

## **Banca Ifis: net profit for 2023 up to 160 million Euro (+13,5%). Proposed distribution resolved of a final dividend in the amount of 47 million Euro**

- The 2023 net profit, net of PPA, represents an all-time record for the Bank. This is 16,8% higher than the target of 137 million Euro profit set for 2023 in the Group Business Plan.
- The net profit target for 2024 of around 160 million Euro has been confirmed, in line with the forecasts given in the 2022-24 Business Plan.
- The favourable revenue trend, up 3,5% compared with 2022, is supported by the positive performance of the commercial business and the positive correlation of trade receivables to rising interest rates.
- Cash recoveries on Npl portfolios rise to 397 million Euro, up 3,6% compared to 2022, despite inflationary tensions.
- The CET1 ratio stands at 14,87%, thereby easily exceeding capital requirements (9,0%)<sup>1</sup>.
- Total dividend of 110 million Euro for 2023 (2,1 Euro per share), 60% higher than the Business Plan targets, of which 63 million Euro (1,2 Euro per share) will be distributed on 22 November 2023 and 47 million Euro (0,90 Euro per share) on 22 May 2024.
- More than 30 initiatives have been realised through the Social Impact Lab Kaleidos to contribute to individual and social well-being and sustainability in the Country with a total investment of 7 million Euro over the three-year period 2022-2024.

### **FY 2023 preliminary results**

Reclassified data<sup>2</sup> - 1 January 2023/31 December 2023

- **The Group's net profit amounts to 160,1 million Euro, up 13,5%** from 141,1 million Euro in 2022.
- **Net banking income, up 3,5% to 704,6 million Euro** from 680,5 million Euro in 2022, benefits from the positive correlation of Commercial & Corporate Banking Segment (+8,2% compared with 2022) to rising interest rates. Cash recoveries on Npl portfolios rise to 397 million Euro, up 3,6% compared to 2022, confirming the resilience of funding despite the rise in inflation.
- **Operating costs, at 405,8 million Euro** (+4,0% compared to 390,4 million Euro in 2022), increase due to higher personnel expenses (163,8 million Euro compared to 150,8 million Euro in 2022), mainly due to the increase in variable remuneration and provisions for the renewal of the collective agreement for bank employees, and higher other administrative expenses (249,4 million Euro compared to 242,4 million Euro in 2022). The modest increase confirms the offsetting of the inflationary effect by careful cost control and continuous efficiency improvements.
- **The credit cost is 52,4 million Euro**, down by more than 32% compared with 2022, and includes 14 million Euro of provisions on the performing exposures portfolio to cover potential macroeconomic risks.
- **Liquidity position at 31 December 2023 is equal to approximately 1,4 billion Euro** in reserves and free assets that can be financed by the ECB (LCR above 1.100%).

<sup>1</sup> In January 2024, the Banca Ifis Group was notified of the new SREP requirements by the Bank of Italy. The new requirements provide for a CET1 of 9,0% a Tier 1 Ratio of 10,90% and a Total Capital Ratio of 13,30% (including 1,0% P2G) and will apply starting 31 March 2024. As at 31 December 2023, the SREP requirements were: CET1 8,65%, a Tier 1 ratio of 10,50% and Total Capital Ratio 12,9% (including 0,75% P2G).

<sup>2</sup> 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 "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 allocations to provisions for risks and charges are excluded from the calculation of "Operating costs";
- cost and revenue items deemed as "non-recurring" (e.g. because they are directly or indirectly related to business combination transactions, such as the "gain on a bargain purchase" in accordance with IFRS 3), are excluded from the calculation of "Operating costs", and are therefore reversed from the respective items as per Bank of Italy Circular 262 (e.g. "Other administrative expenses", "Other operating income/expenses") and included in a specific item "Non-recurring expenses and income";
- the following is included under the single item "Net credit risk losses/reversals":
  - net credit risk losses/reversals relating to financial assets measured at amortised cost (with the exception of those relating to the Npl Segment mentioned above) and to financial assets measured at fair value through other comprehensive income;
  - net allocations to provisions for risks and charges for credit risk relating to commitments and guarantees granted;
  - profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment.

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- **The CET1 is 14,87% (15,01% at 31 December 2022)** and the TCR is 17,44% (18,82% at 31 December 2022). Both have been calculated including the profits generated by the Banking Group in 2023, net of dividends.

**Rome, 8 February 2024** – The Board of Directors of Banca Ifis met today under the **chairmanship of Ernesto Fürstenberg Fassio** and approved the 2023 preliminary results.

