

Banca Ifis: Net profit grows 40% to 141,1 million Euro in 2022. Bank reaches 2023 profit target in Business Plan one year ahead of schedule

- The 2022 net profit, net of PPA, represents an all-time record for the Bank.
- Net profit guidance for 2023 revised upwards: 150 million Euro compared to the 137 million Euro envisaged in the 2022-2024 Business Plan.
- The Bank's commercial activity, which grew in all segments, yielded excellent, indeed record results on both revenues (+15%) and Npl collections (+11%).
- Resolution passed on the proposed distribution of 0,40 Euro per share, by way of balance on the FY 2022 dividend. In November 2022, an interim dividend of 1 Euro per share had already been distributed. The total 2022 dividend (interim and balance) thus amounts to 1,40 Euro per share.
- The CET1 ratio stood at 15,01%, including the profit and net of the FY 2022 dividend, placing it well above the capital requirements of 8,65%.

FY 2022 preliminary results

Reclassified data¹ - 1 January 2022/31 December 2022

- **Net banking income, up 13,4% to 680,5 million Euro** compared to 599,9 million Euro in 2021, benefited from higher revenues in the Commercial & Corporate Banking Segment, amounting to 318,4 million Euro (+12,7% compared to 2021), the Npl Segment, amounting to 284,3 million Euro (+10,4% compared to 2021) and the Governance & Services and Non-Core Segment, amounting to 77,8 million Euro (+30,3% compared to 2021).
- **Operating costs, amounting to 390,4 million Euro** (+7% compared to 364,8 million Euro in 2021), were up due to higher personnel expenses (150,8 million Euro compared to 141,8 million Euro in 2021, mainly due to the growth in variable remuneration and the contribution, in terms of resources, linked to the former Aigis Banca acquisition) and other administrative expenses (242,4 million Euro compared to 231,8 million Euro in 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 141,1 million Euro, up 40,3%** from 100,6 million Euro in 2021.
- **Credit cost of 77,5 million Euro**, essentially stable compared to 2021. The 2022 figure includes 21,7 million Euro of adjustments on the Npl portfolio due to the regulatory change concerning the raising of the minimum threshold for the attachment of pensions.
- **Liquidity position, as at 31 December 2022, is equal to approximately over 600 million Euro** in reserves and free assets that can be financed by the ECB (LCR above 500%).

Capital requirements²

- **CET1 came to 15,01% (15,44% as of 31 December 2021)** and TCR of 18,82% (19,63% as of 31 December 2021), calculated including the 2022 profit and net of the dividend.

¹ Reclassifications and aggregations of the consolidated income statement concern the following:

- Net credit risk 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 credit risk losses/reversals ":
 - Net credit risk losses/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.

² CET1, Tier 1 and Total Capital include the profits generated by the Banking Group as at 31 December 2022, net of the related dividend, including the portion distributed on an interim basis in compliance with the provisions of Article 2433, paragraph 4 of the Italian Civil Code.

Rome, 09 February 2023 – The Board of Directors of Banca Ifis met today under the chairmanship of Ernesto Fürstenberg Fassio and approved the preliminary results for FY 2022.

"This result rewards a route in which we have continued to invest in our people; teamwork that, coupled with the new governance processes and sustainability, has allowed us to create profit, also generating a positive impact on the territories and communities in which we operate", says **Ernesto Fürstenberg Fassio, Chairman of Banca Ifis**.

"In 2022, Banca Ifis recorded strong growth in all key financial and industry indicators. With a 2022 net profit of 141,1 million Euro, 40% higher than in 2021, the Bank exceeded the 2023 profit target of 137 million Euro set in the Business Plan, one year ahead of schedule. This performance represents an all-time high for our Bank³ and is mainly driven by the favourable revenue trend⁴. These results were achieved despite a macroeconomic context characterised by numerous uncertainties with respect to the scenario envisaged in the 2022-2024 Business Plan: the war in Ukraine with the resulting geopolitical instability, lower-than-expected GDP growth, rising inflation and regulatory changes affecting the Npl business and the business of purchasing loans to the public administration, as well as the change in the TLTRO parameters implemented by the ECB in November 2022. The positive results achieved in 2022 prompted us to revise the 2023 profit target upwards by 10%, to 150 million Euro from the 137 million Euro estimated in the 2022-2024 Business Plan. This is based on the assumption of modest GDP growth, a gradual decline in inflation and a funding cost trend in line with the market consensus. Buoyed by the positive results achieved in the previous year and the solidity of our business model, we will continue to work with determination towards the realisation of our Business Plan," says **Frederik Geertman, CEO of Banca Ifis**.

