

FY 18

«In 2018, we grew across all business segments: we consolidated our share of the SME lending market and were extremely active in the NPL sector. In 2019, we expect approximately 140-160 million Euro profits and CET1 to improve in spite of increasingly burdensome banking regulations».

Giovanni Bossi, Banca IFIS CEO

Banca IFIS Group

The BoD approves the 2018 preliminary results
Net profit for the 4th quarter: 57,8 million Euro
Net profit for the year: 146,8 million Euro

4th quarter 2018: 1 October - 31 December

RECLASSIFIED DATA^{1 2}

- **Net banking income:** 173 million Euro (+38% vs 3Q2018);
- **Net profit from financial activities:** 141,8 million Euro (+47% vs 3Q2018);
- **Net profit for the period:** 57,8 million Euro (+154% vs 3Q2018).

Financial Year 2018: 1 January - 31 December

RECLASSIFIED DATA^{1 2}

- **Net profit for the year:** 146,8 million Euro;
- **Net banking income:** 576,5 million Euro (+9,7% vs. 2017), confirming the growth of the core business segments;
- **Operating costs:** 273,4 million Euro (+9,1% vs. 2017), reflecting the increase in the group's employees, numbering 1.638 (+11,4% vs. 2017), and the costs associated with the collection of NPLs;
- **Cost/Income ratio:** 47,4% vs 47,7% in 2017;
- **Cost of credit** (Enterprises segment): 170 bps, influenced by some significant positions;
- **Dividend estimated to rise** by 5% to 1,05 Euro per share.

Capital requirements with the consolidation within La Scogliera:

- **CET 1:** 10,30% (11,66% at 31 December 2017); **TCR:** 14,01% (16,15% at 31 December 2017); The new supervisory regulations had a negative 82 bps impact on CET1.

Capital requirements without the consolidation within La Scogliera³:

- **CET1:** 13,74% (15,64% at 31 December 2017); **TCR:** 18,20% (21,07% at 31 December 2017).

¹ Concerning the impact of the first-time adoption of IFRS 9, in the case of the statement of financial position, the comparative information is that at 1 January 2018 to enable comparison on a consistent basis; meanwhile, in the case of the income statement, the comparative information for 2017 has been re-aggregated to ensure accounting consistency with the corresponding amounts at 31 December 2018.

² Net impairment losses on receivables of the NPL segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

³ Consolidated own funds, risk-weighted assets and solvency ratios at 31 December 2018 were calculated based on the regulatory principles set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) dated 26 June 2013, which were transposed in the Bank of Italy's Circulars no. 285 and 286 of 17 December 2013. Article 19 of the CRR requires consolidating Banca IFIS within the Holding La Scogliera for prudential purposes. For the sake of disclosure, we calculated the same indicators without including the effects of the consolidation within La Scogliera. Therefore, the reported total own funds refers only to the scope of the Banca IFIS Group, thus excluding the effects of the prudential consolidation within the parent La Scogliera S.p.A.

**Mestre (Venice), 11 February 2019 – The Board of Directors of Banca IFIS met today under the chairmanship of Sebastien Egon Fürstenberg and approved the preliminary results for the year 2018.
The 2018 draft financial statements will be approved on 07 March 2019.**

«In 2018, Banca IFIS continued growing across all business segments thanks to the excellent work of the entire team, generating 147 million Euro in net profit despite the provisions set aside on some significant positions that concerned the whole banking system: excluding these, the result would have been considerably better» said **Giovanni Bossi, Banca IFIS CEO**. «In the Enterprises segment, we are consolidating our market share thanks to our ability to offer appropriate and timely solutions. In the last quarter of 2018 we saw strong demand for credit from Small and Medium Enterprises, as factoring volumes and new leases rose by 13% and 20%, respectively, compared to the prior period.

As for the NPL segment, in the second half of the year we resumed purchases at a steady pace after the slowdown in the first six months, when in our opinion prices were excessively high. We thus achieved our targets in terms of volumes and price, acquiring 3,6 billion Euro worth of Non-Performing Loans. The par value of the proprietary NPL portfolio amounted to 15,8 billion Euro at 31 December 2018. Last year, continued efficiency gains at our debt collection structures allowed us to recover 181,3 million Euro just through collection operations (+41% from 128 million Euro in 2017).