*"In 2023, Banca Ifis once again achieved positive results in the economic-financial profile, with a significant increase in all profitability indicators: in these two years of the Industrial Plan, our Institute achieved 300 million euros of cumulative profit, distributing about 185 million euros to shareholders. Positive results have also been reached in respect of industrial matters, with the acceleration on the digitalisation front; and in sustainability, particularly social, by increasing planned investments and implementing more than 30 high-impact projects for the well-being of communities and the individual and social sustainability of the Country, through the Social Impact Lab Kaleidos. These results point us towards a double bottom line approach in which profit generation is accompanied by the creation of positive impacts on society. Thanks to this approach, the Bank ensures concrete support to small and medium-sized enterprises in the ESG transition process and returns value to the communities in which it operates", says Ernesto Fürstenberg Fassio, Chairman of Banca Ifis.*

*"2023 for Banca Ifis closed with a net profit of 160 million Euro, which, net of PPA, represents an all-time high for the Bank and was mainly driven by the favourable revenue trend and the modest credit risk. We thus achieve one year in advance the result expected for the third year of the Industrial Plan. During the period, we continued the operational and digital transformation process outlined in the Industrial Plan, releasing new innovative solutions aimed at making processes more efficient and improving services and customer support. Our prudent approach to risk management, the now very advanced digital transformation of our business model and our authority in our target markets, based on the expertise of our IfisPeople, allow us to look forward with confidence. We therefore confirm our target of around 160 million Euro in profit for FY 2024, in the absence of macroeconomic shocks, despite the slowdown in growth and a higher cost of funding", says Frederik Geertman, CEO of Banca Ifis.*

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**The Commercial & Corporate Banking Segment's revenues**, up 8,2% compared to 2022, reflect the Group's positive correlation to rising interest rates (85% of the commercial loan portfolio is at floating rates). The dynamism of the Group's commercial network has allowed business to grow despite lower demand for credit due to higher interest rates: in 2023, Factoring turnover grew by 1,4% and Leasing disbursements by 4,0%. During the period, the digitalisation path was accelerated with the evolution of "Ifis4Business" into the new multi-product platform "mylfis", to make the relationship between the sales network and end customers more effective and fluid. The Bank has developed new products and solutions aimed at supporting the sustainable transition and digitisation of Italian SMEs. With this in mind, the commercial offer was expanded with new leasing solutions in the car, alternative green mobility and sustainable energy segments, and a new tech rental product dedicated to private customers.

**In the Npl Segment**, cash recoveries on acquired portfolios amounted to 397 million Euro, up 3,6% on 2022. To date, judicial and extrajudicial recovery activities do not show any significant negative impact from rising inflation and interest rates. In line with the expected timing, last 31 October, having obtained the necessary regulatory approvals, the acquisition of Revalea was completed and the long-term partnership for the management of non-performing loans, signed back in May 2023 with the Mediobanca Group and aimed at consolidating Banca Ifis's position as a key player in the market for non-performing loans in the small-ticket unsecured segment.

**The average cost of funding** in 2023, at 2,89%, is up from 0,96% in 2022. The liquidity position at 31 December 2023 was approximately 1,4 billion Euro, despite the redemption of 500 million Euro in TLRO in December 2023.

**In December, ahead of the September 2024 maturity date, the Bank repaid 500 million Euro of TLTROs and has already completed well in advance many of the actions to repay the remaining 1,5 billion Euro of TLTROs.** The actions completed included the remarketing of the senior notes of the leasing securitisation for approximately 400 million Euro, the ramp-up of the Npl securitisation for a further 400 million Euro and the issuance of a senior bond for 300 million Euro. In addition to these transactions, there is the approximately 600 million Euro of the proprietary portfolio maturing

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naturally by September 2024. Repurchase and reverse repurchase transactions on the proprietary portfolio, the increase of retail funding with a multi-channel strategy and, in the event of favourable financial markets, senior bond issues are also planned for the coming quarters.

**Asset quality ratios**, the Gross Npe Ratio and the Net Npe Ratio, stand respectively at 5,5% and 3,2%. These figures would come in respectively at 4,5% and 2,3% excluding reclassifications resulting from the application of the New Definition of Default regulations to receivables from the National Health System (NHS), which are characterised by limited credit risk and long payment terms. The ratio of net non-performing loans to net loans improved significantly to 3,2% from 4,0% at end-2022. The coverage of non-performing loans was further strengthened from 35% in 2022 to 43% in 2023. In particular, the coverage of bad loans was increased from 69% in 2022 to 78% in 2023 and that of unlikely to pay from 39% in 2022 to 44% in 2023.

**Capital ratios** confirm the strong strength of both the Bank and the Group. Both the main indicators remain well above the minimum required levels, with a consolidated CET1 Ratio of 14,87% (15,01% at 31 December 2022) and a consolidated Total Capital Ratio of 17,44% (18,82% at 31 December 2022), calculated including 2023 profits, net of the dividend.

The Bank's Board of Directors has approved the proposal to **distribute a balance on the dividend for 2023** for a total of 47 million Euro, equal to 0,9 Euro per outstanding share, gross of any legal withholdings, which will be paid with an ex-dividend date of 20 May 2024, a record date of 21 May 2024 and a payment date of 22 May 2024. On the occasion of the presentation of the results for the nine months of 2023, the Bank had resolved to distribute an interim dividend for 2023 in the amount of 63 million Euro, i.e. 1,2 Euro per outstanding share, gross of any withholding taxes. For the full year 2023, the Bank plans to distribute 110 million Euro in dividends, equivalent to 2,1 Euro per outstanding share, consistent with the new dividend policy approved last year.

