



BANCA IFIS

1Q 2020 RESULTS
12 MAY 2020

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- ✓ **1Q 20 Banca IFIS's results were impacted by Covid-19 pandemic, although January and February results were in line with budget**
- ✓ In 1Q 20, we completed the disposal of a Milan real estate property with pre-tax capital gain (net of transaction cost) of €24mln, we issued a €400mln senior bond, and reorganized the NPL segment. The new digital platform for SMEs proceeded according to the Industrial Plan
- ✓ Management actions implemented in order to face Covid-19
- ✓ **Banca IFIS's financial strengths to face Covid-19 challenge**
 - **CET1 of 11.12% (+0.16% QoQ)***
 - **Cash reserves at €1.4bn (stable QoQ)**
- ✓ Given the macroeconomic uncertainty, we suspended the financial objectives included in the 2020-22 Industrial Plan, which will be updated once the macroeconomic context stabilizes

Business continuity

- ~93% of employees around Italy working remotely. Organizing Phase 2
- Continuous contacts with over 5,000 SME clients in April despite lockdown
- No operating discontinuity in any banking activity
- Strengthening of the IT network in terms of security and data protection
- Capitalization of current experience: smart learning to internal and external networks to manage digital/online client relationships (i.e. digital signature, digital platform for the issue of Government guaranteed loans)

Employee security

- Enforcement of all security measures envisaged by the law
- Extended employee insurance for free to COVID-19 related treatments
- Extra cleaning and protective measures put in place at our headquarters and branches, and staff training on preventive actions
- Promoting of smart working and minimizing of people movements

Client support

- Continue to responsibly lend to qualified customers: ca. 300# new customers in March and April despite lock down
- SMEs support through:
 - Moratorium envisaged by Italian banking association and by Decree 18/2020 (Decreto Cura Italia)
 - Loans Government guaranteed ex Decree 18/2020 (Decreto Cura Italia) and ex Decree 23/2020 (Decreto liquidità)

Banca IFIS is here for its customers, employees and communities in good and bad times. The COVID-19 pandemic is an extraordinary occurrence –with economic and health consequences – and we are ready to help with our resources, professional experience and capital

Potential impact of Covid-19

- **Commercial activity reduction**
- **Asset quality deterioration**
- **Margin pressure on new loans**

Banca IFIS business mitigation

- Client, sector and product diversification on outstanding portfolio
- Limited exposure to the sectors more impacted by Covid-19 (tourism, retail sale, restaurants) and €0.4bn exposure towards NHS / Public Administration
- Flexibility due to short term lending (average maturity 3-6months for factoring)
- Ca. 50% of Banca IFIS's clients (~ 3k in factoring and ~ 19k in leasing) were open in lockdown as operating in critical sectors as defined by Law
- Based on a survey carried out in April on ~5,300 factoring clients ~50% do not expect a significant decrease in 2020 revenues and only ~10% of clients expect a decrease in 2020 revenues > 25%

New management actions

- Careful analysis of sector and company specific in new lending. Focus on existing and well known clients
- Accelerating IT/digital investments included in the Business Plan
- Moratorium envisaged by Italian banking association and by Decree 18/2020 (Decreto Cura Italia).
 - ~18k* moratoriums approved, on ~ €0.7bn* outstanding loans with ca. 0.1bn* instalments postponed
- Government guaranteed loans ex Decree 18/2020 (Decreto Cura Italia) and ex Decree 23/2020 (Decreto liquidità)
 - ~ 60% of Banca IFIS's clients are included in the definition of SMEs on Decree 18/2020 for Government loan support

Potential impact of Covid-19

- **Court shut down**
- **Longer recovery timeframe**
- **Lower recovery amount**

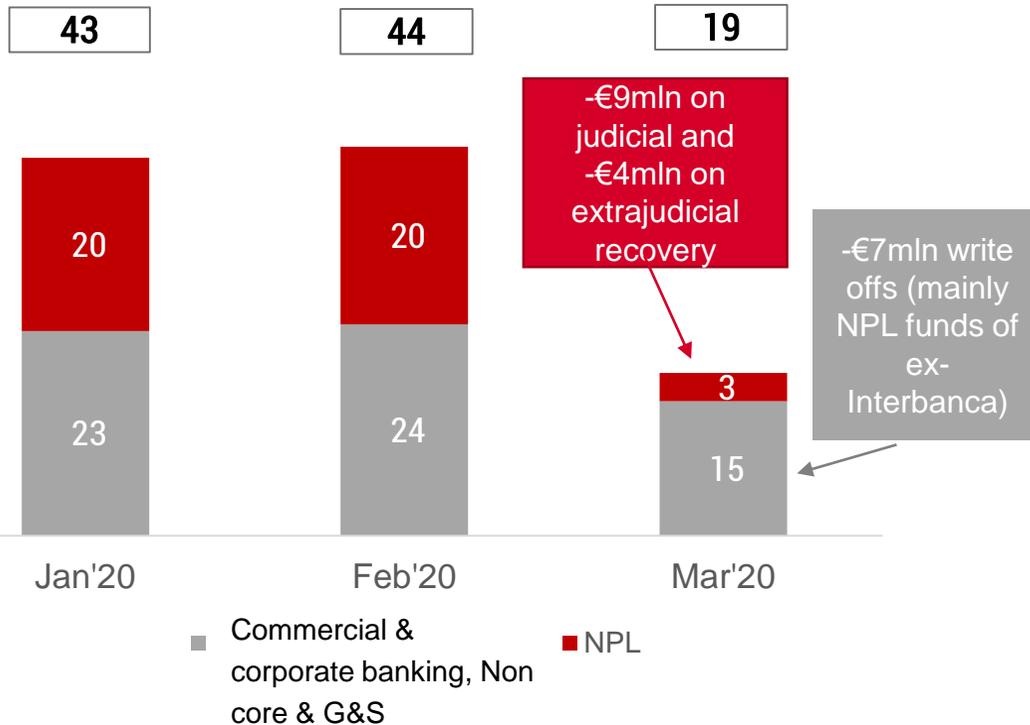
Banca IFIS business mitigation

- Portfolio diversification: ~ 1.3m borrowers
- ~40% of order of assignments towards public employees and retired persons
- Long timeframe of recovery: ~ 5.5Y weighted average recovery timeframe of the acquired portfolio; ~ 7Y recovery duration on new acquisitions
- Low average borrower instalments
- The court shut down impacts only the timeframe of the legal recovery process; borrowers are still legally bound to their payment obligations

New management actions

- Confirmed interest in purchasing new NPL portfolios and actively participating in disposal processes
- Careful risk assessment in new purchases. Focus on NPL asset classes on which Banca IFIS has 10Y+ track record
- NPL recovery is across the economic cycle: NPLs acquired today may be recovered when macroeconomic conditions have improved
- Accelerating IT/digital investments included in the Business Plan
- Strengthening of phone collection to temporarily replace home collection

Net banking income - Monthly evolution (mln)



In line with Budget



In line with Budget



Covid-19

1Q 20, Banca IFIS's results were impacted by Covid-19 pandemic, although Jan. and Febr. results were in line with budget

- In NPL, the impact was mainly on the judicial recovery. New court injunctions (“prechetto”), foreclosures (“pignoramento”) and order of assignments were temporary stopped by the court shut down in March 20
- In 1Q 20, the impact in judicial and extrajudicial recovery was ~€9mN and ~€4mN, respectively. In 1Q 20, the Bank posted ~ -€3mN lower recovery variable costs in NPL

Data in thousands - 1Q 20	Budget	Actual
New order of assignments	6.8	3.9
New court injunctions	10.0	7.4
New foreclosures	9.1	8.0

- Commercial and Corporate banking, Non Core and G&S included €7mN write offs, mainly on some NPL funds of former Interbanca