Funding remains buoyant: throughout 2018 we promptly modulated it based on our needs. In mid-January 2019 we launched a new campaign for the rendimax savings account, with an outstanding positioning in terms of interest rates, in order to execute the 2019 funding plan. The results have been excellent: in the past 20 days we have raised approximately 140 million Euro in net new funding».

«In 2019, we expect approximately 140-160 million Euro profits despite the ca. 50% reduction in the positive contribution of the reversal PPA (92 million Euro in 2018), and CET1 to moderately improve with the prospect that the business will continue growing and despite increasingly burdensome banking regulations. In the current year, our strategy will focus on expanding the range of services and products as well as lending volumes to SMEs, consolidating our role as a partner that helps companies grow and reaffirming our support to Italy's economy» added **Giovanni Bossi**.

«With the acquisition of FBS, the Banca IFIS Group has become Italy's fourth-largest player in terms of managed and proprietary gross non-performing loans. Today, we represent a joint platform consisting of nearly 1.500 employees and independent professionals/law firms – a true non-performing loan industry. Over the next few months, we will refine our collection strategy by combining the expertise of Banca IFIS and FBS, streamlining non-performing loan servicing operations by implementing digital technologies and innovating our processes».

Highlights

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The Banca IFIS Group's consolidated income statement for 2018 reported an approximately 146,8 million Euro profit attributable to the Parent company. Below are the operating highlights:

Net banking income

Consolidated net banking income amounted to 576,5 million Euro, +9,7% compared to 2017. The NPL segment was up 48,5% year-on-year thanks to the strong performance in the management of existing portfolios and the value derived from part of the judicial portfolio previously recognised at cost.

The Enterprises segment's net banking income was down 4,0% year-on-year, as the growth reported by the Trade Receivables business area (+15,6% compared to the year ended 31 December 2017) was offset by the inevitably lower contribution of the reversal PPA⁴ in the Corporate Banking area compared to the prior year, whose positive impact had been influenced by some early repayments.

Net impairment losses²

Net impairment losses totalled 100,1 million Euro (compared to 26,1 million Euro at 31 December 2017) and were largely related to the Enterprises segment. The increase in the Enterprises segment's provisions at 31 December 2018 compared to the prior year was largely attributable to positions classified as bad loans or unlikely to pay in the construction sector, amounting to 60 million Euro. Two of them were related to long-standing counterparties (the relationships began nearly 15 years ago) operating in the Italian infrastructure industry, which concerned the country's entire banking system. The Bank promptly reclassified the positions and calculated impairment losses deemed appropriate based on currently available information. In addition, the data for 2017 reflected reversals of impairment losses resulting from the successful completion of restructuring transactions.

Operating costs

Operating costs totalled 273,4 million Euro (250,6 million Euro at 31 December 2017, +9,1%). The cost/income ratio stood at 47,4%, compared to 47,7% at 31 December 2017.

Personnel expenses totalled 111,6 million Euro, up 13,6% (98,3 million Euro at 31 December 2017). The Group's employees numbered 1.638 at 31 December 2018, up 11,4% from the prior year (1.470 units). 85 employees were acquired following the inclusion of the subsidiaries Cap.Ital.Fin. S.p.A. and Credifarma S.p.A in the Group's scope.

Other administrative expenses amounted to 176,5 million Euro, up 15,7% from 152,6 million Euro at 31 December 2017. The line item included 25,1 million Euro in expenses associated with NPLs previously recognised at cost and reclassified to amortised cost in 2018, in accordance with the application of the new model for estimating pre-garnishment order cash flows.

Other net operating income totalled 14,7 million Euro, compared to 0,2 million Euro at 31 December 2017; the increase was mostly attributable to the recovery of 9 million Euro worth of stamp duty costs for retail funding, which are charged back to customers as from 1 January 2018, as well as the 3,9 million Euro gain on bargain purchase⁵ arising from the acquisition of Credifarma.

¹ Concerning the impact of the first-time adoption of IFRS 9, in the case of the statement of financial position, the comparative information is that at 1 January 2018 to enable comparison on a consistent basis; meanwhile, in the case of the income statement, the comparative information has been re-aggregated to ensure accounting consistency with the corresponding amounts at 31 December 2018.