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**Banca Ifis's commitment to the social agenda and to environmental sustainability and governance**

In 2023, in line with the investment plan announced at the time of the Business Plan, Banca Ifis strengthened its commitment to the implementation of the social agenda directed by the Presidency by realising, through the Social Impact Lab Kaleidos, more than 30 projects and increasing, with the donation of 1 million Euro to the Banco Alimentare Onlus Foundation, which took place in December 2023, the overall budget dedicated to it, from 6 to 7 million Euro over the 2022-2024 Plan period. It is a concrete commitment thanks to which the Bank was awarded the Areté Prize for Responsible Financial Communication at the CSR and Social Innovation Fair.

This commitment took concrete form through initiatives aimed at employees - in particular in diversity and inclusion projects that led the Bank to obtain the UNI PdR 125:2022 certification and to publish its first Diversity and Inclusion Policy. On the business side, strengthening the Bank's traditional ethical and sustainable recovery model in the Npl business to facilitate the financial re-inclusion of individuals and families, with particular attention to the most fragile categories. In this regard, the Bank executed an international benchmarking to identify a system of tools, methodologies and good practices for sustainable credit recovery, including through. Finally, commitment was shown towards the communities through the three areas of Kaleidos: inclusion, culture and territory, and people's well-being.

In order to better quantify the impact created by the activities of Kaleidos, Banca Ifis has completed the development, in collaboration with the Polytechnic University of Milan, of a model for measuring the impact on the community generated by the social activities promoted or supported by the Bank, making it possible to grasp even more clearly the positive effects that show how, on average, every Euro invested in sustainability initiatives has been transformed into 3,9 Euro of economic value for the community.

In the area of social inclusion, the Bank continued to support high value-added initiatives, for example towards associations such as CAF, which takes in and supports disadvantaged young people, the Don Gino Rigoldi Foundation, which supports families in socio-economic difficulty, and Articolo 3, which operates in Bollate prison.

In terms of medical-scientific research, another pillar of the corporate agenda, the Bank has supported the Bambino Gesù Children's Hospital for research into innovative therapies to fight malignant tumours of the central nervous system

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affecting children and young adults, and the Venetian Institute of Molecular Medicine (VIMM) with the "Adopt a Researcher" initiative of the Advanced Biomedical Research socially-useful non-profit foundation.

The Bank has also confirmed its commitment to nationwide projects in culture and sport, including through dedicated observatories that show opportunities and benefits, both economic and social, for the benefit of all stakeholders. In culture, expanding the "Economy of Beauty", the platform that enhances Italy's heritage not only in the more traditional sectors such as nature and landscape, but also in entrepreneurship and know-how, through the activities of the SMEs that the Bank supports with its products and services. As part of its 40th anniversary celebrations, inside the 16th-century Villa Fürstenberg in Mestre, the Bank inaugurated the "International Sculpture Park", a permanent exhibition of monumental sculptures that will be open to the public from next April. It is an example of the social economy way of banking.

In sport, the "Italian Sport System Observatory" project photographs the value of this specific ecosystem and its contribution to the Country's development. In line with Kaleidos's mission, the Bank has supported young people through numerous initiatives such as donating scholarships to CONI junior medal-winning athletes.

The Bank's commitment also continued on the environmental front, having been the first in Italy to join the Net Zero Banking Alliance (NZBA) - the United Nations initiative that aims to accelerate the sustainable transition of the banking sector by zeroing the net emissions of the lending portfolio by 2050 - the Bank has continued to monitor the reduction targets for the loan portfolio by 2030, covering more than 80% of the financed exposures and emissions considered by the NZBA. To support SMEs on the path to sustainable transformation, the Bank has launched a series of products to facilitate customers' energy transition, such as leasing for electric posts and removable photovoltaic systems, as well as a rental solution for e-bike fleets. Partly in light of the Bank of Italy's supervisory expectations, the Bank has developed numerous projects on environmental issues, starting with the integration of ESG criteria into its credit and risk management processes, up to the publication of the first Report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Finally, on the governance front, the Bank confirmed the "A" rating assigned by MSCI and launched a series of activities aimed at strengthening its presence and positioning in the main international sustainability indices.

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Today, the Board of Directors also took note of the resignation submitted from the sole role of director by the Founder Sebastien Egon Fürstenberg, who declared his intention to dedicate himself full time to the Honorary Presidency assigned to him by the Shareholders' Meeting on 20 April 2023.

The replacement of the resigning Founder and advisor will be the subject of future deliberations, with the support and preventive assessments of the Appointments Committee.

Sebastien Egon Fürstenberg has also ensured his commitment to the punctual fulfillment of the tasks assigned to him by the company statute as Honorary President in the future.

## Highlights

### **RECLASSIFIED DATA<sup>3</sup>**

The Banca Ifis Group's consolidated income statement as at 31 December 2023 reports a profit attributable to the Parent company of 160,1 million Euro.

[Highlights from the Banca Ifis Group's income statements for FY 2023 are set out below.](#)

### **Net banking income**

Net banking income totals 704,6 million Euro, up 3,5% from 680,5 million Euro at 31 December 2022. Contributing to this result is the Commercial & Corporate Banking Segment with the stability of the Factoring Area, which stands at 172,9 million Euro, with the contribution of the Leasing Area (62,1 million Euro, an improvement of 2,7 million Euro compared to 31 December 2022) and the better performance of the Corporate Banking & Lending Area (109,7 million Euro, +25,4% compared to the figure at end FY 2022). The Npl Segment totals 294,5 million Euro, up 10,2 million Euro on last year, mainly due to higher interest income (related to the increase in the average value of the underlying loans) and the entry of Revalea in the Group's perimeter. Finally, the Governance & Services and Non-Core Segment is 65,4 million Euro, down by 12,4 million Euro on the period ended 31 December 2022. This reduction is caused by a 9,0 million Euro decrease in net interest income compared to 31 December 2022, mainly due to the negative impact of the increase in the cost of funding.

