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Oggetto	:	BancaIFIS: margins and customers up for the 9 months. Rising profitability and strog cash flow generation in the NPL segment

Testo del comunicato

Vedi allegato.

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Banca IFIS: margins and customers up for the 9 months. Rising profitability and strong cash flow generation in the NPL segment

Highlights– Results for the first nine months of 2018[1]

RECLASSIFIED DATA[2] First nine months 1 January-30 September

- Net banking income: 403,6 million Euro (+7,5%);
- Net profit from financial activities: 334,6 million Euro (-13,4%);
- Operating costs: 208,9 million Euro (+15,6%);
- Group net profit for the period: 89,0 million Euro (-40,3%);
- Credit risk cost of the Enterprises segment: 160 bps;
- Enterprises segment's net-bad loan ratio: 1,3% (+0,1%);
- Enterprises segment's Gross NPE Ratio: 10,7% (9,9% at 1 January 2018);
- Enterprises segment's Net NPE Ratio: 6,4% (6,2% at 1 January 2018)
- Total Group employees: 1.622 people (1.470 at 31 December 2017);
- Common Equity Tier 1 Capital (CET1): 14,63% (15,64% at 31 December 2017) [3];
- Total Own Funds: 19,60% (21,07% at 31 December 2017);[3]
- CET1 including the effect of the prudential consolidation in La Scogliera: 10,67% (11,66% at 31 December 2017);
- Total own funds including the effect of the prudential consolidation in La Scogliera: 14,74% (16,15% at 31 December 2017).

"Over the past nine months, Banca IFIS has continued growing and supporting Italy's economy. We present ourselves to investors with a robust financial position and performance. In addition, the Bank can rely on liquidity in excess of its needs"

CEO Giovanni Bossi

+55,3% 168,2 mln/€	51,8%	+7,5% 403,6 mln/€	89 million/€	1.622	14,63%
Net banking income NPL segment	Cost/Income ratio	Net Banking income	Group net profit for the period	Total Group employees	Common equity Tier 1 (CET1) [3]

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 30 September 2018.
2 Net impairment losses/reversals on receivables of the NPL segment were reclassified to interest receivable and similar income to present more fairly this particular business and because they represent an integral part of the return on the investment.
3 The reported total own funds ratio refers only to the scope of the Banca IFIS Group, thus excluding the effects of the prudential consolidation in the parent La Scogliera S.p.A. Consolidated own funds, risk-weighted assets and solvency ratios at 30 September 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 prudential consolidation.

Highlights – 3rd Quarter 2018 Results

RECLASSIFIED DATA[4] third quarter 1 July – 30 September

- Net banking income: 125,4 million Euro (+2,7%);
- Net profit from financial activities: 96,6 million Euro (-20,2%);
- Operating costs: 64,7 million Euro (+5,6%);
- Group net profit for the period: 22,8 million Euro (-49,8%);

Mestre (Venice), 8 November 2018 – The Board of Directors of Banca IFIS met today under the chairmanship of Sebastien Egon Fürstenberg and approved the financial results for the first nine months of 2018.

«Over the past nine months, Banca IFIS has continued growing and supporting Italy's economy, even against a gradually deteriorating macroeconomic backdrop» says ***Giovanni Bossi, Banca IFIS CEO****. «We present ourselves to investors with a robust financial position and performance. The Bank has one of the smallest holdings of Italian government bonds among financial institutions in Italy, totalling approximately 29% as a proportion of equity. In addition, it can rely on liquidity in excess of its needs, resulting in a liquidity coverage ratio (LCR) of over 2.000%, compared to a minimum regulatory requirement of 100%. We are able to offer products designed for and tailored to struggling small businesses and households, demonstrating a continuing ability to innovate and promptly meet needs as they arise. The lack of strategic legacy burdens and the positioning in markets largely overlooked by the conventional business models of other lenders help strengthen our role in Italy».*

«The Bank has been very active in each segment, growing the individual businesses and supporting companies. Special emphasis was placed on supporting the working capital of SMEs, expanding volumes as well as the number of customers served.

As for the NPL area, as expected the Italian market is undergoing structural changes that Banca IFIS duly takes into consideration. The pressure on portfolio prices seen in early 2018 is abating, giving rise to a more interesting competitive landscape characterised by falling prices. This is why we resumed buying portfolios in the third quarter, with prices hovering around 5% for unsecured receivables with a gross book value of approximately 1,8 billion Euro. We remain firmly focused on making delinquent borrowers reperforming; the steady increase in profits as well as overall and expected cash flows as a result of these conversions is evidence of our success in this area.

