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Testo del comunicato

Vedi allegato.

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«The Bank is well positioned to continue on its growth path over the next few years. We must now place special emphasis on the cost/income ratio and operating costs without affecting investments in digital innovation and technology. We will keep on buying portfolios of NPLs and growing in the Enterprises segment by targeting SMEs».

Luciano Colombini, Banca IFIS CEO

Banca IFIS Group
Net profit for the period: 29,9 million Euro
Net banking income: 130,1 million Euro

1st Quarter 2019 Results

RECLASSIFIED DATA[1]: 1 January – 31 March

- **Net profit** for the first quarter of 2019: 29,9 million Euro;
- **Net banking income**: 130,1 million Euro, confirming the growth of the core business segments;
- **PPA Contribution**: as expected, it fell to 17 million Euro from 31 million Euro in the fourth quarter of 2018;
- **Operating costs**: 74,4 million Euro, including the consolidation of FBS;
- **Cost of credit** (Enterprises segment): 13,2 million Euro (88 basis points vs. 170 basis points in 2018), stabilising after the non-recurring provisions set aside in 2018;

Capital requirements with the consolidation within La Scogliera:

- **CET 1:** 10,29% including the consolidation of FBS. The CET1 ratio remains comfortably above the SREP requirement of 8,12%; **TCR:** 14,02% (14,01% at 31 December 2018) compared to a SREP requirement of 12,5%.

Capital requirements without the consolidation within La Scogliera[2]:

- **CET1:** 13,53% (13,74% at 31 December 2018); **TCR:** 18,03% (18,20% at 31 December 2018);

1 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.

2 Consolidated own funds, risk-weighted assets and solvency ratios at 31 March 2019 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), 9 May 2019 - The Board of Directors of Banca IFIS met today under the chairmanship of Sebastien Egon Fürstenberg and approved the results for the first quarter of 2019.

«My initial impression is that the Bank is a dynamic, innovative, and profitable entity relying on a cohesive team of young and capable managers with complementing professional experiences—explains Banca IFIS Group CEO Luciano Colombini. The quarterly earnings show 130 million Euro in net banking income—and all the Bank's business areas contributed to this result. Banca IFIS boasts a one-of-a-kind business model with a strong level of diversification and specialisation in different market segments.

Our strategy shall focus on growing the various business units while continuing to place special emphasis on the quality of our assets as well as operating costs. In the NPL segment, we will keep on buying portfolios and improving collection processes, leveraging also the recent acquisition of FBS—which will allow us to act as buyers and servicers of NPL portfolios on behalf of third parties, including in the secured and corporate segment. In the Enterprises segment, we will expand our offering of financing and services to Small and Medium Enterprises».

«We are extremely well positioned to continue growing in the coming quarters, as the positions subject to Garnishment Orders and those in the Secured and Corporate category of the NPL segment show: their Gross Book Value rose by over 5% in the last quarter alone. The Enterprises segment, which serves SMEs—representing one of the most attractive markets in terms of growth and returns—is well diversified in terms of sectors, geographies, and customers—adds the CEO. «The net profit for the first quarter of 2019 amounted to 30 million Euro, while the cost of credit stabilised after the one-off provisions set aside for some individual positions in 2018».

«We must now place special emphasis on the cost/income ratio and operating costs without affecting the investments in digital innovation, technology, and the NPL segment that are necessary to ensure our growth in the future.

We continue paying the utmost attention to the Bank's capital requirements. In the first three months of 2019, the CET1 ratio was essentially unchanged from the previous quarter at 10,29%, even when including 41 million Euro in goodwill arising from the acquisition of FBS. The CET1 ratio remains comfortably above the 2019 SREP requirement of 8,12%. Total capital stood at 14,02%, compared to a SREP requirement of 12,5%.

The Bank is thus well positioned to move forward on the growth path of the next few years, to which I will give my best efforts—and I am happy to be part of such a dynamic group. The controlling shareholder has reaffirmed support for the Bank's strategy and growth» concludes Mr Colombini.

Highlights

RECLASSIFIED DATA[1]

Below are the operating highlights of the Banca IFIS Group for the first quarter of 2019.

Net banking income

Consolidated net banking income amounted to 130,1 million Euro, -6,7% compared to the prior-year period. The NPL segment reported 62,6 million Euro in net banking income (65,1 million Euro at 31 March 2018, -3,8%), as the positive contribution associated with the consolidation of the FBS Group was offset by the introduction of the "pre-garnishment order collective model" and the recalibration of the collective model used for non-judicial operations.

The Enterprises Segment was down 15,3% year-on-year: the growth reported by the Trade Receivables business area (+1,8% compared to 31 March 2018) and the Leasing business area (+9,2% from 31 March 2018) was offset by the inevitably lower contribution from the "reversal PPA"[3] in the Corporate Banking area compared to the prior-year period.

Net impairment losses[1]

Net credit risk losses totalled 13,1 million Euro (compared to 11,0 million Euro at 31 March 2018) and were entirely related to the Enterprises segment. The year-on-year increase in provisions set aside during the first quarter of 2019 by the Enterprises segment were in part associated with the additional provisions on unlikely to pay in the construction segment, which became necessary because of the events that transpired during the period.