### **Net credit risk losses**

Net credit risk losses of 52,4 million Euro are down 25,1 million Euro compared to December 2022. The change is mainly due to the fact that the comparative figure included adjustments of 21,7 million Euro on the Npl Segment due to the regulatory change related to the raising of the minimum threshold for the attachment of pensions, and to the dynamics recorded in 2023 in terms of net recoveries and provisions.

### **Operating costs**

Operating costs total 405,8 million Euro, showing an increase on 31 December 2022 (+4,0%).

The cost/income ratio stands at 57,6%, in line with the previous year.

Below are details of the item's main components:

- personnel expenses, at 163,8 million Euro, increase by 8,6%, which can be attributed to the increase in personnel, higher variable remuneration and incremental costs attributable to 2023 linked to the renewal of the National Collective Bargaining Agreement (NCBA) for bank employees;
- other administrative expenses amount to 249,4 million Euro, substantially in line with 31 December 2022, and included the contribution of the newly acquired Revalea in the amount of 4,2 million Euro (relating to the two months attributable to the Banca Ifis Group, i.e. November and December 2023).

### **Net allocations to provisions for risks and charges**

Net allocations to provisions for risks and charges at 31 December 2023 amount to 6,9 million Euro, a 6,5 million Euro deterioration compared to 31 December 2022, mainly due to the fact that the comparative balance for 2022 included the 5,9 million Euro reversal of provisions for risks related to sale transactions of credit exposures related to securitisations of bad loans guaranteed by Italian Treasury Department ("GACS").

### **Non-recurring expenses and income**

<sup>3</sup> 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 "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 allocations to provisions for risks and charges are excluded from the calculation of "Operating costs";
- cost and revenue items deemed as "non-recurring" (e.g. because they are directly or indirectly related to business combination transactions, such as the "gain on a bargain purchase" in accordance with IFRS 3), are excluded from the calculation of "Operating costs", and are therefore reversed from the respective items as per Bank of Italy Circular 262 (e.g. "Other administrative expenses", "Other operating income/expenses") and included in a specific item "Non-recurring expenses and income";
- the following is included under the single item "Net credit risk losses/reversals":
  - net credit risk losses/reversals relating to financial assets measured at amortised cost (with the exception of those relating to the Npl Segment mentioned above) and to financial assets measured at fair value through other comprehensive income;
  - net allocations to provisions for risks and charges for credit risk relating to commitments and guarantees granted;
  - profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment.

"Non-recurring expenses and income" include the cost and revenue items deemed as "non-recurring" (e.g. because they are directly or indirectly related to business combination transactions). The net balance at 31 December 2023, which is negative and amounts to 2,9 million Euro, includes the operating costs directly or indirectly related to the acquisition of Revalea totalling 11,5 million Euro, as well as the so-called "gain on bargain purchase" received and calculated in accordance with IFRS 3, amounting to 8,5 million Euro.

## Net profit attributable to the Parent company

The net profit attributable to the Parent company amounts to 160,1 million Euro, up 13,5% on 2022.

## Focus on individual Segments

Below are the main dynamics recorded in the individual Segments that go towards forming the financial results at 31 December 2023.

Net profit of the **Commercial & Corporate Banking Segment** comes to 78,7 million Euro, 7,7 million Euro higher than at 31 December 2022. As shown in more detail below, this result is driven by the growth in net interest income of 16,6 million Euro (+7,7%) and net commissions (+5,8 million Euro, or +6,4%) and other components of net banking income of 3,8 million Euro, the positive effects of which have more than offset the higher net adjustments of 12,2 million Euro (+25,2%).

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

- the contribution of the **Factoring Area** amounts to 172,9 million Euro, an increase of 0,7% compared to last year. This result is due to the greater contribution made by net commission income (up by 5,7 million Euro), as a consequence of the increase in the returns on the receivables under management;
- net banking income from the **Leasing Area** amounts to 62,1 million Euro, an improvement of 2,7 million Euro compared with the figure at 31 December 2022. This increase is due to the higher contribution of net interest income of 3,9 million Euro, which was partially offset by the lower commission margin of 1,2 million Euro;
- net banking income of the **Corporate Banking & Lending Area** comes to 109,7 million Euro at 31 December 2023, up 22,2 million Euro on 31 December 2022 (+25,4%). The positive change is a result of the combined effect of the following factors:
  - growth of 16,5 million Euro in net interest income (+28,3%), thanks to the positive contribution of the Lending unit for 10,7 million Euro and of Corporate Banking (and in particular of the Structured Finance business unit) for 5,8 million Euro;
  - higher net commissions of 1,3 million Euro (+7,8%), mainly from the Corporate Banking business;
  - 4,4 million Euro increase in the other components of net banking income attributable to the Corporate Banking unit as a result of the higher contribution generated by items measured at fair value, including UCITS funds (on which higher valuation gains were recorded during the year) and minority interests (for which there was an increase in net realised gains on disposals in 2023 compared to the figure at 31 December 2022).