- **Currently, the economic impacts on the various Group companies of the COVID-19 pandemic are characterized by strong uncertainty. The Group's economic, equity and financial situation is solid and allows the Bank to face the ongoing crisis**
- However, given the uncertainty of the evolution of the emergency, in the interests of prudence the Board of Directors has resolved **to suspend the economic and financial objectives included in the 2020-22 Industrial Plan, which will be reviewed and updated once the macroeconomic context stabilizes**
- The results for the first quarter of 2020 include the impacts resulting from Covid-19 reasonably foreseeable as of 31 March 2020. It is possible that Covid-19 does not exhaust its negative impacts in the first quarter 2020 but has further negative impacts in the coming quarters, not foreseeable now in terms of timeframe and amount
- In accordance with the Bank of Italy's recommendation of 27 March 2020 on dividend policy during the Covid-19 pandemic, the Board of Directors of Banca IFIS decided to act responsibly by following the guidance provided by the Supervisory Authorities, and therefore propose that the distribution of dividends for the 2019 financial year be postponed until at least 1 October 2020 and, therefore, to proceed to the payment after this date if no regulatory provisions or recommendations from the Supervisory Authorities will be issued against this
- The solid capital position of the Group and the organization ability demonstrated also during the Covid-19 emergency, will allow Banca IFIS, excluding further worsening of the macroeconomic context which, considering the exceptional nature and current uncertainty cannot be ruled out, to continue, as in the previous years, to provide its shareholders with a sustainable remuneration
- In any case, the Board of Directors, the control bodies and the management of the Company continue to constantly monitor the evolution of the emergency resulting from the spread of COVID-19, and to take all the decisions and measures necessary to deal with it

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1Q 2020

Net income

- €26mln net income

Net banking income

- €106mln (€130mln in 1Q 19, €167mln in 4Q19) impacted by Covid-19

Operating costs

- €73mln (€74mln in 1Q 19, €82mln in 4Q19)

LLPs

- Cost of risk of €19mln, including €6mln on a single Interbanca position



STOCK

Customer loans

- €7.6bn (-€0.1bn QoQ) due to decrease in commercial activity in all business units following Covid-19 pandemic

NPL business

- ERC €2.5bn
- In 1Q 20: €65mln cash* collection vs. €50mln P&L contribution due to court shut down in March

Funding

- €4.9bn customer deposits (-€0.4bn QoQ) to reflect lower credit demand and reduce cost of funding
- In Feb. 2020, issue of €0.4bn senior bond

CET1

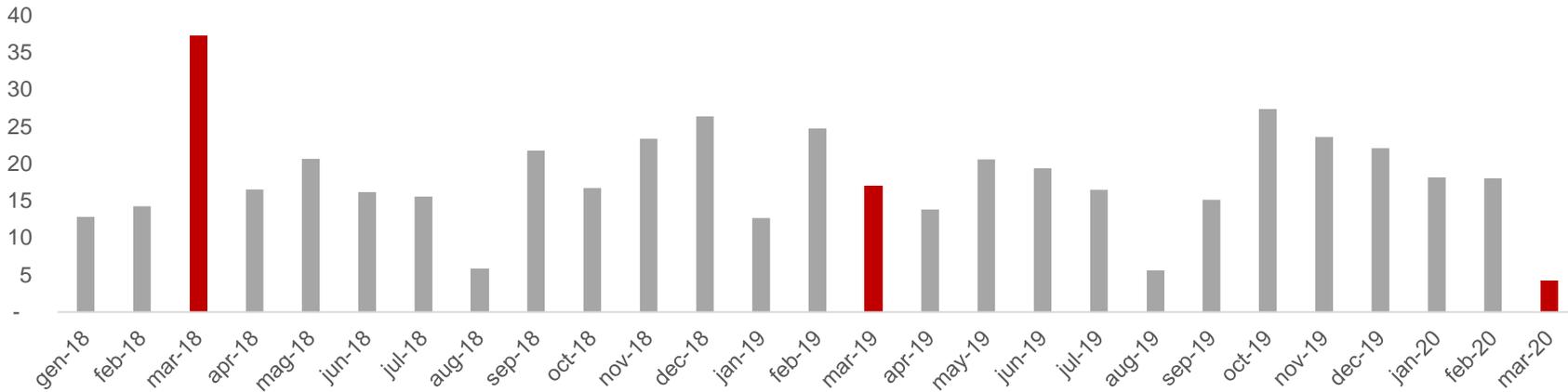
- **11.12%** La Scogliera Group Scope**, well above the 8.12% SREP
- 14.59%** Banca IFIS Group Scope
- Dividend at €1.1 per share suspended

(€ mln)	1Q 19	4Q 19	1Q 20
Net interest income	115.3	134.2	91.4
Net commission income	23.8	25.3	21.1
Trading and other revenues	(9.0)	7.5	(6.6)
Net banking income	130.1	167.1	106.0
Loan loss provisions (LLP)	(13.1)	(38.2)	(18.5)
Net banking income – LLP	117.0	128.9	87.4
Personnel expenses	(31.4)	(34.3)	(32.0)
Other administrative expenses	(43.3)	(56.2)	(40.5)
Other net income/expenses	0.4	8.8	(0.9)
Operating costs	(74.4)	(81.7)	(73.5)
Gains (Losses) on disposal of investments	-	-	24.2
Pre tax profit	42.7	47.2	38.1
Taxes	(12.7)	(8.1)	(11.7)
Net income	29.9	39.1	26.4
Customer loans	7,322	7,651	7,601
- of which NPL Business	1,125	1,280	1,271
Total assets	9,864	10,526	10,493
Total funding	7,822	8,463	8,468
- of which customer deposits	5,021	5,286	4,894
- of which TLTRO	694	792	791
Shareholders Equity	1,489	1,539	1,542

1Q 20 results

- 1 Covid-19 impact, of which ca. €9mln* in NPLs due to court shut down and ca. €4mln* due to extrajudicial workout
- 2 Write off of some equity and NPL funds of former Interbanca
- 3 ~ €6.1mln LLP due to a single position of former Interbanca. In addition, ~ €1.5mln further charges on that position are booked in other net income/expenses. Loan loss provisions include the impacts resulting from Covid-19 reasonably foreseeable as at March 20. It is possible that Covid-19 does not exhaust its negative impacts in 1Q 20 but has further negative impacts in the coming quarters, not foreseeable, now in terms of timeframe and amount
- 4 Operating costs ~ -8.2mln QoQ, due to ~ -2.2mln in cost of personnel and ~-€5.9mln in other administration expenses and other net income/expenses (of which ~ -€3mln lower recovery variable costs in NPL business)
- 5 €24mln pre-tax capital gain (net of transaction cost) on the disposal of the Milan headquarters