Commercial & Corporate Banking Segment revenues, up 12,7% compared to 2021, reflect the efficiency of Banca Ifis' business model. The Bank is positively correlated to interest rates (85% of the loan portfolio is at variable rates), Factoring and Leasing volumes, which are closely linked to invoice amounts and the price of the underlying assets, showed a favourable dynamic, directly reflecting the increase in inflation, while the number of Factoring clients increased from 7,6 thousand in 2021 to 8,1 thousand in 2022. In 2022, the Bank's growth rates came in above those of its reference markets⁵: Factoring turnover - excluding the PA component whose business is being reviewed following the New Definition of Default - grew by 18,2% (compared to +14,5% for the market) and Leasing disbursements by 38,6% (compared to +9,7% for the market).

In the **Npl Segment**, cash recoveries on acquired portfolios amounted to 384 million Euro, up 11% compared with the 345 million Euro in 2021. The purchase of Npl portfolios proceeded in line with expectations: in 2022, Banca Ifis acquired Npls for 2,4 billion Euro in terms of GBV. The new legislation, which increases the minimum threshold for the attachment of pensions from 750 Euro to 1.000 Euro, has led to an estimated 21,7 million Euro in lower collections on the Npl portfolio, fully expensed in 2022.

The portfolio owned in the Governance & Services and Non-Core Segment benefited from government bonds with inflation-linked yields and the purchase during Q4 2022 of a portfolio of debt securities issued by leading European financial and corporate institutions with a particularly attractive risk-return ratio.

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. The significant reserves set aside for Covid in previous years have been reclassified within these reserves to cope with possible macroeconomic risks. The Gross Npe Ratio and the Net Npe ratio stood respectively at 5,9% and 4%. The figures would come in respectively at 4,3% and 2,4% 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.

The **capital ratios** of both the Bank and the Group remained well above the minimum required levels, with a consolidated CET1 Ratio of 15,01% (15,44% at 31 December 2021) and a consolidated Total Capital Ratio of 18,82% (19,63% at 31 December 2021). The slight decrease in capital ratios compared to December 2021 is due to the development of

³ Net of PPA

⁴ Net of PPA

⁵Source: Assifact and Assilea

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commercial activity and the purchase of the debt securities portfolio issued by leading European financial and corporate institutions.

The Board of Directors resolved to propose to the Shareholders' Meeting the **distribution of a balance on the dividend for FY 2022 of 0,40 Euro** (gross of withholding taxes) for each of the Banca Ifis shares issued and outstanding (and therefore excluding treasury shares held by the Bank). In November 2022, an interim dividend of 1 Euro per share had already been distributed. **The total 2022 dividend (interim payment and balance) thus amounts to 1,40 Euro per share.** The 2022 dividend balance, if approved by the Shareholders' Meeting, will be paid with ex-dividend no. 27 dated 22 May 2023, record date of 23 May 2023 and payment date of 24 May 2023.

Highlights

RECLASSIFIED DATA⁶

The Banca Ifis Group's **consolidated income statement** at 31 December 2022 reported a profit attributable to the Parent Company of 141,1 million Euro.

Highlights from the Banca Ifis Group's income statements for FY 2022 are set out below.

Net banking income

Net banking income totalled 680,5 million Euro, up 13,4% from 599,9 million Euro at 31 December 2021. Contributing to this result was the growth of the **Factoring Area**, with 171,7 million Euro and an increase of 20,0%, 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** (59,3 million Euro, up on 31 December 2021, +6,6%) and the **Corporate Banking & Lending Area** (+4,2% compared with the figure of 31 December 2021, with 87,5 million Euro).