The Segments net credit risk losses on receivables amount to 60,7 million Euro, an increase of 12,2 million Euro. This change is mainly attributable to the Areas Factoring, and Corporate Banking and Lending, as individually significant provisions were made.

Operating costs, at 163,9 million Euro, increase by 3,4%, which can be attributed to the increase in personnel, higher variable remuneration as well as incremental costs attributable to 2023 linked to the renewal of the National Collective Bargaining Agreement (NCBA) for bank employees.

Profit of the **Npl Segment** at 31 December 2023 is 68,1 million Euro, up 19,6 million Euro on last year's figure. The Segment's net banking income amounts to 294,5 million Euro, up 10,2 million Euro on the previous year.

It should be noted that the previous year's balance of the item "Net credit risk losses/reversals", amounting to 21,7 million Euro, referred to the impact on the Npl Segment of the regulatory change related to the raising of the minimum threshold for the attachment of pensions.

Operating costs of 191,9 million Euro at 31 December 2023 are up 2,8 million Euro on 2022. This increase, in this case too, mainly stems from higher personnel expenses due to both increased staffing levels and higher costs linked to the renewal of the national collective bargaining agreement (NCBA).

Profit for the **Governance & Services and Non-Core Segment** at 31 December 2023 is 15,0 million Euro, down 7,3 million Euro compared with 31 December 2022. Net banking income amounts to 65,4 million Euro, down 12,4 million Euro compared to 2022, due to a decrease in net interest income of 9,0 million Euro compared to 31 December 2022, mainly due to an increase in the cost of funding, and other components of net banking income, which also decreased by 2,4 million Euro, as a result of negative changes in the fair value of trading derivatives (-4,2 million Euro) and lower trading income from the Treasury unit, the effects of which more than offset higher dividends from the equity business (+2,9 million Euro).

Operating costs come to 50,0 million Euro, up 7,3 million Euro on 31 December 2022. Net allocations to provisions for risks and charges amount to 2,5 million Euro, a worsening of 8,0 million Euro compared to the figure at 31 December 2022 (which reported net write-backs of 5,5 million Euro), mainly because the comparative figure included reversals on securitisations of bad loans guaranteed by Italian Treasury Department ("GACS") at the end of the guarantee period.

**The breakdown of the main statement of financial position items of the Banca Ifis Group at 31 December 2023 is shown below.**

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

Total receivables due from customers measured at amortised cost amount to 10.622,1 million Euro, an increase on 31 December 2022 (10.186,9 million Euro). The item includes debt securities in the amount of 2,0 billion Euro (an increase on the figure for year-end 2022 of 1,9 billion Euro, +4,8%), of which 1,6 billion Euro related to government bonds (1,5 billion Euro at 31 December 2022). The Commercial & Corporate Banking Segment records a slight increase (+3,8%) thanks to the growth of all the Segment's business Areas. The Governance & Services and Non-Core Segment grows by 60,4 million Euro (mainly as a result of the aforementioned increase in the debt securities portfolio in 2023), while loans in the Npl Segment grow compared to 31 December 2022 (+8,3%), partly due to loans acquired as a result of the business combination of Revalea, whose carrying amount at the end of 2023 is 208,1 million Euro.

## **Funding**

During the year, 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 at 31 December 2023 (in reserves and free assets that can be financed in the ECB) such as to enable it to easily respect the LCR limits (with index more than of 1.100%). Total funding amounts to 11,8 billion Euro at 31 December 2023 and shows an increase compared with the figure at 31 December 2022 (+6,2%); it is represented for 49,2% by payables due to customers (45,8% at 31 December 2022), for 23,0% by payables due to banks (30,7% at 31 December 2022), and for 27,8% by debt securities issued (23,4% at 31 December 2022).

The Group's funding structure is as follows:

- 49,2% customers;
- 15,7% Asset Backed Securities (ABS);
- 13,3% TLTROs;
- 12,1% debt securities;
- 9,7% other.

Payables due to banks come to 2,7 billion Euro, down 20,6% compared to the figure for end December 2022, mainly due to the onset maturity of short-term payables due to central banks (LTRO) and the early repayment of 500 million Euro for TLTRO, made in December 2023. As at 31 December 2023, the balance of payables due to banks is mainly represented by residual TLTRO transactions in the amount of 1,6 billion Euro and repo transactions in the amount of 0,7 billion Euro.

Payables due to customers at 31 December 2023 total 5,8 billion Euro, up 13,9% compared to 31 December 2022. The growth is driven by both retail funding, which amounts to 4,5 billion Euro at the end of December 2023 (+7,6%), and the repurchase agreement (repo) component, which increases by 296,3 million Euro compared to 31 December 2022.