² Net impairment losses on receivables of the NPL segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

⁴ "Reversal PPA" means the breakdown of the difference between the fair value as measured in the business combination and the carrying amount of the receivables recognised by the former GE Capital Interbanca Group—acquired on 30 November 2016—over time.

⁵ "Gain on bargain purchase" means the difference between the consideration paid and the fair value of the assets acquired and liabilities assumed. Said amount is recognised through profit or loss at the time of the business combination.

Group net profit for the year

The Group net profit for the year totalled 146,8 million Euro at 31 December 2018, down 18,8% from 180,8 million Euro in December 2017.

At 31 December 2018, earnings per share amounted to 2,75 Euro. The dividend per share is estimated at 1,05 Euro per share, resulting in an overall dividend of 56,1 million Euro and a pay-out ratio of 38,2%.

Focus on individual segments

As for the contribution of individual segments to the operating and financial results at 31 December 2018, here below are the highlights:

- **The Enterprises segment's net banking income**, which accounted for 58,2% of the total, amounted to 335,5 million Euro, down 4,0% from 349,5 million Euro in 2017, as the growth of the business areas included within this segment was offset by the lower contribution of the reversal PPA in Corporate Banking (77,8 million Euro at 31 December 2018, -22,8% from 31 December 2017). The Enterprises segment's receivables totalled 5.918,5 million Euro at 31 December 2018, up 8,4% from the restated amount at 1 January 2018.

Specifically, the **Trade Receivables** area generated 170,0 million Euro in net banking income (147,1 million Euro at 31 December 2017, +15,6%); turnover rose to 13,3 billion Euro (+13,9% from 31 December 2017), and the number of corporate customers was up 11,6% compared to the prior year. Outstanding loans in the Trade Receivables area amounted to 3,6 billion Euro, up 6,0% from 1 January 2018.

Corporate Banking generated 100,3 million Euro in net banking income, down 25,9% largely because of the lower contribution of the reversal PPA (77,8 million Euro vs 100,7 million Euro at 31 December 2017). This decline was to be expected, as the underlying loans are gradually reaching maturity; in addition, it was fuelled by the early repayments occurred in the prior year. New lending was up 32% compared to 2017. The Corporate Banking segment's outstanding loans totalled 798,2 million Euro, up 17,6% from 1 January 2018—mainly because of the growth in new lending in the Structured Finance area.

In 2018, the new financing extended by the **Leasing business area** was up 7,0% year-on-year (706,7 million Euro in 2018 compared to 660,4 million Euro in 2017). The main drivers were the Equipment Leasing and Capital Market segments, while Auto Leasing maintained its market position despite the contraction in car sales. Loans to customers totalled 1.399,9 million Euro, up 10,2% from 1 January 2018. Net banking income amounted to 51,6 million Euro, essentially in line (+0,5%) with 31 December 2017. The rise in loans offset the decline in profitability caused by increased competition and the fact that old and more profitable portfolios reached maturity.

- **The NPL segment⁶**, dedicated to acquiring and converting non-performing loans into sustainable and mostly unsecured settlement plans, reported 244,2 million Euro in **net banking income** (164,5 million Euro in 2017, +48,5%). The NPL segment's growth was driven by the higher number of court-issued garnishment orders (+56,0% compared to 2017) as well as the strong performance in converting existing portfolios.

In addition, during the year the Group further refined the statistical models for measuring expected cash flows, especially concerning the positions undergoing judicial operations in the pre-garnishment order stage—which were previously recognised at cost with no contribution to profit or loss. The application of this model to the positions that met the relevant requirements resulted in an approximately 67,6 million Euro positive impact recognised through profit or loss in 2018.

⁶ Net impairment losses on receivables of the NPL segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

At 31 December 2018, the nominal amount of outstanding receivables totalled 15,8 billion Euro, and their net value was 1.092,8 million Euro. Cash receipts rose from 128,3 million Euro in 2017 to 181,3 million Euro in 2018; the sales of portfolios carried out during the year generated an additional 21,2 million Euro in cash receipts.

Estimated Remaining Collections (ERC) amounted to approximately 2,3 billion Euro.

During the year, the Group purchased mostly unsecured portfolios with a combined gross book value of 3,6 billion Euro at a price of approximately 7%. The net value of the acquired portfolios amounted to 240,9 million Euro.