Net banking income of the **Npl Segment** amounted to 284,3 million Euro, up 10,4% compared to 31 December 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 previous year, mainly due to the reduction in the collection of payment agreements (repayment plans). In particular, out-of-court management contributed 32 million Euro and legal management contributed 101 million Euro.

The net interest income of the **Governance & Services and Non-Core Segment** increased by 10,1 million Euro compared to 2021. The increase is due to the growth of 4,3 million Euro in the Treasury Funding segment, for 19,7 million Euro to the Capital Markets segment, only partially offset by the physiological lower contribution of the PPA and the reversal of the **Non-Core Area's** run-off portfolio. Finally, the activity on the proprietary portfolio contributed 3,7 million Euro to the growth in net banking income, of which 2,6 million Euro due to higher dividends and 1,1 million Euro from trading activities. Similarly, the portfolio of financial instruments of the **Non-Core Area** also made a positive contribution to net banking income, with a growth of 3,4 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 31 December 2022, these amounted to 77,5 million Euro, in line with 31 December 2021, and included adjustments of 21,7 million Euro in the Npl Segment due to the change in regulations concerning the raising of the minimum threshold for the attachment of pensions, offset by adjustments of 18,0 million Euro, also in the Npl Segment, made last year following a detailed analysis 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 390,4 million Euro, showing a 7,0% increase on the 364,8 million Euro at 31 December 2021.

The cost/income ratio was 57,4% compared to 60,8% at 31 December 2021.

Below are details of the item's main components:

⁶ Reclassifications and aggregations of the consolidated income statement concern the following:

- net credit risk 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 credit risk losses/reversals":
 - net credit risk losses /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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- Personnel expenses amounted to 150,8 million Euro. The 6,4% increase is due both to an increase in the number of staff on the payroll at the reporting date and to higher variable remuneration;
- other administrative expenses as at 31 December 2022 amounted to 242,4 million Euro, up 4,6% compared to 2021, mainly due to higher costs related to the Group's strategic projects;
- other net operating income, amounting to 19,8 million Euro, decreased by 28,1% compared to 31 December 2021, which, among other things, benefited from the 2,9 million Euro gain on bargain purchase that arose from the acquisition of the former Aigis Banca business unit. The decrease is mainly related to higher operating costs related to the write-down of other non-financial assets in the amount of 3,1 million Euro.

Net allocations to provisions for risks and charges

At 31 December 2022, **net allocation to provisions for risks and charges** showed a balance of 0,4 million Euro, an improvement compared to the balance of 8,0 million Euro at 31 December 2021, due to both the 5,7 million Euro reversal related to contractual guarantees given and due to certain settlements made, which substantially offset the provisions that became necessary.

Net profit attributable to the Parent Company

At 31 December 2022, the net profit attributable to the Parent company amounted to 141,1 million Euro, up 40,5 million Euro (+40,3%) on the previous year.

Focus on individual Segments

Below are the main dynamics recorded in the individual Segments that go towards forming the economic-equity results at 31 December 2022.

Net profit of the **Commercial & Corporate Banking Segment** comes to 71,0 million Euro, 16,7 million Euro higher (+30,6%) than last year. This result was driven by the growth in net interest income of 26,8 million Euro (+14,2%) and net commissions (+10,0 million Euro, or +12,4%), offset by the reduction in other components of net banking income of 1,1 million Euro (-8,3% on 2021, where the figure had in any case been positively impacted by the write-back for around 5,0 million Euro of an individually significant investment) and higher net adjustments of 3,0 million Euro (+6,5%).