Debt securities issued amount to 3,3 billion Euro at 31 December 2023 and consist of:

- securities issued by the ABCP Programme SPV for 1,1 billion Euro relating to the senior tranche;
- securities issued by the Indigo Lease vehicle in the amount of 0,4 billion Euro relating to the senior tranche, following the restructuring of the transaction during the third quarter of 2023;
- securities issued by the Emma SPV for 0,4 billion Euro relating to the senior tranche;

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- 0,4 billion Euro related to subordinated loans, essentially in line with 31 December 2022;
- bonds issued by Banca Ifis for 1,1 billion Euro. Compared to 31 December 2022, the following changes have occurred:
  - 600 million Euro relating to the two senior bonds, each with a nominal amount of 300 million Euro and a maturity of 4 years and 5 years respectively, issued in January 2023 and September 2023;
  - 45 million Euro related to the second tranche issued in March 2023 and related to a senior bond with a duration of 4 years and a total nominal amount of 110 million Euro;
  - redemption of 300 million Euro of the senior bond issued in 2018 and maturing in April 2023.

### Equity and ratios<sup>4</sup>

Consolidated equity at 31 December 2023 totals 1.693,7 million Euro, up 6,0% on the 1.597,8 million Euro booked at end 2022. The main changes can be traced back to:

- the positive change related to the year result attributable to the Parent company of 160,1 million Euro;
- the negative change due to the payment of the balance on the 2022 dividend in the amount of 21,0 million Euro and the payment of the 2023 interim dividend in the amount of 63,0 million Euro;
- the positive change related to valuation reserves of 15,3 million Euro almost entirely associated with fair value changes recorded on securities valued at FVOCI;
- the positive change in Equity attributable to non-controlling interests for 1,8 million Euro, for the part share of the year results accrued by the subsidiary Banca Credifarma.

As at 31 December 2023, the equity ratios for the Banca Ifis Group amount to a CET1 Ratio of 14,87%, a Tier 1 Ratio of 14,87% and a Total Capital Ratio of 17,44%.

On 29 January 2024, the Banca Ifis Group disclosed the final decision that the Bank of Italy adopted, following the annual SREP, regarding the new capital requirements that the Group will have to comply with, at a consolidated level, for 2024 and which are set out below:

- CET1 Ratio of 8,00%, with a required minimum of 5,50%;
- Tier 1 Ratio of 9,90%, with a required minimum of 7,40%;
- Total Capital Ratio of 12,30%, with a required minimum of 9,80%.

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 (summarised in the table below) for the Banca Ifis Group, to which the specific countercyclical coefficient is added:

- CET1 Ratio of 9,00%, consisting of an OCR CET1 ratio of 8,00% and a target component (Pillar 2 Guidance) of 1,00%;
- Tier 1 Ratio of 10,90%, consisting of an OCR Tier 1 Ratio of 9,90% and a target component of 1,00%;
- Total Capital Ratio of 13,30%, consisting of an OCR Total Capital Ratio of 12,30% and a target component of 1,00%.

As at 31 December 2023, the Banca Ifis Group easily meets the above prudential requirements.

### 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 “Investor Relations” section and the “Press releases” subsection of the institutional website [www.bancaifis.it](http://www.bancaifis.it) to view all press releases.

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

<sup>4</sup> CET1, Tier 1 and Total Capital include the profits generated by the Banking Group at 31 December 2023, 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.



### **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 was 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 Group's 2022-2024 Business Plan, which estimates 2,5 billion Euro of new placements.

### **The Shareholders' Meeting approved the Annual Report 2022, the distribution of a dividend of 0,40 Euro per share as balance for the financial year and the appointment of Sebastien Egon Fürstenberg as Honorary Chairman**

The Shareholders' Meeting of Banca Ifis, which met on 20 April 2023 in single call, chaired by Ernesto Fürstenberg Fassio 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, amongst others:

- Banca Ifis 2022 Annual Report;
- the distribution to shareholders of a dividend of 0,40 Euro, as balance for FY 2022, gross of any withholding taxes, per share, with ex-dividend date (coupon no. 27) on 22 May 2023, record date on 23 May 2023 and payment on 24 May 2023;
- the appointment of Founder Sebastien Egon Fürstenberg as Honorary Chairman of Banca Ifis for an indefinite term.

### **The Board of Directors of Banca Ifis appoints Simona Arduini as Vice Chair**

The Board of Directors of Banca Ifis S.p.A. met on 13 July 2023 and unanimously approved the appointment of Professor Simona Arduini as Vice Chair. Simona Arduini will support the Bank, amongst other matters, in the pursuit of projects in the area of sustainability in all its forms. Prof. Arduini will retain her role as Chair of the Audit and Risk Committee until her term expires and will also join the Sustainability Committee. It has also been confirmed that Prof. Arduini meets the independence requirements.

### **Restructuring of Italy's first securitisation of Npl loans backed by an Garnishment Order**

On 28 July 2023, with the support of JP Morgan SE as co-arrangers, Banca Ifis finalised the restructuring of the non-performing loan securitisation realised in March 2021 through the Ifis NPL 2021-1 SPV.

The restructuring of the Ifis NPL 2021-1 SPV falls within the scope of funding activities and allows Banca Ifis to raise liquidity on the institutional market without deconsolidating the underlying loans from the balance sheet of the Ifis Npl Investing subsidiary. The transaction also generated a strengthening of the Banca Ifis Group's liquidity profile, while allowing Ifis Npl Investing to increase its ability to self-finance its investment activities in new Npl portfolios.