Net interest income in NPLs*



March 20 was impacted by court shut down

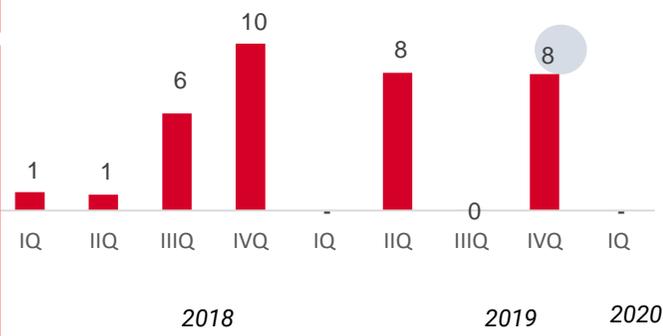
Reversal of PPA ex-IB (pre-tax)*



1Q 20 pre tax reversal PPA at €9mln

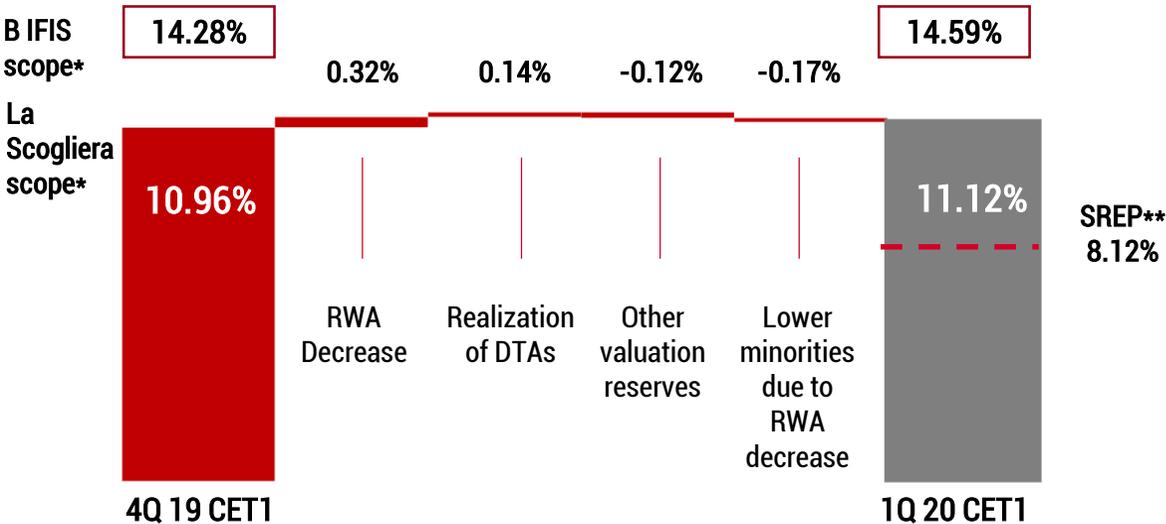
Variability due to reversal of PPA depending on the prepayment / disposal of ex-Interbanca's loans

Capital gains from NPL disposal



No gains at 1Q 20

Variability on the disposal of NPLs already worked out by IFIS NPL to specialized operators



CET1 0.16% QoQ: driven by RWA decrease due to lower commercial activity (mainly in factoring)

CET1 of 11.12% and other capital ratios calculated net of 2019 dividends suspended in accordance with the Bank of Italy's recommendation of 27 March 2020

Capital generation in future quarters

- ↑ Progressive use of DTAs against future profits (~€90mln as at 31 Mar 20) currently fully deducted from CET1 (~102bps)
- ↑ Ordinary winding down of former Interbanca customer loans (€0.3bn as at 31 Mar 20)

Data in €bn			
	4Q 19	1Q 20	
Banca IFIS Group Scope			
RWA	9.2	8.9	
CET1	1.3	1.3	
Total Capital	1.7	1.7	
Total Capital %	18.64%	19.07%	

La Scogliera Group scope			
	4Q 19	1Q 20	
RWA	9.2	8.9	
CET1	1.0	1.0	
Total Capital	1.3	1.3	
Total Capital %	14.58%	14.80%	

Excess CET1 not inc. in La Scogliera	0.3	0.3	
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1Q 20 Results: P&L break-down by business unit*

Commercial & Corporate banking

Data in € mln	NPL	Factoring	Leasing	Corp. Banking & Lending	Non core & G&S	Consolidated
Net interest income	43	23	9	4	13	97
Net commission income	1	15	3	2	0	21
Trading & other revenues	(1)	0	0	(2)	(4)	(7)
Net banking income	43	38	12	4	9	106
-Of which PPA	(1) ¹	0	0	0	9	8
Loan loss provisions	0	(5)	(4)	(2)	(7)	(19)
Operating costs	(33)	(21)	(5)	(2)	(12)	(73)
Gains (Losses) on disposal of investments	0	0	0	0	24	24
Net income	7	9	2	(0)	9	26
Net income (%)	26%	32%	9%	0%	33%	100%
Cost / income (%)	77%	55%	42%	54%	N.S.	69%
Customer Loans	1,271	2,974	1,404	879	1,073	7,601
RWA²	2,000	2,638	1,318	1,013	991	7,960
Capital allocation³	222	293	147	113	110	885

- **Corporate banking and lending:** includes structured finance, commercial medium long term lending guaranteed by MCC and lending towards pharmacies
- **Non Core:** former Interbanca performing and non performing portfolios. In 1Q 20, results were impacted by 1 former Interbanca position (total negative impact of ca. €7.6mln, of which ca. €6.1mln booked in loan loss provisions)
- **G&S:** central services, treasury and costs not allocated to other business units. In 1Q 20, it included €24mln pre tax capital gain on a real estate disposal
- **Loan loss provisions** include the impacts resulting from Covid-19 reasonably foreseeable as of March 20. It is possible that Covid-19 does not exhaust its negative impacts in 1Q 20 but has further negative impacts in the coming quarters, not foreseeable now in terms of timeframe and amount

1

Identification of most impacted sector

- We will not avoid any specific sectors, we will just monitor some sectors more carefully than other

2

Careful assessment one-by-one of clients and debtors

- There is not a clear metric to define which businesses are going to overcome this crisis. We regard high flexibility, low fixed costs and sound cash flows as key indicators
- Detailed assessment of direct and indirect effects of Covid-19 on each position

3

Use of government guaranteed loans ex Decree 18/2020 (Decreto Cura Italia)

- 60% of Banca IFIS's clients are potentially eligible
- We expect asset quality and capital relief, but lower interest income

4

Avoidance of excessive margin pressure

- Focus on good rating SMEs that due to their specific/size/positioning are not well covered by large banks
- We expect strong competition on good medium sized enterprises

5

Accelerating of investment in IT/AI

- Covid-19 is going to accelerate some long term trends: smart working, digitalization, AI
- Banca IFIS wants to be at the forefront in innovation
- New digital platform to issue Government guaranteed loans

On May 11th, Banca IFIS was granted exclusivity for the negotiations of the potential acquisition of 70.77% of the shareholders capital of Farbanca from Banca Popolare di Vicenza. The remaining 29.23% is owned by ca. 450 shareholders, mainly chemists. The exclusivity will expire on May 29th

Factoring – Client breakdown

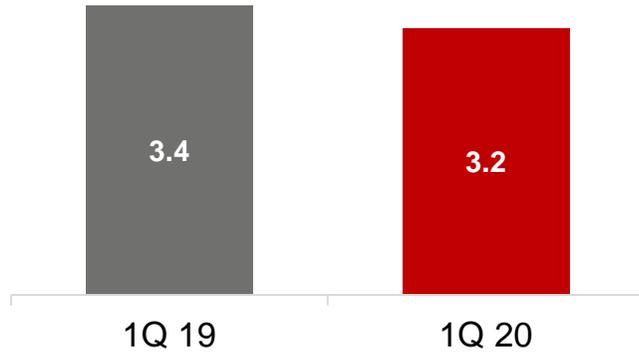
Macro sector - data in €mln	Customer loans	%
Manufacturing	1.350	45%
<i>Of which healthcare manufacturing</i>	278	9%
<i>Of which metal equipment and goods manufacturing</i>	148	5%
<i>Of which vehicle manufacturing</i>	123	4%
<i>Of which metallurgy manufacturing</i>	126	4%
<i>Of which food</i>	95	3%
Wholesale trade	533	18%
Construction	191	6%
Services	175	6%
Transport	132	4%
Agriculture	54	2%
Healthcare	33	1%
Other sectors	507	17%
Total	2.974	100%