Funding

In 2018, the Group continued with its strategy to consolidate wholesale funding, so as to strike a better balance with retail funding: the first half of the year saw a number of transactions with institutional investors on the debt market. At 31 December 2018, the Group's funding structure was as follows:

- 62,8% customers deposit;
- 13,4% ABS;
- 13,2% debt securities;
- 9,3% TLTRO;
- 1,3% other.

As for the assets backing the collateralisation of part of the funding, at 31 December 2018 the Bank held 423 million Euro worth of government bonds (fair value: 410,4 million Euro, -4,1% from 1 January 2018) with limited duration, classified as financial assets at fair value through other comprehensive income.

The fair value loss on said bonds had a negative 9 bps impact on the CET1 (positive 7 bps in the fourth quarter of 2018) of the Banca IFIS Group alone. The negative impact was 5 bps with the consolidation within La Scogliera.

Below is the breakdown of net non-performing exposures in the Enterprises segment⁷ (totaling 310,4 million Euro):

- net bad loans amounted to 67,9 million Euro, compared to 62,9 million Euro at 1 January 2018 (+8,1%); the net bad-loan ratio was 1,1%, a slight improvement compared to 1,2% at 1 January 2018. The coverage ratio stood at 73,0% (71,0% at 1 January 2018);
- the balance of net unlikely to pay was 147,5 million Euro, -9,6% from 163,1 million Euro at 1 January 2018; the coverage ratio rose to 36,9% from 26,5% at 1 January 2018;
- net non-performing past due exposures totalled 95,0 million Euro, compared to 112,0 million Euro at 1 January 2018 (-15,2%). The coverage ratio of net non-performing past due exposures stood at 11,3%, compared to 10,6% at 1 January 2018.

Overall, the Enterprises segment reported a Gross NPE Ratio of 9,5% (9,9% at 1 January 2018) and a Net NPE Ratio of 5,2% (6,2% at 1 January 2018).

Equity and ratios

At the end of the year, the **Group's consolidated equity** totalled 1.459,0 million Euro, up 6,4% from 1.371,7 million Euro at 1 January 2018.

At 31 December 2018, the consolidated **Common Equity Tier 1 (CET1)** and Total Own Funds Ratio including the prudential consolidation within La Scogliera amounted to 10,30% and 14,01%, respectively, compared to 11,66% and 16,15% at 31 December 2017.

⁷ Please note that, after the new accounting standard IFRS 9 and the provisions in the 5th update to Circular 262 of the Bank of Italy became effective, the Group restated non-performing loans in accordance with the rules concerning POCI – Purchased or Originated Credit Impaired – assets as well as its new write-off policy.

At 31 December 2018, the consolidated **Common Equity Tier 1 (CET1)** and Total Own Funds Ratio of the Banca IFIS Group alone, excluding the effect of the consolidation within the parent company La Scogliera⁸, amounted to 13,74% and 18,20%, respectively, compared to 15,64% and 21,07% at 31 December 2017.

In addition, please note that on 28 January 2019 the Bank of Italy required the Banca IFIS Group to adopt the following consolidated capital requirements in 2019, including a 2,5% capital conservation buffer:

- common equity tier 1 (CET 1) capital ratio of 8,12%, with a required minimum of 5,62%;
- Tier 1 capital ratio of 10,0%, with a required minimum of 7,5%;
- Total Capital ratio of 12,5%, with a required minimum of 10,0%.

At 31 December 2018, the Banca IFIS Group already met the above prudential requirements.

Significant events occurred during the year

The Banca IFIS Group transparently and timely discloses information to the market, constantly publishing information on significant events through press releases. Please visit the "Institutional Investor Relations" and "Media Press" sections of the institutional website www.bancaifis.it to view all press releases.

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

Acquisition of control of Cap.Ital.Fin. S.p.A.

Concerning the binding offer to acquire control of Cap.Ital.Fin S.p.A. submitted on 24 November 2017, on 2 February 2018 the Bank finalised the acquisition of 100% of Cap.Ital.Fin S.p.A., a company on the register as per Article 106 of the Consolidated Law on Banking that operates across Italy and specialises in salary-backed loans and salary or pension deductions for retirees as well as private- and public-sector and government employees.

