair value through profit or loss	140.964	144.660
Financial assets measured at fair value through other comprehensive income	587.986	614.013
Receivables due from banks measured at amortised cost	743.127	524.991
Receivables due from customers measured at amortised cost	9.664.486	10.331.804
Property, plant and equipment	128.499	120.256
Intangible assets	61.426	61.607
<i>of which:</i>		
- goodwill	38.020	38.794
Tax assets:	336.981	329.674
a) current	37.810	45.548
b) deferred	299.171	284.126
Other assets	466.946	487.027
<b>Total assets</b>	<b>12.433.401</b>	<b>12.977.891</b>

PRESS RELEASE  
FIRST NINE MONTHS OF 2022

LIABILITIES AND EQUITY (in thousands of Euro)	30.09.2022	31.12.2021
Payables due to banks	2.535.252	2.597.965
Payables due to customers	5.240.473	5.683.745
Debt securities issued	2.432.270	2.504.878
Financial liabilities held for trading	25.670	5.992
Tax liabilities:	52.275	49.154
a) current	18.735	16.699
b) deferred	33.540	32.455
Other liabilities	465.604	436.107
Post-employment benefits	8.090	9.337
Provisions for risks and charges	63.182	66.825
Valuation reserves	(64.434)	(25.435)
Reserves	1.443.378	1.367.019
Share premiums	82.187	102.972
Share capital	53.811	53.811
Treasury shares (-)	(22.104)	(2.847)
Equity attributable to minorities (+/-)	12.204	27.786
Profit for the period	105.543	100.582
<b>Total liabilities and equity</b>	<b>12.433.401</b>	<b>12.977.891</b>

## Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	30.09.2022	30.09.2021
<b>Net interest income</b>	<b>392.504</b>	<b>362.614</b>
<b>Net commission income</b>	<b>65.210</b>	<b>62.860</b>
Other components of net banking income	30.978	20.451
<b>Net banking income</b>	<b>488.692</b>	<b>445.925</b>
Net credit risk losses/reversals	(48.874)	(60.343)
<b>Net profit (loss) from financial activities</b>	<b>439.818</b>	<b>385.582</b>
Administrative expenses:	(282.769)	(265.384)
a) personnel expenses	(111.244)	(103.711)
b) other administrative expenses	(171.525)	(161.673)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(12.320)	(14.269)
Other operating income/expenses	16.551	21.433
<b>Operating costs</b>	<b>(278.538)</b>	<b>(258.220)</b>
Net allocations to provisions for risks and charges	(4.515)	(8.142)
Value adjustments of goodwill	(762)	-
Gains (Losses) on disposal of investments	304	-
<b>Pre-tax profit (loss) for the period from continuing operations</b>	<b>156.307</b>	<b>119.220</b>
Income taxes for the period relating to continuing operations	(50.190)	(37.662)
<b>Profit (loss) for the period</b>	<b>106.117</b>	<b>81.558</b>
Profit (loss) for the period attributable to non-controlling interests	574	1.368
<b>Profit (loss) for the period attributable to the Parent company</b>	<b>105.543</b>	<b>80.190</b>

## Consolidated own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS	
	30.09.2022	31.12.2021
Common Equity Tier 1 Capital (CET1)	1.509.850	1.486.880
Tier 1 capital	1.510.777	1.488.624
<b>Total Own Funds</b>	<b>1.912.012</b>	<b>1.891.346</b>
<b>Total RWAs</b>	<b>9.331.009</b>	<b>9.633.003</b>
CET1 ratio	16,18%	15,44%
Tier 1 Ratio	16,19%	15,45%
<b>Total Capital Ratio</b>	<b>20,49%</b>	<b>19,63%</b>

CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated by the Banking Group in the first nine months of 2022, net of the interim dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

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