### **Approval of Banca Ifis's new dividend policy**

The Board of Directors of Banca Ifis approved the new shareholder remuneration policy on 3 August 2023. This Dividend Policy provides for a progressive mechanism with an increase in the payout ratio when the threshold of earnings needed to meet the Bank's capital requirements (retained earnings) is exceeded, in accordance with the reference macroeconomic and regulatory context and the progress of the Business Plan in force over time. The Board may propose to the Shareholders' Meeting to distribute a portion of the Bank's net profit for the year up to 50% of the consolidated net profit attributable to Banca Ifis up to the Materiality Threshold identified when defining the annual budget and 100% of the consolidated net profit attributable to Banca Ifis in excess of the Materiality Threshold. The Materiality Threshold, for 2023, is set at 100 million Euro. This is without prejudice, in any case, to the Board's full discretion in defining, on a case-by-case basis, the dividend distribution proposal to be submitted to the Shareholders' Meeting, in accordance with Article 28 CRR.

### **Publication of Banca Ifis's first TCFD Report**

On 3 August 2023, the Board of Directors of Banca Ifis has approved the first edition of the TCFD Report, presenting useful information for investors and stakeholders to correctly assess the Bank's climate-related risks and opportunities. The document, drawn up on a voluntary basis and aligned with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), created on the initiative of the Financial Stability Board, further expands the Group's ESG reporting, representing, among other projects, the strategy to reduce emissions financed on the credit portfolio that

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the Bank has defined by joining, first in Italy, the Net-Zero Banking Alliance (NZBA), the initiative promoted by the United Nations to accelerate the sustainable transition of the international banking sector.

**September 2023 issue of the 300 million Euro bond maturing in 5 years**

On 6 September 2023, Banca Ifis completed the placement of a 300 million Euro senior preferred bond issue aimed at institutional investors. The transaction is part of the 5 billion Euro EMTN issuance programme, as envisaged in the Bank's 2022-2024 Business Plan. In detail, the bond issue has a term of 5 years, with a settlement date of 13 September 2023 and maturity on 13 September 2028. The reoffer price was set at par, with an annually payable coupon of 6,875%. The bond is listed on the Luxembourg Stock Exchange and has a rating of Baa3 by Moody's and BB+ by Fitch.

**Roberto Ferrari appointed as Banca Ifis's new CFO**

Banca Ifis has strengthened its management team with the addition of Roberto Ferrari who, starting 20 September 2023, has been appointed Chief Financial Officer (CFO). In his new role, Ferrari reports directly to the CEO, Frederik Geertman. In compliance with the provisions contained in the Instructions to the Rules of Markets organised and managed by Borsa Italiana S.p.A., we inform that Mr Ferrari does not hold shares of Banca Ifis.

**Npl industrial partnership perfected with the Mediobanca Group**

On 31 October 2023, the Banca Ifis Group and the Mediobanca Group perfected the long-term partnership agreement signed the previous May for the management of non-performing loans (Npls). In particular, following the obtainment of the necessary regulatory authorisations, Banca Ifis finalised the acquisition from Mediobanca Group, for a consideration of 100 million Euro, of Revalea S.p.A., a company created in 2022 from the spin-off of Npls deriving from the acquisition of non-performing loan portfolios with a gross carrying amount of 6,5 billion Euro and a net carrying amount of 232,1 million Euro at 30 September 2023. The transaction consolidates Banca Ifis's position as a key player in the market for non-performing loans in the small-ticket unsecured segment and allows Mediobanca to exit the Npl business, no longer among the Group's core activities, while also consolidating MBCredit Solutions's specialisation in management and recovery activities, being able to count on constant business volumes for the coming years. With the completion of the transaction, the multi-year servicing agreement entered into force, under which MBCredit Solutions will continue to support Banca Ifis in the management and recovery of bad and non-performing loans. In the context of the acquisition, 18 Revalea employees joined the Banca Ifis Group team.

**Distribution of a 2023 interim dividend of 63,0 million Euro (1,2 Euro per share)**

On 9 November 2023, the Banca Ifis Board of Directors resolved to distribute an interim dividend for 2023 totalling 62.961.692 Euro, i.e. equal to 1,20 Euro (gross of withholding taxes) for each of the 52.468.077 Banca Ifis shares issued and outstanding as of such date (and therefore excluding treasury shares held by the Bank). The interim dividend 2023 was paid with ex-dividend dated 20 November 2023, record date of 21 November and payment date of 22 November 2023. The report by the Board of Directors and the accounting statement as at 30 September 2023 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 2023 - 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, on 9 November 2023, the independent auditing firm PricewaterhouseCoopers 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****SREP conclusion on capital requirements: Banca Ifis well above Bank of Italy guidelines**

On 29 January 2024, the Banca Ifis Group received notice from the Bank of Italy of the conclusion of the periodic prudential review process ("SREP decision") conducted on the 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 2024 on a consolidated basis:

- CET1 Ratio of 9,00%;
- Tier 1 Ratio of 10,90%;
- Total Capital Ratio of 13,30%.

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The above capital requirements include the Target component of the Pillar 2 Guidance of 1,00%. The Banca Ifis Group far exceeds these capital requirements, having the following capital ratios at 31 December 2023:

- CET1 Ratio: 14,87%;
- Tier 1 Ratio: 14,87%;
- Total Capital Ratio: 17,44%.