Net interest and other banking income derives from the combined effect of the various areas of the business, as described below:

- the contribution of the **Factoring Area** amounted to 171,7 million Euro in 2022, an increase of 20,0% compared to last year. This result was due to the greater contribution both of net interest income (up by 22,7 million Euro) and net commission income (up by 6,2 million Euro), which benefited from the positive trend of receivables under management;
- The **Leasing Area's** net banking income amounted to 59,3 million Euro, an increase compared to 31 December 2021 (+3,7 million Euro, or +6,6%), due for 2,7 million Euro to higher net interest income and for 0,9 million Euro to greater net commissions;
- net banking income of the **Corporate Banking & Lending Area** came to 87,5 million Euro at 31 December 2022, up 3,5 million Euro on 31 December 2021 (+4,2%). The positive change was caused by the combined effect of the 1,4 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 segment, which, moreover, suffers the physiological lesser contribution of the release of the PPA), a 2,9 million Euro increase in net commissions (mainly arising from Corporate Banking), and the 0,8 million Euro decrease in other components of net banking income attributable to the Corporate Banking Segment.

Net credit risk losses on receivables amounted to 48,5 million Euro, up 3,0 million Euro compared to 31 December 2021. This change resulted mainly from provisions made in 2022 on individual impaired positions belonging to the SME segment that are most affected by the current macroeconomic environment.

The 5,8 million Euro increase in **operating costs** 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.

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Annual profit of the **Npl Segment** is 48,6 million Euro, slightly down by 3,4% on 31 December 2021. The net banking income of the Segment amounted to 284,3 million Euro (+10,4%) as compared with 257,6 million Euro at 31 December 2021. The increase was due both to the increase in average loans, which generated interest income of 161,5 million Euro, and to the improvement in expected cash flows based on realised receipts, which in turn generated a contribution of 133,4 million Euro to net banking income. The positive effect on net interest income was 23,4 million Euro as at 31 December 2022 (270,1 million Euro compared to 247,6 million Euro as at 31 December 2021).

Operating costs of 189,2 million Euro at 31 December 2022 showed an increase of 14,2% on 2021. Without taking into account expenses strictly related to business dynamics (first and foremost Npl legal and collection expenses), the most significant change is related to the growth in the share of consulting costs on the Group's strategic activities and pertaining to the Segment.

Cash collections of the Npl Segment in 2022 came to 383,9 million Euro, including the instalments collected during the year from re-entry plans, from garnishment orders and transactions carried out and rise by 10,7% on the collections of 345,5 million Euro made in 2021.

Profit for the **Governance & Services and Non-Core Segment** at 31 December 2022 was 22,3 million Euro compared to a negative figure of 2,3 million Euro at 31 December 2021. The Segment's net banking income amounts to 77,8 million Euro, up 18,1 million Euro on the previous year and is due to growth of 28,7 million Euro in the **Governance & Services Area**, offset by a lower contribution of 10,6 million Euro from the run-off activities of the **Non-Core Area**.

As regards the **credit cost**, there is an improvement in net adjustments by 6,4 million Euro, coming to 7,3 million Euro compared with 13,7 million Euro in the previous year, which was influenced by provisions on two singularly significant positions.

Segment **operating costs** come to 42,7 million Euro, down 3,8 million Euro on 31 December 2021. The decrease related to the absence of non-recurring costs incurred in 2021 for the reorganisation of the Group was partially offset by the impact of the increased activities in place mainly in both ICT and Marketing & Communication in 2022.

The breakdown of the main statement of financial position items of the Banca Ifis Group at 31 December 2022 is shown below.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amounted to 10.186,9 million Euro, a reduction on 31 December 2021 (10.331,8 million Euro). The figure includes debt securities for 1,9 billion Euro (2,0 billion Euro at 31 December 2021). The **Commercial & Corporate Banking Segment** is essentially in line thanks to the combined effect of the reduction in the **Factoring Area** (-6,3%, 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 increase of the **Leasing** (+5,9%) and **Corporate Banking & Lending** (+2,5%) **Areas**. The **Governance & Services and Non-Core Segment** decreased by 94,7 million Euro, mainly due to the movement in the year 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 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 liquidity of more than 600 million Euro at 31 December 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 500% and 100% respectively).

As at 31 December 2022, **total funding** amounted to 11.130,7 million Euro, +3,2% compared to the end of FY 2021, mainly as a result of the Bank's participation during 2022 in two LTRO operations for a total of 400,5 million Euro maturing in February and March 2023 respectively, which are in addition to the existing TLTRO operation for 2.023,2 million Euro maturing in September 2024. The Group's funding structure is as follows:

- 45,8% customers;

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- 21,8% TLTRO and LTRO;
- 13,4% Asset Backed Securities (ABS);
- 10,0% debt securities;
- 9,0% other.