The determination to consciously play an increasingly crucial role in supporting Italy's economy, in the interest of both market participants and the Bank's growth, continues to guide our day-to-day operations».

Highlights

RECLASSIFIED DATA[4-5]

Net banking income

Totalled 403,6 million Euro, +7,5% compared to the first nine months of 2017 (375,3 million Euro at 30 September 2017). The NPL segment was up 55,3% year-on-year thanks to the strong performance in the management of existing portfolios, resulting in better payment arrangements, and the value derived from part of the judicial portfolio previously recognised at cost, as detailed below. The Enterprises segment's net banking income was down -7,3% year-on-year, as the growth reported by the Trade Receivables business area (+12,6% compared to 30 September 2017) was offset by the lower contribution of the reversal PPA[6] in the Corporate Banking area compared to the prior-year period, which had been mainly affected by some early repayments.

4 Net impairment losses/reversals on receivables of the NPL segment were reclassified to interest receivable and similar income to present more fairly this particular business and because they represent an integral part of the return on the investment.
5 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 30 September 2018.
6 "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 over time.

Net impairment losses

Totalled 68,9 million Euro, compared to 11,0 million Euro in net reversals of impairment losses at 30 September 2017. The change (-79,9 million Euro) was largely attributable to 41,3 million Euro worth of individual provisions set aside on bad loans and unlikely to pay, referring to two long-standing counterparties (the relationships date back to over 15 years go) with individually significant exposures, as well as the absence of a number of net reversals recognised in the first nine months of 2017 following the successful completion of restructuring transactions.

Operating costs

Totalled 208,9 million Euro (180,7 million Euro at 30 September 2017, +15,6%). The cost/income ratio stood at 51,8%, compared to 50,1% in the prior-year period.
Personnel expenses amounted to 83,3 million Euro (73,8 million Euro in September 2017, +12,9%). At the end of September, the Group's employees numbered 1.622, compared to 1.433 at 30 September 2017 (+13,2%). 87 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 133,8 million Euro, up 28,5% from 104,1 million Euro in the prior-year period. The line item included 20,1 million Euro in costs associated with NPLs previously recognised at cost and reclassified to amortised cost in the first nine months of 2018, as well as 1,6 million Euro in expenses related to the new subsidiaries.
The Bank reported 8,2 million Euro in other net operating income at 30 September 2018, compared to 2,8 million Euro in other net operating costs at 30 September 2017; this change was attributable to the recovery of 7,0 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 gain on bargain purchase*[7] arising from the acquisition of Credifarma, provisionally estimated at 3,9 million Euro.

At 30 September 2018, **the Group net profit for the period** totalled 89,0 million Euro, down 40,3% from 149,1 million Euro at 30 September 2017.

As for the contribution of **individual segments** to the operating and financial results at 30 September 2018, here below are the highlights:

- **The Enterprises segment's** net banking income, which accounted for 59,9% of the total, amounted to 241,6 million Euro, down 7,3% in the first nine months of 2018 from 260,6 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 (50,1 million Euro at 30 September 2018, -30,1% from 30 September 2017). The Enterprises segment's receivables totalled 5.669,5 million Euro at 30 September 2018, up 3,8% from the restated amount at 1 January 2018.

  Specifically, the **Trade Receivables area** generated 123,6 million Euro in net banking income (109,8 million Euro at 30 September 2017, +12,6%); turnover rose to 9,5 billion Euro (+20,0% from 30 September 2017), and the number of corporate customers was up 9,9% compared to the prior-year period. Outstanding loans in the trade receivables segment amounted to 3,4 billion Euro, in line with 1 January 2018.

  Corporate Banking generated 70,4 million Euro in net banking income, down 30,2 million Euro largely because of the inevitably lower contribution of the reversal PPA. Lending was up 8.4% in the first nine months of 2018 compared to the prior-year period. The Corporate Banking segment's outstanding loans totalled 801,8 million Euro, up 18% from 1 January 2018—mainly because of the growth in new lending in the Structured Finance area.

7 “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.