Leasing – Client breakdown

Macro sector - data in €mln	Customer loans	%
Manufacturing	355	25%
<i>Of which metal equipment and good manufacturing</i>	104	7%
<i>Of which special equipment manufacturing</i>	41	3%
<i>Of which food</i>	27	2%
<i>Print and production of registered support</i>	23	2%
<i>Of which machine manufacturing</i>	18	1%
Wholesale trade	237	17%
Transport	207	15%
Construction	147	10%
Services	159	11%
Healthcare	47	3%
Agriculture	18	1%
Other activities	235	17%
Total	1.404	100%

Sector diversification, limited client concentration, short term maturity

Turnover - €bn



Net customer loans - €mln

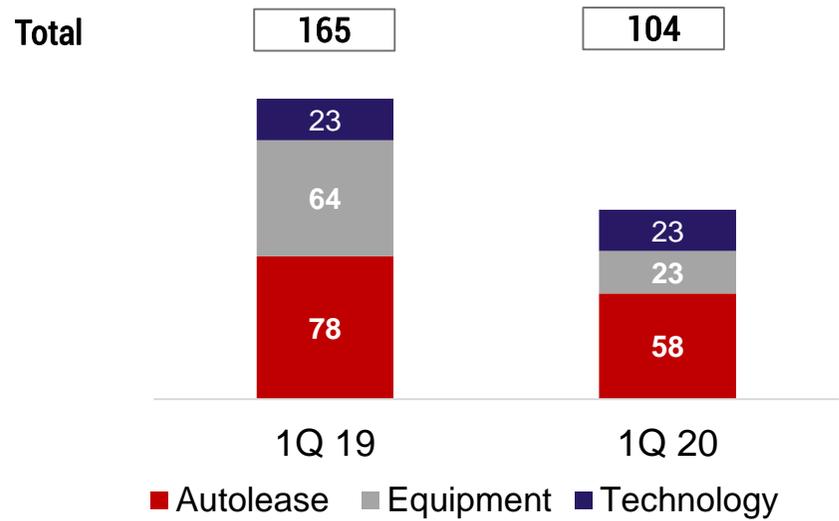


Data in €mln	1Q 19	1Q 20
Net banking income	39	38
Net banking income / average customer loans	4.9%	4.9%
Loan loss provisions	(7)	(5)

Highlights

- Factoring turnover -8% YoY due to commercial activity slowdown driven by Covid-19 outbreak. Further impacts expected in 2Q 20 due to lockdown
- Factoring included €0.4bn exposure towards NHS / Public Administration
- Ca. 50% of Banca IFIS’s clients were open in lockdown as operating in critical sectors as defined by Law
- Net banking income / average customer loans at 4.9% stable vs 1Q 19
- Loan loss provisions include the impacts resulting from Covid-19 reasonably foreseeable as of March 20. It is possible that Covid-19 does not exhaust its negative impacts in 1Q 20 but has further negative impacts in the coming quarters

New business - €mln



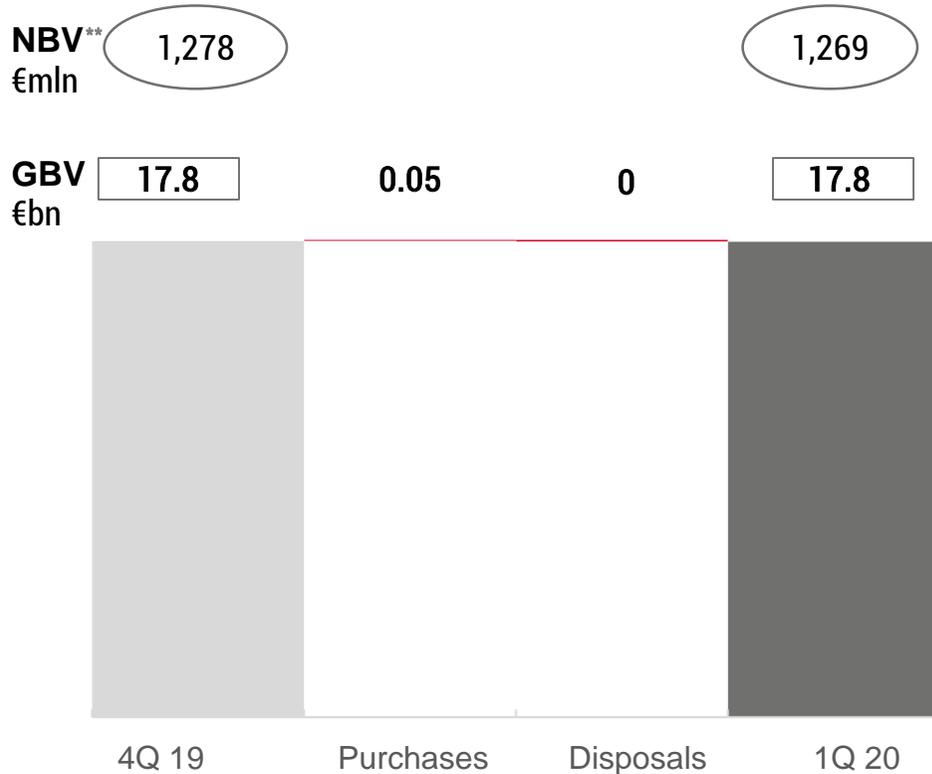
Net customer loans: 1,412 (1Q 19) and 1,404 (1Q 20)

Highlights

- New leasing -37% YoY due to Covid-19 outbreak. Further impacts expected in 2Q 20 driven by activity slowdown
- Net banking income / average customer loans at 3.3% (3.8% in 1Q 19) mainly due to the new cost of funding allocation implemented from 4Q 19
- Loan loss provisions include the impacts resulting from Covid-19 reasonably foreseeable as of March 20. It is possible that Covid-19 does not exhaust its negative impacts in 1Q 20 but has further negative impacts in the coming quarters
- Moratorium envisaged by Italian banking association and by Decree 18/2020 (Decreto Cura Italia):
 - ~16k** total moratoriums approved, on ~ €460mln** outstanding loans and ~ €80mln** instalments postponed. The vast majority is according to Decreto Cura Italia

Data in €mln	1Q 19	1Q 20
Net banking income	13	12
Net banking income / average customer loans	3.8%	3.3%
Loan loss provisions	(2)	(4)

NPL portfolio evolution



Key numbers*

- 1.8mln tickets, #1.3mln borrowers
- Extensive portfolio diversification by location, type and age of borrower

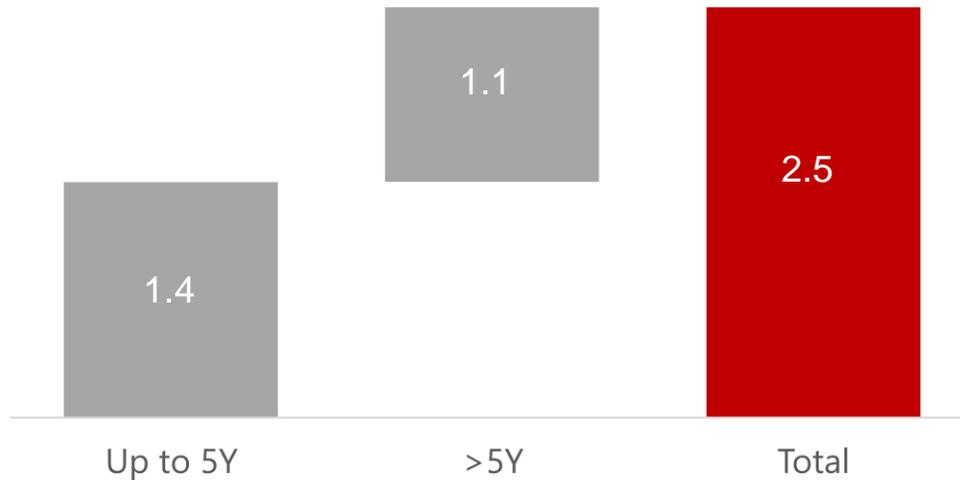
Limited NPLs acquired in 1Q

- Confirmed interest in purchasing new NPL portfolios and actively participating in disposal processes. We will be disciplined in acquisition prices
- In 1Q 20, some NPL transactions were postponed by a few weeks due to Covid-19 outbreak. In 1Q 20, Banca IFIS bought ca. €50mln NPL
- In 2Q 20 and 3Q 20 Banca IFIS is participating/expected to participate in ca. €1.5-2bn NPL disposal processes