Payables due to customers amounted to 5.103,3 million Euro as at 31 December 2022, down 10,2% 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 3.422,2 million Euro, up 31,7% compared to 31 December 2021 mainly due to the above-specified LTRO transactions subscribed during the year. Debt **securities issued** amounted to 2.605,2 million Euro at 31 December 2022, up 4,0% from 2.504,9 million Euro at 31 December 2021.

Equity and ratios⁷

At 31 December 2022, the Group's **consolidated shareholders' equity** stood at 1.597,8 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 year result attributable to the Parent company of 141,1 million Euro;
- the net negative change for 12,6 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 70,00% 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 35,3 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 the distribution of the dividend on 2021 earnings in the amount of 49,8 million Euro and the interim dividend on 2022 earnings in the amount of 52,4 million Euro, the latter paid on 23 November 2023.

At 31 December 2022, the **ratios for the Banca Ifis Group** amounted to a CET1 ratio of 15,01% (compared with 15,44% at 31 December 2021), a Tier 1 ratio of 15,02% (15,45% at 31 December 2021) and a Total Capital Ratio of 18,82% (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 31 December 2022, the Banca Ifis Group easily met the above prudential requirements.

On 17 January 2023, taking into account the comprehensive elements for assessment available to it in respect of the Group's corporate situation, the Bank of Italy announced that it had chosen not to adopt a new decision on the capital following the 2022 SREP cycle.

⁷ CET1, Tier 1 and Total Capital include the profits generated by the Banking Group as at 31 December 2022, net of the related dividend, including the portion distributed on an interim basis in compliance with the provisions of Article 2433, paragraph 4 of the Italian Civil Code.

Significant events during the year

The Banca Ifis Group transparently and promptly discloses information to the market, constantly publishing information on significant events through press releases. Please visit the “Press Releases” and the subsection of the “Investor Relations” section of the institutional website www.bancaifis.it to view all press releases.

Below is a summary of the most significant events that occurred during the year.

Banca Ifis approves the Liquidity Funding Plan 2022

On 17 January 2022, the Board of Directors of Banca Ifis has approved the Liquidity Funding Plan 2022 for the evolution of the Bank's liquidity funding sources, with a view to sound and prudent management and in compliance with rules of prudence. The aim is to optimise the cost of funding, ensuring appropriate diversification and balance between sources in a sustainable composition and adequate to the risk tolerance thresholds. The 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.moodys.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 attributable to the Parent Company) and an ROE of 9% are expected; in the three-year period 2022-2024, a cumulative net profit in excess of 400 million Euro is expected. The Bank aims to create shareholder value with a dividend payout of approximately a cumulative 200 million Euro over the period 2022-2024, making for a payout ratio of around 50%. CET1 is expected to be 15,1% as of 2024 and will conservatively be above 14% throughout the plan period. In order to support a profitable growth, the Bank has defined an 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%.

Distribution of a 2022 interim dividend of 52,4 million Euro (1 Euro per share)

On 10 November 2022, the Banca Ifis Board of Directors, in line with what was resolved by the Shareholders' Meeting on 28 July 2022, 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 such date (and therefore excluding treasury shares held by the Bank). The interim dividend 2022 was paid with ex-dividend no. 26 dated 21 November 2022, record date of 22 November and payment date of 23 November 2022. The report by the Board of Directors and the accounting statement 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, in the "Investor Relations" section. Lastly, for the purposes of the distribution of the interim dividend, on 10 November 2022, the independent auditing firm EY S.p.A. issued the opinion required by Article 2433-bis of the Italian Civil Code, which has been made available to shareholders at the Bank's registered office.