Over the first nine months of 2018, the new financing extended by the **Leasing business area** was up 8% from the prior-year period (503 million Euro in the first 9 months of 2018 compared to 466 million Euro in the first 9 months of 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 approximately 1.346 million Euro, up 5,9% from 1 January 2018. Net banking income amounted to 38,4 million Euro, essentially in line (+0,6%) with 30 September 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 segment**[8], dedicated to acquiring and converting non-performing loans into sustainable and mostly unsecured settlement plans, reported 168,2 million Euro in net banking income (108,4 million Euro in 2017, +55,3%). This was the Group's fastest-growing segment, thanks to the higher number of court-issued garnishment orders (+72,8% compared to 3Q2017) as well as the strong performance in converting existing portfolios. In addition, during the reporting period the Bank 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. This allowed to reclassify these positions to amortised cost, causing the segment to recognise approximately 47 million Euro through profit or loss in the first nine months of 2018. At 30 September 2018, the nominal amount of outstanding receivables totalled 14,7 billion Euro, and their net value was 945 million Euro. Cash receipts rose from nearly 84,4 million Euro in the first nine months of 2017 to approximately 125,7 million Euro in the first nine months of 2018; the sales of portfolios carried out during the reporting period generated an additional 8,0 million Euro in cash receipts.
  In the third quarter of the year, Banca IFIS seized upon favourable market opportunities and resumed buying NPL portfolios. It purchased unsecured portfolios for a gross book value of 1,8 billion Euro at a price of approximately 5%, bringing the net value of acquired portfolios in the first nine months of 2018 to 103 million Euro.

In 2018, the Bank 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 30 September 2018, the Group's funding structure was as follows:

- 60,5% retail;
- 13,8% debt securities;
- 12,6% ABS;
- 8,8% TLTRO;
- 4,3% other.

As for the assets backing the collateralisation of part of the funding, at 30 September 2018 the Bank held 423 million Euro worth of government bonds (fair value: 405,6 million Euro, -5,1% 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 20 bps impact on CET1 (8 bps in the 3rd quarter of 2018 alone).

Below is the breakdown of net non-performing exposures in the **Enterprises segment**[9] (totalling 361,9 million Euro):

- **net bad loans** amounted to 74,5 million Euro, compared to 62,9 million Euro at 1 January 2018 (+18,5%); the net bad-loan ratio was 1,3%, up slightly from 1,2% at 1 January 2018. The coverage ratio stood at 70,7% (71,0% at 1 January 2018);

8 Net impairment losses/reversals on receivables of the NPL segment were reclassified to interest receivable and similar income to present more fairly this particular business and because they represent an integral part of the return on the investment.
9 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.

- **the balance of net unlikely to pay** was 165,0 million Euro, +1,2% from 163,1 million Euro at 1 January 2018; the coverage ratio rose to 33,9% from 26,5% at 1 January 2018;
- **net non-performing past due exposures** totalled 122,4 million Euro, compared to 112,0 million Euro at 1 January 2018 (+9,3%). The coverage ratio of net non-performing past due exposures stood at 10,7%, compared to 10,6% at 1 January 2018.

At the end of the period, **the Group's consolidated equity** totalled 1.397,4 million Euro, compared to 1.371,7 million Euro at 1 January 2018.

The **consolidated Common Equity Tier 1** (CET1), Tier 1 (T1), and Total Own Funds Ratios of the Banca IFIS Group alone, excluding the effect of the consolidation of the Parent Company La Scogliera[10] at 30 September 2018, amounted to 14,63% for both the CET1 and T1 ratios, compared to 15,64% at 31 December 2017, while the consolidated Total Own Funds Ratio amounted to 19,6%, compared to 21,07% at 31 December 2017.

The consolidated Common Equity Tier 1 (CET1) and Total Own Funds Ratios including the effect of the prudential consolidation in the Parent Company La Scogliera at 30 September 2018, amounted to 10,67% (compared to 11,66% at 31 December 2017), while the consolidated Total Own Funds Ratio amounted to 14,74% (compared to 16,15% at 31 December 2017).

For more details, see the Consolidated Interim Report at 30 September 2018, available in the “Institutional Investors” section of the official website www.bancaifis.it.

Significant events occurred in the period

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.
Here below is a summary of the most significant events occurred during the period and before the approval of this document:

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 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.

Agreement to acquire FBS S.p.A.
On 15 May 2018, the Group finalised an agreement to acquire 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. The finalisation of the transaction, which was originally expected to close by September 2018 with the Group's acquisition of 90% of FBS for 58,5 million Euro, is pending approval from the Bank of Italy.

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 70% of 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 approximately 8,8 million Euro.

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 assigned 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.