**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, Massimo Luigi Zanaboni, 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 "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 allocations to provisions for risks and charges are excluded from the calculation of "Operating costs";
- cost and revenue items deemed as "non-recurring" (e.g. because they are directly or indirectly related to business combination transactions, such as the "gain on a bargain purchase" in accordance with IFRS 3), are excluded from the calculation of "Operating costs", and are therefore reversed from the respective items as per Bank of Italy Circular 262 (e.g. "Other administrative expenses", "Other operating income/expenses") and included in a specific item "Non-recurring expenses and income";
- the following is included under the single item "Net credit risk losses/reversals":
  - net credit risk losses/reversals relating to financial assets measured at amortised cost (with the exception of those relating to the Npl Segment mentioned above) and to financial assets measured at fair value through other comprehensive income;
  - net allocations to provisions for risks and charges for credit risk relating to commitments and guarantees granted;
  - profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment.

**Reclassified Consolidated Statement of Financial Position**

<b>ASSETS</b> (in thousands of Euro)	<b>31.12.2023</b>	<b>31.12.2022</b>
Cash and cash equivalents	857.533	603.134
Financial assets held for trading	12.896	26.868
Financial assets mandatorily measured at fair value through profit or loss	221.982	195.220
Financial assets measured at fair value through other comprehensive income	749.176	697.611
Receivables due from banks measured at amortised cost	637.567	565.762
Receivables due from customers measured at amortised cost	10.622.134	10.186.932
Equity investments	24	-
Property, plant and equipment	143.255	126.341
Intangible assets	76.667	64.264
<i>of which:</i>		
- goodwill	38.020	38.020
Tax assets:	285.435	325.181
a) current	46.601	60.924
b) prepaid	238.834	264.257
Other assets	444.692	471.064
<b>Total assets</b>	<b>14.051.361</b>	<b>13.262.377</b>

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LIABILITIES AND EQUITY (in thousands of Euro)	31.12.2023	31.12.2022
Payables due to banks	2.717.139	3.422.160
Payables due to customers	5.814.624	5.103.343
Debt securities issued	3.288.895	2.605.195
Financial liabilities held for trading	14.005	25.982
Hedging derivatives	11.644	-
Tax liabilities:	57.717	52.298
a) current	26.025	21.961
b) deferred	31.692	30.337
Other liabilities	387.554	391.697
Post-employment benefits	7.906	7.696
Provisions for risks and charges	58.178	56.225
Valuation reserves	(39.215)	(59.722)
Reserves	1.505.424	1.440.944
Interim dividends (-)	(62.962)	(52.433)
Share premiums	84.108	83.767
Share capital	53.811	53.811
Treasury shares (-)	(21.817)	(22.104)
Equity attributable to non-controlling interests	14.240	12.432
Profit for the year	160.110	141.086
<b>Total liabilities and equity</b>	<b>14.051.361</b>	<b>13.262.377</b>

**Reclassified Consolidated Income Statement**

ITEMS (in thousands of Euro)	31.12.2023	31.12.2022
<b>Net interest income</b>	<b>566.197</b>	<b>548.250</b>
Net commission income	98.221	93.513
Other components of net banking income	40.198	38.784
<b>Net banking income</b>	<b>704.616</b>	<b>680.547</b>
Net credit risk losses/reversals	(52.407)	(77.515)
<b>Net profit (loss) from financial activities</b>	<b>652.209</b>	<b>603.032</b>
Administrative expenses:	(413.204)	(393.255)
a) <i>personnel expenses</i>	(163.802)	(150.834)
b) <i>other administrative expenses</i>	(249.402)	(242.421)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(17.706)	(16.915)
Other operating income/expenses	25.069	19.792
<b>Operating costs</b>	<b>(405.841)</b>	<b>(390.378)</b>
Net allocations to provisions for risks and charges	(6.878)	(400)
Non-recurring expenses and income	(2.919)	-
Value adjustments of goodwill	-	(762)
Gain on disposals of investments	986	304
<b>Pre-tax profit from continuing operations</b>	<b>237.557</b>	<b>211.796</b>
Income taxes for the year relating to current operations	(75.641)	(69.909)
<b>Profit for the year</b>	<b>161.916</b>	<b>141.887</b>
Profit for the year attributable to non-controlling interests	(1.806)	(801)
<b>Profit for the year attributable to the Parent company</b>	<b>160.110</b>	<b>141.086</b>

## Consolidated own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS	
	31.12.2023	31.12.2022
Common Equity Tier 1 (CET1) capital	1.544.497	1.520.570
Tier 1 capital	1.545.424	1.521.490
<b>Total Own Funds</b>	<b>1.812.324</b>	<b>1.906.288</b>
<b>Total RWAs</b>	<b>10.390.002</b>	<b>10.128.064</b>
CET1 Ratio	14,87%	15,01%
Tier 1 Ratio	14,87%	15,02%
<b>Total Capital Ratio</b>	<b>17,44%</b>	<b>18,82%</b>

*CET1, Tier 1 and Total Capital include the profits generated by the Banking Group at 31 December 2023, 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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