No NPLs disposed in 1Q 20

- No NPL disposals in 1Q 20

ERC: €2.5bn



ERC breakdown

Data in € bn	GBV	NBV	ERC
Waiting for workout - At cost	1.4	0.1	0.1
Extrajudicial positions	10.6	0.4	0.6
Judicial positions	5.7	0.8	1.7
Total	17.8	1.3	2.5

ERC assumptions

- ERC based proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
 - Type of borrower, location, age, amount due, employment status
 - Time frame of recovery
 - Probability of decay
- ERC represents Banca IFIS's expectation in terms of gross cash recovery. Internal and external costs of positions in non-judicial payment plans (GBV of €0.4bn in 1Q 20), court injunctions ["precetto"] issued and order of assignments (GBV of €1.2bn in 1Q 20) have already been expensed in P&L
- €1.1bn cash recovery (including proceeds from disposals) in 2014 – 1Q20

Judicial recovery

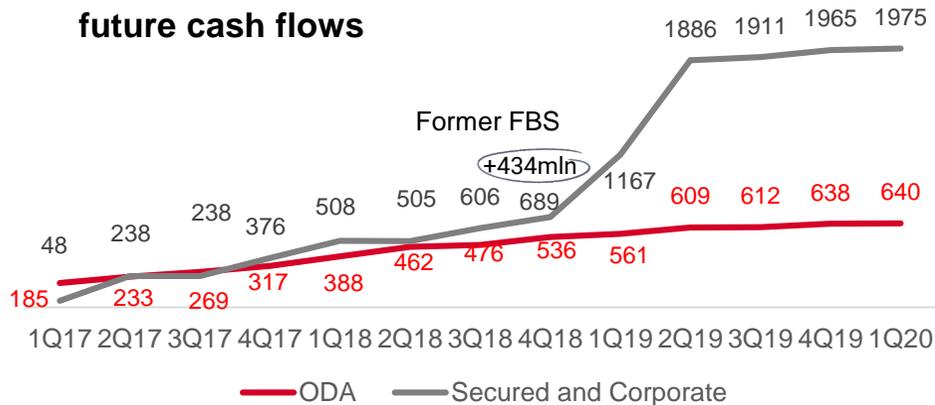
Judicial recovery (€ mln)	GBV	%
Freezed**	2,533	44%
Court injunctions ["precetto"] and foreclosures	571	10%
Order of assignments	640	11%
Secured and Corporate	1,975	35%
Total	5,720	100%

Ongoing processing
 Towards ODA or secured and corporate / future cash flows

Judicial recovery - Growth of ODA and secured

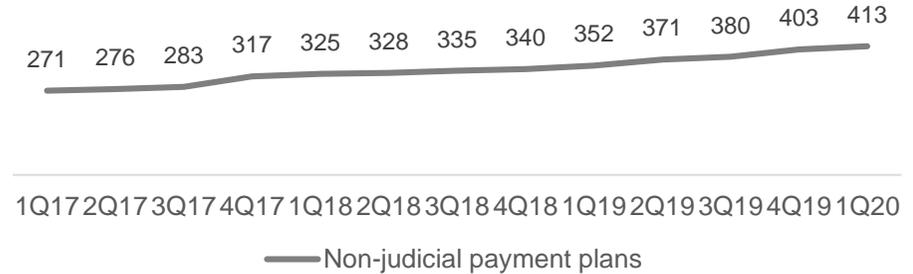
GBV, data in €mln

Strong growth to drive future cash flows



Non judicial recovery – Voluntary plans

GBV, data in €mln



Actual cash repayments > expected cash repayments ***

Judicial + non judicial recovery, data in €mln

Cash repayments > internal model estimates



- Banca IFIS continued to cash in from collections on existing NPL portfolios
- **Extrajudicial recovery (P&L contribution):** in 1Q 20, new voluntary plan activations were higher than expected and new voluntary plan deactivation were lower than expected
- **Judicial NPL recovery (P&L contribution):** in 1Q 20, the new issues of court injunctions (“precetto”), foreclosures (“pignoramento”) and order of assignments were temporarily stopped due to court shut down. In March 20, judicial NPLs did not increase in value, providing no P&L contribution

Data in € mln (excluding disposals)	1Q 17				2Q 17				3Q 17				4Q 17				1Q 18				2Q 18				3Q 18				4Q 18				1Q 19				2Q 19				3Q 19				4Q 19				1Q 20				2017 YE				2018 YE				2019 YE			
	Cash collection	25	29	30	44	40	41	45	55	57	67	59	76	65	128	181	258																																															
Contribution to P&L**	35	36	32	58	67	56	46	69	66	60	44	78	50	162	238	248																																																
Cash collection / contribution to P&L	70%	80%	93%	75%	60%	73%	98%	79%	87%	112%	132%	97%	132%	79%	76%	104%																																																

In 1Q 20, cash collections came in at €65m, well above the P&L contribution of €50m mainly due to court shut down in March 20

Cluster	GBV 1Q20 €mln	% total	Description	Average time frame**	Accounting valuation	Cash proceeds
Waiting for workout - Positions at cost	1,440	8%	Recently acquired, under analysis to select the best recovery strategy, to be assigned either to extrajudicial or to judicial recovery	6 months	Acquisition cost	
Extrajudicial positions	10,619	60%				
-Ongoing attempt at recovery	10,206	57%	Managed by internal and external call centres and recovery networks. The purpose is the transformation into voluntary payment plans (or into judicial recovery if conditions arises)	NA	Statistical model (collective valuation)	No
- Non-judicial payment plans	413	2%	Sustainable cash yields agreed with debtors through call centres and collection agents	5 years	Increase in value (P&L), with valuation based on agreed plan, net of historical delinquency rate, discounted at the IRR used for acquisition	Yes
Judicial positions	5,720	32%				
- Frozen***	2,533	14%	Judicial process has started; but the court injunction ["precetto"] has not been issued	6-12 months	Acquisition cost	No
- Court injunctions ["precetto"] issued and foreclosures ("pignoramento")	571	3%	Court injunction ["precetto"] already issued; legal actions continue to get the order of assignment	8-12 months	#1 increase in value at court injunction ["precetto"] and #2 increase in value at foreclosure ["Pignoramento"]. Part of the legal costs are expensed in P&L	No
- Order of assignments	640	4%	Enforcement order already issued. The cash repayment plan is decided by the court and starts afterwards	2-4 months	#3 increase in value. The remaining legal costs are expensed in P&L	Yes
- Secured and Corporate	1,975	11%	Ongoing execution of real estate collaterals	4 years	Analytical valuation (expected time frame and amount to be recovered)	Yes
Total	17,779	100%				