Transactions involving the parent company La Scogliera S.p.A.
The holding company La Scogliera S.p.A. notified the Bank that it has planned a series of transactions intended to achieve regulatory results essentially equivalent to the abandoned reverse merger between the Bank and La Scogliera. In addition, La Scogliera S.p.A. informed that it has held early discussions about these transactions with the Bank of Italy and hopes that, subject to the approval of the competent authorities, the process will be completed ahead of the next meeting for the approval of the Bank's financial statements.

Significant subsequent events

No other significant events occurred between the end of the reporting period and the approval of the Consolidated Interim Report at 30 September 2018 by the Board of Directors.

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

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

10 The reported total own funds ratio refers only to the scope of the Banca IFIS Group, thus excluding the effects of the prudential consolidation in the parent La Scogliera S.p.A. Consolidated own funds, risk-weighted assets and solvency ratios at 30 September 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 prudential consolidation.

Banca IFIS S.p.A.

Press Office
Eleonora Vallin
+39 342 8554140
eleonora.vallin@bancaifis.it
www.bancaifis.it

Investor relations
Investor.relations@bancaifis.it

Reclassified 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.

Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2018	31.12.2017	ABSOLUTE	%
Cash and cash equivalents	52	50	2	4,0%
Financial assets held for trading through profit or loss	31.937	35.614	(3.677)	(10,3)%
Financial assets mandatorily measured at fair value through profit or loss	133.665	58.807	74.858	127,3%
Financial assets at fair value through other comprehensive income	428.253	442.576	(14.323)	(3,2)%
Due from banks	1.452.011	1.760.752	(308.741)	(17,5)%
Loans to customers	6.919.486	6.392.567	526.919	8,2%
Property, plant and equipment	131.247	127.881	3.366	2,6%
Intangible assets	25.500	24.483	1.017	4,2%
of which:				
- goodwill	*1.519*	*834*	*685*	*82,1%*
Tax assets:	409.324	438.623	(29.299)	(6,7)%
a) current	47.399	71.309	(23.910)	(33,5)%
b) deferred	361.925	367.314	(5.389)	(1,5)%
Other assets	311.454	272.977	38.477	14,1%
Total assets	**9.842.929**	**9.554.330**	**288.599**	**3,0%**

LIABILITIES AND EQUITY (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2018	31.12.2017	ABSOLUTE	%
Due to banks	837.565	791.977	45.588	5,8%
Due to customers	4.985.206	5.293.188	(307.982)	(5,8)%
Debt securities issued	2.094.785	1.639.994	454.791	27,7%
Financial liabilities held for trading	36.069	38.171	(2.102)	(5,5)%
Tax liabilities:	51.116	40.076	11.040	27,5%
a) current	8.683	1.477	7.206	487,9%
b) deferred	42.433	38.599	3.834	9,9%
Other liabilities	403.032	352.999	50.033	14,2%
Post-employment benefits	8.076	7.550	526	7,0%

Provisions for risks and charges	29.650	21.656	7.994	36,9%
Valuation reserves	(18.511)	(2.710)	(15.801)	583,1%
Reserves	1.168.702	1.038.155	130.547	12,6%
Share premiums	102.052	101.864	188	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 (+ / -)	5.485	-	5.485	-
Profit (loss) for the period (+/-)	88.994	180.767	(91.773)	(50,8)%
Total liabilities and equity	**9.842.929**	**9.554.330**	**288.599**	**3,0%**

Consolidated Income Statement

ITEMS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2018	30.09.2017	ABSOLUTE	%
Net interest income	**329.247**	**293.419**	**35.828**	**12,2%**
Net commission income	**59.980**	**52.636**	**7.344**	**14,0%**
Other components of net banking income	14.323	29.253	(14.930)	(51,0)%
Net banking income	**403.550**	**375.308**	**28.242**	**7,5%**
Net credit risk losses/reversals	(68.915)	10.969	(79.884)	(728,3)%
Net profit (loss) from financial activities	**334.635**	**386.277**	**(51.642)**	**(13,4)%**
Administrative expenses:	(217.100)	(177.891)	(39.209)	22,0%
a) personnel expenses	(83.281)	(73.782)	(9.499)	12,9%
b) other administrative expenses	(133.819)	(104.109)	(29.710)	28,5%
Net allocations to provisions for risks and charges	(5.306)	(1.646)	(3.660)	222,4%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(9.073)	(8.764)	(309)	3,5%
Other operating income/expenses	22.614	7.575	15.039	198,5%
Operating costs	**(208.865)**	**(180.726)**	**(28.139)**	**15,6%**
Pre-tax profit (loss) for the year from continuing operations	**125.770**	**205.551**	**(79.781)**	**(38,8)%**
Income taxes for the period relating to continuing operations	(36.721)	(56.421)	19.700	(34,9)%
Profit (Loss) for the period	**89.049**	**149.130**	**(60.081)**	**(40,3)%**
Profit (Loss) for the period attributable to non-controlling interests	55	7	48	688,6%
Profit (loss) for the period attributable to the Parent company	**88.994**	**149.123**	**(60.129)**	**(40,3)%**