Preferred unsecured senior bond placement

In April 2018, Banca IFIS announced and successfully completed the placement of its first preferred unsecured senior bond issue. The 300 million Euro bond has a 5-year maturity and a 2% fixed coupon rate, and the issue price was 99,231%. The bond, reserved for institutional investors except for those in the United States, was issued under Banca IFIS S.p.A.'s EMTN Programme and will be listed on the Irish Stock Exchange. Fitch assigned a "BB+" long-term rating to the bond.

Transfer of Banca IFIS's business unit dedicated to Non-Performing Loans

IFIS NPL S.p.A., the Banca IFIS Group company into which Banca IFIS spun off its NPL segment, became fully operational on 1 July 2018.

IFIS NPL has obtained the authorisation to extend financing and was entered into the register of financial intermediaries pursuant to Article 106 of the Italian Consolidated Law on Banking effective 1 July 2018.

Acquisition of control of Credifarma S.p.A.

On 2 July 2018, the Group finalised the acquisition of a controlling interest in Credifarma S.p.A., a company specialising in pharmacy lending. The deal was finalised through Banca IFIS's acquisition of the combined 32,5% stake of UniCredit and BNL – BNP Paribas Group as well as the acquisition of part of Federfarma's current interest in the company, amounting to 21,5%. Finally, the lender finalised a capital increase reserved for Banca IFIS to provide Credifarma with a robust financial position for regulatory purposes as well as to pursue future growth plans. The deal required an overall investment—including the capital increase—of 8,8 million Euro.

⁸ The reported total own funds refers only to the scope of the Banca IFIS Group, thus excluding the effects of the prudential consolidation within the parent La Scogliera S.p.A. Consolidated own funds, risk-weighted assets and solvency ratios at 31 December 2018 were calculated based on the regulatory principles set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) dated 26 June 2013, which were transposed in the Bank of Italy's Circulars no. 285 and 286 of 17 December 2013. Article 19 of the CRR requires to include the unconsolidated holding of the banking Group in equity for the purposes of prudential consolidation.

Fitch confirms BB+ rating, outlook "Stable"

On 13 September 2018, Fitch Rating Inc. maintained the Long-term Issuer Default Rating (IDR) at 'BB+', outlook "Stable", originally issued in September 2017. The confirmation of Banca IFIS's rating and outlook testifies to its strength as well as the soundness of its growth and development plans. For more details, please see the ratings agency's press release, available at www.fitchratings.com.

Renewal of EMTN Programme for issues of up to 5 billion Euro

On 26 September 2018, the Group renewed the non-convertible bond issue programme named "EMTN - Euro Medium Term Notes Programme", launched in September 2017.

This allows Banca IFIS to continue seizing financing opportunities on the debt market in a timely and flexible manner through bond issues.

The programme has an overall issue limit of 5 billion Euro and is reserved exclusively for institutional investors in Italy and abroad except for the United States of America, in accordance with Regulation S of the United Securities Act of 1933.

Public tender offer for Banca IFIS senior bonds

The acceptance period for the partial Public Tender Offer launched by Banca IFIS S.p.A. on 3 December 2018 expired on 7 December 2018. The offer was reserved for the holders of 2% unsecured preferred senior bonds, maturity date 24 April 2023 (ISIN Code XS1810960390), issued in April 2018 for an overall par value of 300 million Euro as part of the Euro Medium Term Note programme. The Bank offered to repurchase up to 100 million Euro in par value.

The offer ended with the repurchase of bonds with a combined par value of 96,8 million Euro, representing approximately 96,8% of the bonds concerned by the offer and nearly 32,3% of those issued. The Bank paid consideration for the bonds tendered on 13 December 2018.

Significant subsequent events

Acquisition of FBS S.p.A.

On 7 January 2019, the Group finalised the acquisition of control over FBS S.p.A., a servicing specialist (including both master and special services), manager of secured and unsecured NPL portfolios, due diligence advisor, and investor authorised to conduct NPL transactions.

Under the deal, announced on 15 May 2018, Banca IFIS acquired 90% of FBS for 58,5 million Euro.

Announcements from La Scogliera S.p.A.

La Scogliera S.p.A. announced that, concerning potential transactions intended to achieve «regulatory results essentially equivalent to the abandoned reverse merger between the Bank and La Scogliera», it will continue evaluating potential transactions capable of delivering the mentioned regulatory results, including after the date of the next shareholders' meeting for the approval of Banca IFIS's financial statements, accounting for the Bank's capitalisation requirements as well as the interests of the families who have investments in La Scogliera, while reaffirming its commitment to supporting the Bank's sustainable growth.