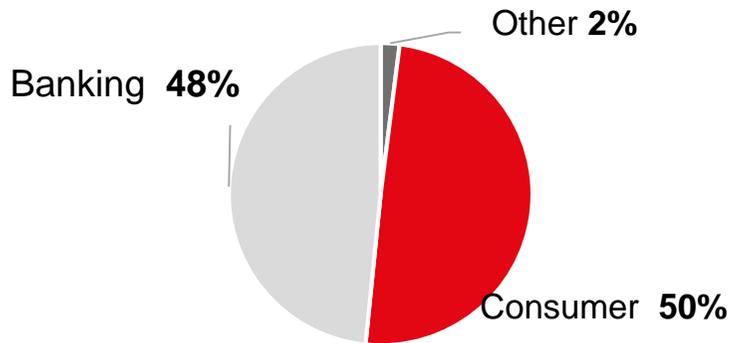
GBV - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
Waiting for workout - Positions at cost	2,298	2,014	1,840	3,472	2,864	1,598	1,783	1,794	1,440
Extrajudicial positions	8,050	8,145	9,667	8,956	9,745	9,862	9,574	10,378	10,619
- Ongoing attempt at recovery	7,725	7,817	9,332	8,617	9,393	9,491	9,194	9,975	10,206
- Non-judicial payment plans	325	328	335	340	352	371	380	403	413
Judicial positions	2,664	2,738	3,170	3,327	4,015	4,913	5,226	5,669	5,720
- Freezed**	1,515	1,435	1,712	1,692	1,822	1,931	2,192	2,521	2,533
- Court injunctions ["prechetto"] issued and foreclosures	253	336	376	411	464	487	511	543	571
- Order of assignments	388	462	476	536	561	609	612	639	640
- Secured and Corporate	508	505	606	689	1,167	1,886	1,911	1,965	1,975
Total	13,011	12,897	14,676	15,756	16,624	16,373	16,583	17,841	17,779

NBV - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20***
Waiting for workout - Positions at cost	61	57	96	225	174	148	160	109	65
Extrajudicial positions	287	285	302	291	306	313	308	356	364
- Ongoing attempt at recovery	160	154	167	153	162	164	154	190	193
- Non-judicial payment plans	127	131	135	138	144	149	154	166	171
Judicial positions	484	509	547	577	643	711	720	813	840
- Freezed**	222	194	203	188	205	207	215	274	298
- Court injunctions ["prechetto"] issued and foreclosures	52	80	94	107	118	118	118	128	120
- Order of assignments	148	174	183	209	227	244	245	259	270
- Secured and Corporate	62	61	67	73	94	142	142	152	152
Total	832	851	945	1,093	1,123	1,172	1,188	1,278	1,269

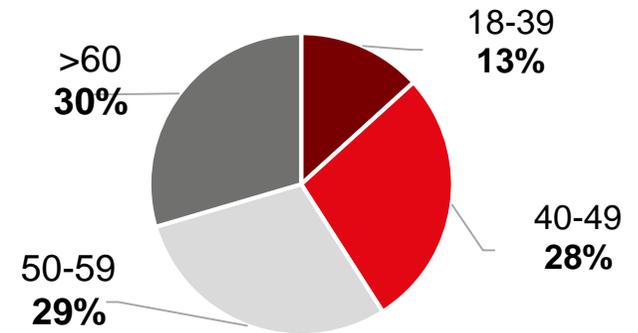
P&L - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
Waiting for workout - Positions at cost									
Extrajudicial positions	21	13	13	17	19	19	19	20	17
- Ongoing attempt at recovery	2	(3)	(3)	(4)	(3)	(2)	(1)	4	(4)
- Non-judicial payment plans	19	16	16	21	22	21	20	17	21
Judicial positions	46	43	33	53	46	42	26	58	33
- Frozen**	0	0	0	0	0	0	0	0	0
- Court injunctions and foreclosures +	44	41	26	42	37	28	18	40	26
Order of assignments									
- Secured and Corporate	3	2	7	11	9	14	7	18	6
Total	67	56	46	69	66	60	44	78	50

Cash - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20
Waiting for workout - Positions at cost									
Extrajudicial positions	21	21	22	26	27	32	27	38	30
- Ongoing attempt at recovery	4	4	3	3	4	6	4	10	4
- Non-judicial payment plans	17	17	19	23	23	26	23	28	26
Judicial positions	19	20	23	29	30	35	32	38	35
- Frozen**	0	0	0	0	0	0	0	0	0
- Court injunctions and foreclosures +	15	17	19	22	24	25	25	27	29
Order of assignments									
- Secured and Corporate	4	3	4	7	6	11	7	11	7
Total	40	41	45	55	57	67	59	76	65