Consolidated Income Statement: 3rd Quarter

ITEMS (in thousands of Euro)	3rd QUARTER		CHANGE	
	2018	2017	ABSOLUTE	%
Net interest income	**99.670**	**91.872**	**7.798**	**8,5%**
Net commission income	**20.206**	**18.272**	**1.934**	**10,6%**
Other components of net banking income	5.557	11.945	(6.388)	(53,5)%
Net banking income	**125.433**	**122.089**	**3.344**	**2,7%**
Net credit risk losses/reversals	(28.879)	(1.140)	(27.739)	2.433,2%
Net profit (loss) from financial activities	**96.554**	**120.949**	**(24.395)**	**(20,2)%**
Administrative expenses:	(66.564)	(58.555)	(8.009)	13,7%
a) personnel expenses	(27.830)	(24.298)	(3.532)	14,5%
b) other administrative expenses	(38.734)	(34.257)	(4.477)	13,1%
Net allocations to provisions for risks and charges	(6.254)	(2.922)	(3.332)	114,0%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(3.148)	(2.822)	(326)	11,6%
Other operating income/expenses	11.277	3.028	8.249	272,4%
Operating costs	**(64.689)**	**(61.271)**	**(3.418)**	**5,6%**
Pre-tax profit (loss) for the year from continuing operations	**31.865**	**59.678**	**(27.813)**	**(46,6)%**
Income taxes for the period relating to continuing operations	(9.025)	(14.210)	5.185	(36,5)%
Profit (Loss) for the period	**22.840**	**45.468**	**(22.628)**	**(49,8)%**
Profit (Loss) for the period attributable to non-controlling interests	55	2	53	2.660,0%
Profit (loss) for the period attributable to the Parent company	**22.785**	**45.466**	**(22.681)**	**(49,9)%**

EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2018	31.12.2017	ABSOLUTE	%
Share capital	53.811	53.811	-	0,0%
Share premiums	102.052	101.864	188	0,2%
Valuation reserves:	(18.511)	(2.710)	(15.801)	583,1%
- Securities	*(12.783)*	*2.275*	*(15.058)*	*(661,9)%*
- Post-employment benefits	*107*	*20*	*87*	*435,0%*
- exchange differences	*(5.835)*	*(5.005)*	*(830)*	*16,6%*
Reserves	1.168.702	1.038.155	130.547	12,6%
Treasury shares	(3.103)	(3.168)	65	(2,1)%
Equity attributable to non-controlling interests	5.485	-	5.485	n.a.
Profit for the period	88.994	180.767	(91.773)	(50,8)%
Equity	**1.397.430**	**1.368.719**	**28.711**	**2,1%**

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	30.09.2018	31.12.2017
Common equity Tier 1 Capital (CET1)	860.155	859.944
Tier 1 Capital (T1)	914.499	898.356
Total own funds	**1.188.984**	**1.191.097**
Total RWA	**8.063.664**	**7.376.306**
Common Equity Tier 1 Ratio	10,67%	11,66%
Tier 1 Capital Ratio	11,34%	12,18%
Ratio - Total Own Funds	**14,74%**	**16,15%**

Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated at 30 June 2018 net of estimated dividends.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: BANCA IFIS BANKING GROUP SCOPE (in thousands of Euro)	AMOUNTS AT	
	30.09.2018	31.12.2017
Common equity Tier 1 Capital (CET1)	1.178.658	1.152.603
Tier 1 Capital (T1)	1.178.658	1.152.603
Total own funds	**1.578.658**	**1.552.792**
Total RWA	**8.056.041**	**7.369.921**
Common Equity Tier 1 Ratio	14,63%	15,64%
Tier 1 Capital Ratio	14,63%	15,64%
Total Own Funds Capital Ratio	**19,60%**	**21,07%**

Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated at 30 June 2018 net of estimated dividends.

Fine Comunicato n.0147-71	Numero di Pagine: 12