2019 Guidance

The Bank has updated its 2019 internal estimates of income statement and balance sheet figures so as to take into account the evolution of the current macroeconomic scenario (BTP/Bund spread level, consensus GDP growth estimate, industrial production and household consumption indicators and expected evolution of interest rates in the second half of 2018), and its 2018 results.

The Bank prepared its 2019 guidance assuming that the macroeconomic scenario does not deteriorate further:

- slight increase in net banking income compared to 2018, even though the contribution of the reversal PPA is expected to fall by ca. 50% from 92 million Euro in 2018;
- approximately 140-160 million Euro profit for the year, even though the contribution of the reversal PPA will fall by ca. 50% compared to 92 million Euro in 2018;
- In 2019, the CET1 including the consolidation within La Scogliera is expected to moderately improve compared to 2018 despite increasingly stringent banking regulations.

Declaration of the Manager charged with preparing the Company's financial reports

Mariacristina Taormina, Manager charged with preparing the financial reports of Banca IFIS S.p.A, pursuant to the provisions of Art. 154 bis, paragraph 2 of Italian Legislative Decree no.58 dated 24 February 1998, declares that the accounting information included into this press release corresponds to the related books and accounting records.

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Reclassified Consolidated Financial Statements

Net impairment losses on receivables of the NPL were reclassified to Interest receivable and similar income to present more fairly this particular business, for which net impairment losses represent an integral part of the return on the investment.

Reclassified Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2018	31.12.2017	ABSOLUTE	%
Cash and cash equivalents	48	50	(2)	(4,0)%
Financial assets held for trading through profit or loss	29.809	35.614	(5.805)	(16,3)%
Financial assets mandatorily measured at fair value through profit or loss	163.845	58.807	105.038	178,6%
Financial assets at fair value through other comprehensive income	432.094	442.576	(10.482)	(2,4)%
Due from banks measured at amortised cost	590.595	1.760.752	(1.170.157)	(66,5)%
Loans to customers measured at amortised cost	7.313.972	6.392.567	921.405	14,4%
Property, plant and equipment	130.650	127.881	2.769	2,2%
Intangible assets	23.277	24.483	(1.206)	(4,9)%
of which:				
- goodwill	1.515	834	681	81,7%
Tax assets:	395.084	438.623	(43.539)	(9,9)%
a) current	46.820	71.309	(24.489)	(34,3)%
b) deferred	348.264	367.314	(19.050)	(5,2)%
Other assets	302.887	272.977	29.910	11,0%
Total assets	9.382.261	9.554.330	(172.069)	(1,8)%

LIABILITIES AND EQUITY (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2018	31.12.2017	ABSOLUTE	%
Due to banks	785.393	791.977	(6.584)	(0,8)%
Due to customers	4.673.299	5.293.188	(619.889)	(11,7)%
Debt securities issued	1.979.002	1.639.994	339.008	20,7%
Financial liabilities held for trading	31.155	38.171	(7.016)	(18,4)%
Tax liabilities:	52.722	40.076	12.646	31,6%
a) current	13.367	1.477	11.890	805,0%
b) deferred	39.355	38.599	756	2,0%
Other liabilities	367.872	352.999	14.873	4,2%
Post-employment benefits	8.039	7.550	489	6,5%
Provisions for risks and charges	25.779	21.656	4.123	19,0%
Valuation reserves	(14.606)	(2.710)	(11.896)	439,0%
Reserves	1.168.543	1.038.155	130.388	12,6%
Share premiums	102.116	101.864	252	0,2%
Share capital	53.811	53.811	-	0,0%
Treasury shares (-)	(3.103)	(3.168)	65	(2,1)%
Equity attributable to non-controlling interests (+ / -)	5.476	-	5.476	n.a.
Profit (loss) for the year (+/-)	146.763	180.767	(34.004)	(18,8)%
Total liabilities and equity	9.382.261	9.554.330	(172.069)	(1,8)%

Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.12.2018	31.12.2017	ABSOLUTE	%
Net interest income	469.261	414.671	54.590	13,2%
Net commission income	84.505	73.765	10.740	14,6%
Other components of net banking income	22.737	36.892	(14.155)	(38,4)%
Net banking income	576.503	525.328	51.175	9,7%
Net credit risk losses/reversals	(100.094)	(26.106)	(73.988)	283,4%
Net profit (loss) from financial activities	476.409	499.222	(22.813)	(4,6)%
Administrative expenses:	(288.110)	(250.871)	(37.239)	14,8%
a) personnel expenses	(111.584)	(98.251)	(13.333)	13,6%
b) other administrative expenses	(176.526)	(152.620)	(23.906)	15,7%
Net allocations to provisions for risks and charges	(2.099)	73	(2.172)	n.s.
Net impairment losses/reversals on property, plant and equipment and intangible assets	(12.758)	(11.452)	(1.306)	11,4%
Other operating income/expenses	29.536	11.603	17.933	154,6%
Operating costs	(273.431)	(250.647)	(22.784)	9,1%
Pre-tax profit (loss) for the year from continuing operations	202.978	248.575	(45.597)	(18,3)%
Income taxes for the year relating to continuing operations	(56.168)	(67.808)	11.640	(17,2)%
Profit (Loss) for the year	146.810	180.767	(33.957)	(18,8)%
Profit (Loss) for the year attributable to non-controlling interests	47	-	47	n.a.
Profit (Loss) for the year attributable to the Parent company	146.763	180.767	(34.004)	(18,8)%

Reclassified Consolidated Income Statement: 4th Quarter

ITEMS (in thousands of Euro)	4th Quarter		CHANGE	
	2018	2017	ABSOLUTE	%
Net interest income	140.014	121.252	18.762	15,5%
Net commission income	24.525	21.129	3.396	16,1%
Other components of net banking income	8.414	7.639	775	10,1%
Net banking income	172.953	150.020	22.933	15,3%
Net credit risk losses/reversals	(31.179)	(37.075)	5.896	(15,9)%
Net profit (loss) from financial activities	141.774	112.945	28.829	25,5%
Administrative expenses:	(71.010)	(72.980)	1.970	(2,7)%
a) personnel expenses	(28.303)	(24.469)	(3.834)	15,7%
b) other administrative expenses	(42.707)	(48.511)	5.804	(12,0)%
Net allocations to provisions for risks and charges	3.207	1.719	1.488	86,6%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(3.685)	(2.688)	(997)	37,1%
Other operating income/expenses	6.922	4.028	2.894	71,8%
Operating costs	(64.566)	(69.921)	5.355	(7,7)%
Pre-tax profit (loss) for the period from continuing operations	77.208	43.024	34.184	79,5%
Income taxes for the period relating to continuing operations	(19.447)	(11.387)	(8.060)	70,8%
Profit (Loss) for the period	57.761	31.637	26.124	82,6%
Profit (Loss) for the period attributable to non-controlling interests	(8)	(7)	(1)	17,1%
Profit (Loss) for the period attributable to the Parent company	57.769	31.644	26.125	82,6%

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	31.12.2018	31.12.2017
Common equity Tier 1 Capital (CET1)	924.285	859.944
Tier 1 Capital (T1)	980.463	898.356
Total own funds	1.257.711	1.191.097
Total RWA	8.974.645	7.376.306
Common Equity Tier 1 Ratio	10,30%	11,66%
Tier 1 Capital Ratio	10,92%	12,18%
Total Own Funds Capital Ratio	14,01%	16,15%

Common Equity Tier 1, Tier 1 Capital and total Own Funds included the profits generated at 31 December 2018 net of estimated dividends.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: BANCA IFIS BANKING GROUP SCOPE (in thousands of Euro)	AMOUNTS AT	
	31.12.2018	31.12.2017
Common equity Tier 1 Capital (CET1)	1.231.537	1.152.603
Tier 1 Capital (T1)	1.231.537	1.152.603
Total own funds	1.631.858	1.552.792
Total RWA	8.966.099	7.369.921
Common Equity Tier 1 Ratio	13,74%	15,64%
Tier 1 Capital Ratio	13,74%	15,64%
Total Own Funds Capital Ratio	18,20%	21,07%

Common Equity Tier 1, Tier 1 Capital and total Own Funds included the profits generated at 31 December 2018 net of estimated dividends.