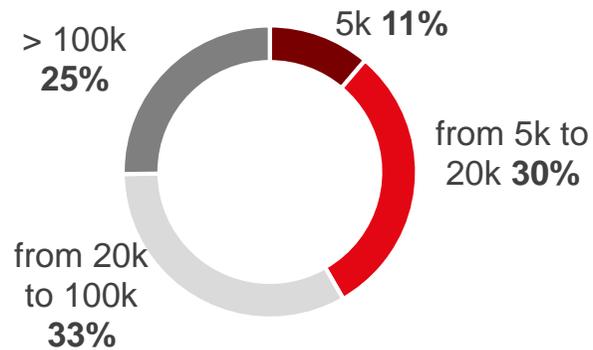
Breakdown of GBV by type



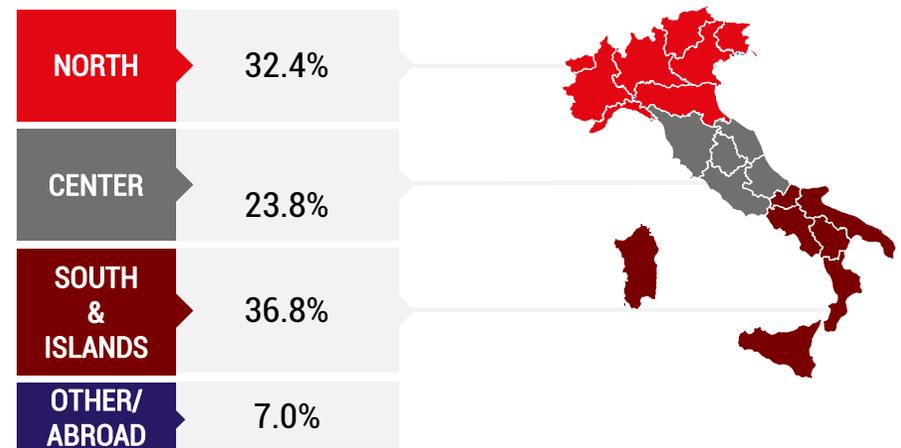
Breakdown of GBV by borrower age



Breakdown of Gross Bad Loans by ticket size



Gross NPL breakdown by region



01 ▶ **Summary results**

02 ▶ **1Q 20 results**

03 ▶ **Appendices**

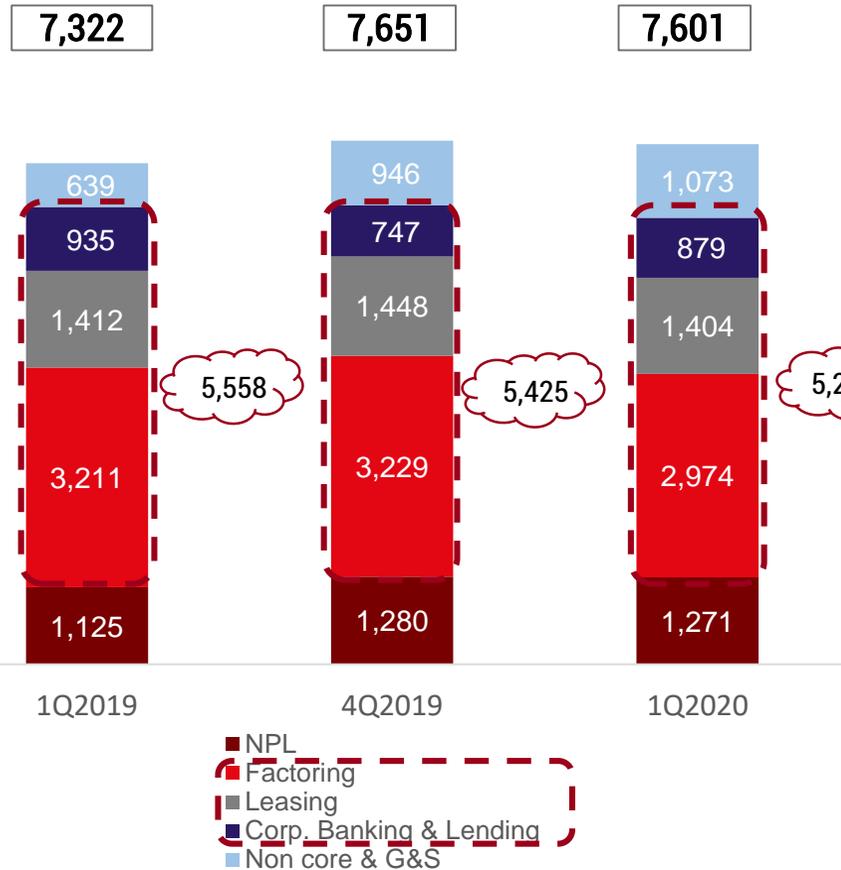
3.1 ▶ **Segment results**

3.2 ▶ **Consolidated financial data**

3.3 ▶ **La Scogliera: implications of CRD IV**

3.4 ▶ **Focus on DTAs and PPA**

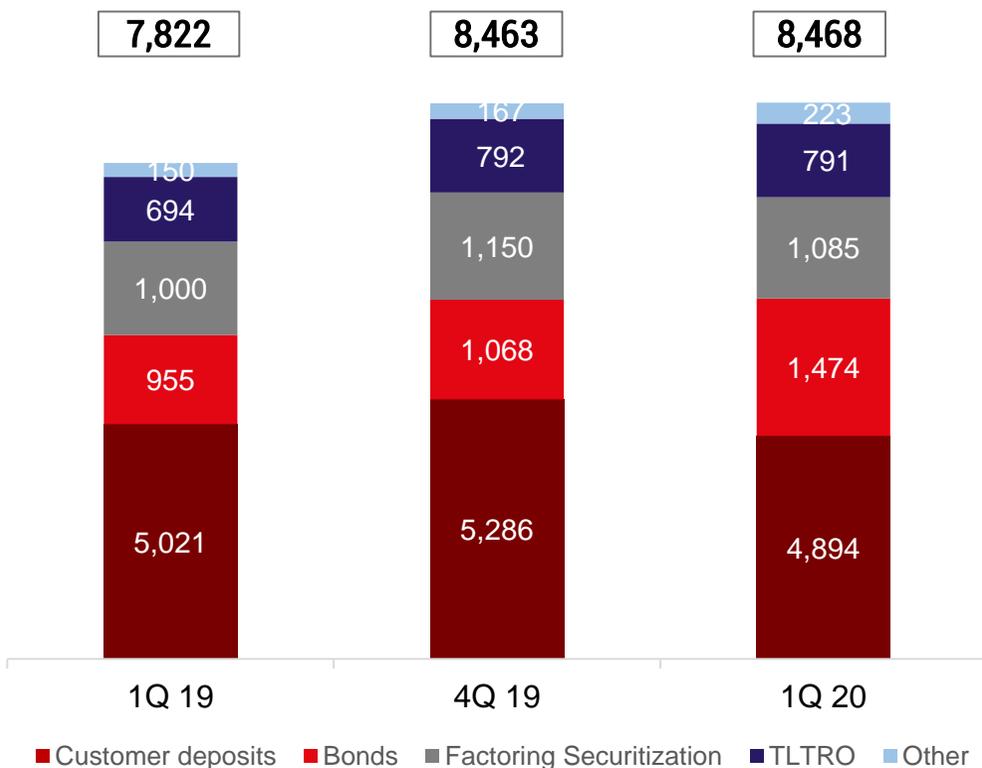
Customer loans (€ mln)



Highlights

- In 1Q 20, there was a slowdown in commercial activity due to Covid-19 outbreak. Covid-19 impacted all the business units of the Bank: factoring, leasing, structured finance, corporate banking and lending
- NPL stable QoQ due to very few acquisitions. In 2Q 20 and 3Q 20 Banca IFIS is participating/expected to participate in ca. €1.5-2bn NPL disposal processes
- Non core & G&S increase is driven by the purchase of Italian government bonds included in treasury/property portfolio

Funding (€ mln)



	1Q 19	4Q 19	1Q 20
LCR*	>1,000%	>1,100%	>1,900%
NSFR*	>100%	>100%	>100%

Highlights

- 1Q 20 customer deposits came in at € 4,894mln (-392mln QoQ) reflecting lower funding requirements. The Bank reduced its most expensive deposits expecting lower credit demand. The average cost of funding of Rendimax is equal to 1.55% in March 20*
- The factoring securitization decreased reflecting lower factoring volumes
- The average duration of retail funding is 2Y as at 1Q 20 (€0.5bn term deposits expiring in 2024-25). Cash reserves stable QoQ at €1.4bn
- In 1Q 20, the Bank issued a €400mln senior bond (1.8% yield) to replace the €300mln senior bond with maturity in May

Asset quality (€ mln)

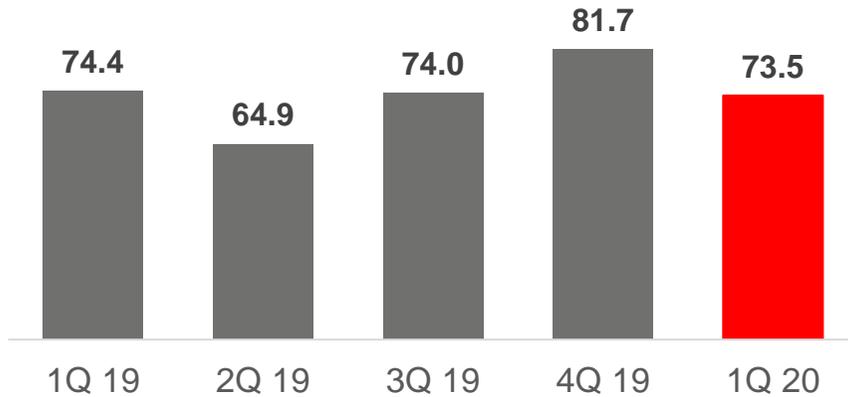
Commercial & Corporate Banking	Gross Coverage %		Net
Bad loans	211	80%	43
UTPs	176	50%	87
Past dues	132	8%	122
Total NPEs	519	51%	252

Non core & G&S	Gross Coverage %		Net
Bad loans	51	16%	43
UTPs	104	42%	60
Past dues	3	24%	2
Total NPEs	159	33%	106

Highlights

- NPL Business not included in this analysis
- NPE ratios in Commercial & Corporate Banking reported a slight increase QoQ, due to the decrease in customer loans:
 - Gross NPE %: 9.3% (8.5% as at 31 Dec 2019)
 - Net NPE %: 4.8% (4.2% as at 31 Dec 2019)
- Gross NPEs in Commercial and Corporate Banking include ~€85mln factoring technical past due mainly from the PA which does not represent a significant asset quality risk
- NPEs in Non Core & G&S that arose from the acquisition of Interbanca, in accordance with IFRS 9 are qualified as POCI (“purchased or originated credit-impaired”) and are booked net of provisions