Significant subsequent events

Issue of the 300 million Euro bond maturing in 4 years

On 12 January 2023, Banca Ifis successfully completed the placement of a Senior Preferred bond issue under its EMTN programme amounting to 300 million Euro. The transaction was intended for institutional investors. Specifically, the issue has a maturity of four years, with a settlement date scheduled for 19 January 2023. The reoffer price is 99,569, for a return at maturity of 6,25% and a coupon that is payable annually in the amount of 6,125%. The bond will be listed on Euronext Dublin and has an expected rating of BB+ by Fitch and Baa3 by Moody's. The placement of this bond is part of the EMTN funding programme envisaged in the Bank's Business Plan for the three-year period 2022-24, which estimates 2,5 billion Euro of new placements.

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 credit risk 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 credit risk losses/reversals":
 - net credit risk losses /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.

Reclassified Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	31.12.2022	31.12.2021
Cash and cash equivalents	603.134	355.381
Financial assets held for trading through profit or loss	26.868	8.478
Financial assets mandatorily measured at fair value through profit or loss	195.220	144.660
Financial assets measured at fair value through other comprehensive income	697.611	614.013
Receivables due from banks measured at amortised cost	565.762	524.991
Receivables due from customers measured at amortised cost	10.186.932	10.331.804
Property, plant and equipment	126.341	120.256
Intangible assets	64.264	61.607
<i>of which:</i>		
- goodwill	38.020	38.794
Tax assets:	325.181	329.674
a) current	60.924	45.548
b) prepaid	264.257	284.126
Other assets	471.064	487.027
Total assets	13.262.377	12.977.891

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LIABILITIES AND EQUITY (in thousands of Euro)	31.12.2022	31.12.2021
Payables due to banks	3.422.160	2.597.965
Payables due to customers	5.103.343	5.683.745
Debt securities issued	2.605.195	2.504.878
Financial liabilities held for trading	25.982	5.992
Tax liabilities:	52.298	49.154
a) current	21.961	16.699
b) deferred	30.337	32.455
Other liabilities	391.697	436.107
Post-employment benefits	7.696	9.337
Provisions for risks and charges	56.225	66.825
Valuation reserves	(59.722)	(25.435)
Reserves	1.440.944	1.367.019
Interim dividends (-)	(52.433)	-
Share premiums	83.767	102.972
Share capital	53.811	53.811
Treasury shares (-)	(22.104)	(2.847)
Equity attributable to non-controlling interests (+/-)	12.432	27.786
Profit for the year	141.086	100.582
Total liabilities and equity	13.262.377	12.977.891

Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	31.12.2022	31.12.2021
Net interest income	548.250	487.971
Net commission income	93.513	83.282
Other components of net banking income	38.784	28.685
Net banking income	680.547	599.938
Net credit risk losses/reversals	(77.515)	(77.211)
Net profit (loss) from financial activities	603.032	522.727
Administrative expenses:	(393.255)	(373.606)
a) personnel expenses	(150.834)	(141.781)
b) other administrative expenses	(242.421)	(231.825)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(16.915)	(18.733)
Other operating income/expenses	19.792	27.522
Operating costs	(390.378)	(364.817)
Net allocations to provisions for risks and charges	(400)	(8.036)
Value adjustments of goodwill	(762)	-
Gains (Losses) on disposal of investments	304	-
Pre-tax profit (loss) from continuing operations	211.796	149.874
Income taxes for the year relating to current operations	(69.909)	(47.571)
Profit (loss) for the year	141.887	102.303
Profit (loss) for the year attributable to non-controlling interests	801	1.721
Profit (loss) for the year attributable to the Parent company	141.086	100.582

Consolidated own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS	
	31.12.2022	31.12.2021
Common Equity Tier 1 Capital (CET1)	1.520.570	1.486.880
Tier 1 capital	1.521.490	1.488.624
Total Own Funds	1.906.288	1.891.346
Total RWAs	10.128.064	9.633.003
CET1 ratio	15,01%	15,44%
Tier 1 Ratio	15,02%	15,45%
Total Capital Ratio	18,82%	19,63%

CET1, Tier 1 and Total Capital include the profits generated by the Banking Group as at 31 December 2022, net of the related dividend, including the portion distributed on an interim basis in compliance with the provisions of Article 2433, paragraph 4 of the Italian Civil Code.

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FY 2022 PRELIMINARY RESULTS

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