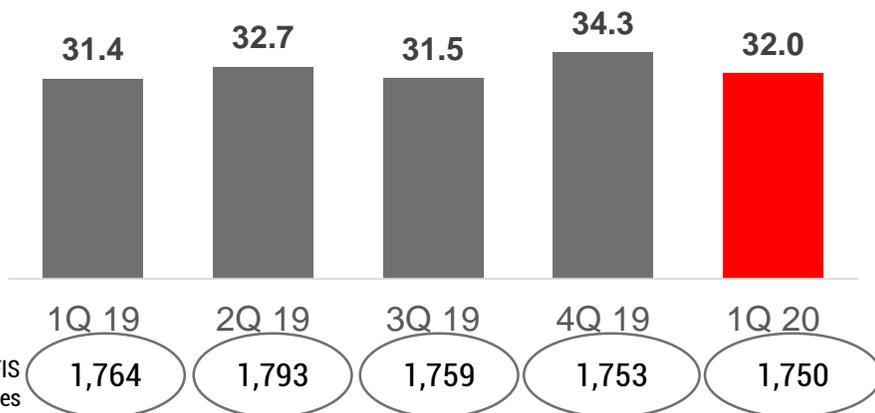
Operating costs (€mln)



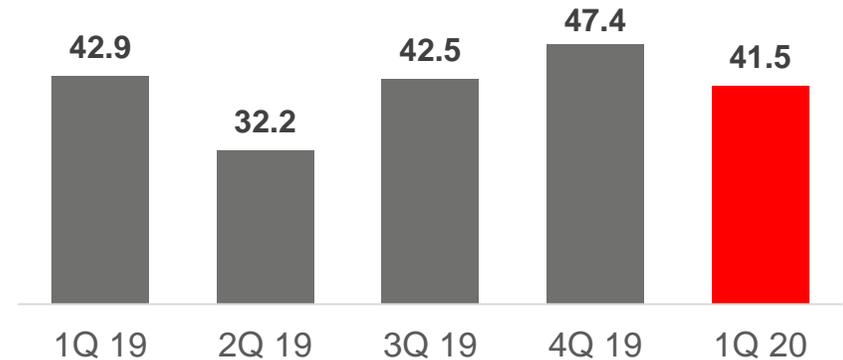
Highlights

- 1Q 20 operating costs ~ -€8.2mln vs. 4Q 19, mainly driven by:
 - ~ -2.2mln in cost of personnel
 - ~ -€5.9mln in other adm. expenses and other income / expenses, of which ~ -€3mln lower recovery variable costs in NPL business
 - 1Q 20 includes ~ -€3mln accrued provisions to the Resolution Fund to be paid next quarter
- 1Q 20 cost / income ratio at 69.4% (57.2 % at 1Q 19)

Personnel expenses (€mln)



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



01 ▶ **Summary results**

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3.3 ▶ **La Scogliera: implications of CRD IV**

3.4 ▶ **Focus on DTAs and PPA**

- The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that 49.2% of the excess capital of the Banca IFIS Group Scope is not included in the CET1 of La Scogliera Group Scope. CET1 excess capital of €0.4bn is not included in La Scogliera Group Scope

La Scogliera S.p.A.
Consolidating Group
entity



50.8%**

Banca IFIS S.p.A.

Data in €billion

Data as at 31 Mar 2020	Banca IFIS Group Scope	Capital requirements*	Excess capital	Minority stake of La Scogliera	Excess capital not included	La Scogliera Group Scope
CET1	1.3		0.7	49.2%	0.4	1.0
Total Capital	1.7		0.8	49.2%	0.4	1.3
CET1 %	14.6%	7.0%		49.2%		11.1%
Total Capital %	19.1%	10.5%		49.2%		14.8%
RWA	8.9					8.9

01 Summary results

02 1Q 20 results

03 Appendices

3.1 Segment results

3.2 Consolidated financial data

3.3 La Scogliera: implications of CRD IV

3.4 Focus on DTA and PPA

Data in €/mln

Convertible DTAs

- DTAs related to write downs of loans convertible into tax credits (under Law 214/2011)
- Their recovery is certain regardless of the presence of future taxable income and is defined by fiscal law (range ca. 5%-12% per annum, with full release by 2026)
- No time and amount limit in the utilization of converted DTA
- Capital requirements: 100% weight on RWA

218.4

DTAs due to tax losses (non-convertible)

- DTAs on losses carried forward (non-convertible) and DTAs on ACE (Allowance for Corporate Equity) deductions can be recovered in subsequent years only if there is positive taxable income
- No time limit to the use of fiscal losses against taxable income of subsequent years
- Capital requirements: 100% deduction from CET1

90.2
(72.9+17.4*)

Other non-convertible DTAs

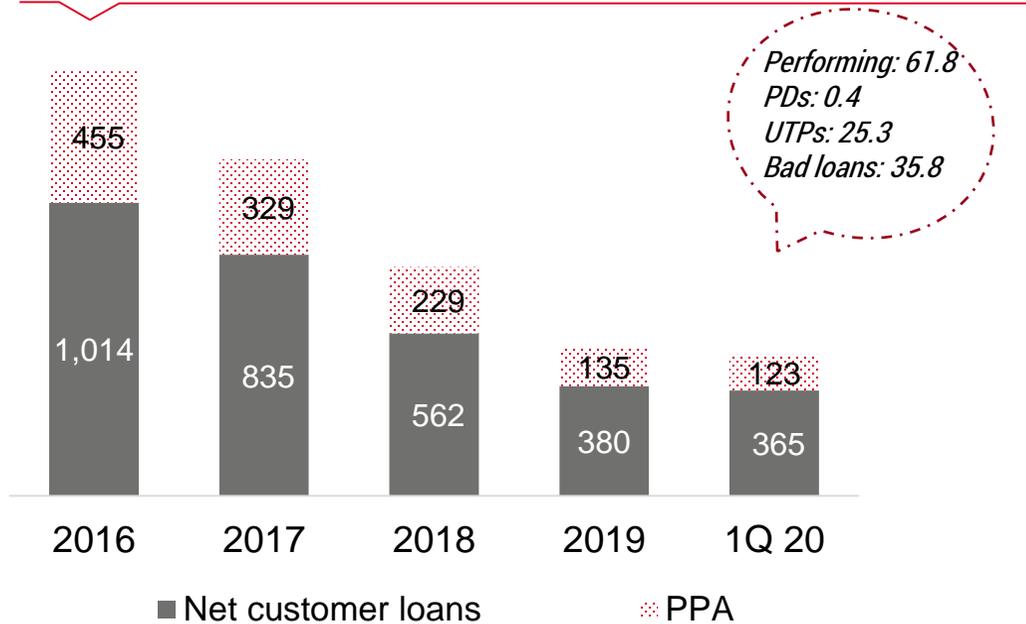
- DTAs generated due to negative valuation reserves and provisions for risks and charges
- Capital requirements: deduction from CET1 or weighted in RWA depending on certain thresholds. For Banca IFIS they would be weighted at 250% but they are partially offset by DTL

42.5**

Description

- In 2016, following the acquisition of Interbanca, Banca IFIS valued the performing and non performing loans of Interbanca by applying a market discount and a liquidity discount to reflect purchase price
- The purchase price allocation (PPA) is written back with the progressive maturity or the disposal of Interbanca's loans
 - As at 31 Mar 20, the residual amount of pre-tax PPA is €123mIn

Net customer loans and PPA - €mIn



PPA Reversal in P&L (pre-tax)	1Q 18	2Q 18	3Q 18	4Q 18
Total	22	22	17	31

FY 18: €92mIn

1Q 19	2Q 19	3Q 19	4Q 19
17	21	10	23

FY 19: €70mIn. o/w:

- €3mIn Corp. Banking & Lending
- €67mIn Non core& G&S

1Q 20
9

1Q 20: €9mIn. o/w:

- €0mIn Corp. Banking & Lending
- €9mIn Non core& G&S

Outstanding 1Q 20
123

1Q 20 Outstanding, o/w:

- €5mIn Corp. Banking & Lending
- €118mIn Non core& G&S

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