Operating costs

Operating costs totalled 74,4 million Euro (73,4 million Euro at 31 March 2018, +1,3%). The cost/income ratio stood at 57,2%, compared to 52,7% at 31 March 2018.

Personnel expenses totalled 31,4 million Euro, up 17,2% (26,8 million Euro at 31 March 2018). The Group's employees numbered 1.764 at 31 March 2019, up 14,5% from the prior-year period (1.541 units). 100 employees were acquired following the inclusion of the subsidiaries FBS S.p.A. and FBS Real Estate in the Group's scope.

Other administrative expenses amounted to 43,3 million Euro, down 7,1% from 46,6 million Euro at 31 March 2018. The change during the period stemmed from the increase in costs associated with the acquisition of the FBS Group, which was more than offset by the decline in registration fees paid for the judicial debt collection actions concerning the NPL segment's receivables: these fell from 10,7 million Euro at 31 March 2018 to 5,6 million Euro at 31 March 2019.

Group net profit for the period

The Group net profit for the period totalled 29,9 million Euro at 31 March 2019, down 20,9% from 37,9 million Euro at 31 March 2018.

1 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 "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.

Focus on individual segments

As for the contribution of individual segments to the operating and financial results at 31 March 2019, here below are the highlights:

- **The Enterprises segment's net banking income**, which accounted for 51,2% of the total, amounted to 66,6 million at 31 March 2018, down 15,3% from 78,6 million Euro in the prior-year period, as the growth of the business areas included within this segment was offset by the lower contribution of the "reversal PPA"[3] in Corporate Banking (13,4 million Euro at 31 March 2019 compared to 19,0 million Euro at 31 March 2018, -29,2%). The Enterprises segment's receivables totalled 5.954,8 million Euro at 31 March 2019, up 0,6% from 31 December 2018.

- Specifically, the **Trade Receivables** area generated 40,6 million Euro in net banking income (39,9 million Euro at 31 March 2018, +1,8%); turnover rose to 3,4 billion Euro (+19,1% from 31 March 2018), and the number of corporate customers was up 11,0% compared to the prior year. Outstanding loans in the Trade Receivables area totalled 3,6 million Euro ,+0,3% from 31 December 2018.

- **Corporate Banking** generated 9,4 million Euro in net banking income, down 60,1% largely because of the 7,8 million Euro decline in assets measured at Fair Value as well as the lower contribution of the "reversal PPA"[3] (13,4 million Euro vs 19,0 million Euro at 31 March 2018). 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 period. Outstanding loans in the Corporate Banking segment amounted to 805,5 million Euro, +0,9% from the end of 2018 .

- In the first quarter, **the Leasing business area** generated 13,6 million Euro in net banking income, up 9,2% year-on-year—largely thanks to the lower impact of brokerage commission expense.
  In the first three months of 2019, the segment extended 165,1 million Euro in new financing (-3,9% year-on-year), largely in the autolease sector (-10,4% from the first quarter of 2018). Loans to customers totalled 1.412,3 million Euro, +0,9% from 31 December 2018.

- The **NPL segment**[1], dedicated to acquiring and converting non-performing loans into sustainable and mostly unsecured settlement plans, reported 62,6 million Euro in **net banking income** (65,1 million Euro at 31 March 2018, -3,8%). However, the following factors must be taken into account in order to properly compare the results:

  - The contribution of the FBS Group to Net profit from financial activities, amounting to 8,2 million Euro in the first quarter of 2019.
  - The negative 9 million Euro impact of the introduction of the new "pre-garnishment order collective model" in the first quarter of 2019, as the measurement models accounted for inefficiencies of the external courts (so-called "haircut") that did not affect the first quarter of 2018 only because of timing.
  - The approximately 3 million Euro positive impact on the first quarter of 2018 arising mainly from the recalibration of the models, which was carried out to account for the changes in both cash receipts and the characteristics of the portfolios acquired over time. No such impact was recognised in the first quarter of 2019.

1 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 "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.

Excluding these factors, net profit from financial activities would have risen from 62,1 million Euro to 63,5 million Euro at 31 March 2019 (+2,1%). This growth was fuelled by the strong performance in the management of existing portfolios, resulting in better payment arrangements, as well as the higher number of writs and attachments obtained.

At 31 March 2019, the nominal amount of outstanding receivables totalled 16,6 billion Euro, and their net value was 1.123,4 million Euro. Cash receipts rose from 40,1 million Euro in the first quarter of 2018 to 56,7 million Euro at 31 March 2019.

Estimated Remaining Collections (ERC) amounted to approximately 2,4 billion Euro.

Funding

In the first quarter of 2019, 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 March 2019, the Group's funding structure was as follows:

- 64,2% customers;
- 12,8% ABS;
- 12,2% debt securities;
- 8,9% TLTRO;
- 1,9% other.

As for the assets backing the collateralisation of part of the funding, at 31 March 2019 the Group held 423 million Euro worth of government bonds (fair value: 411,3 million Euro, +0,2% from 31 December 2018) with limited duration, classified as financial assets at fair value through other comprehensive income.

Below is the **breakdown of net non-performing exposures measured at amortised cost in the Enterprises segment** (totalling 307,3 million Euro):

- net bad loans amounted to 67,8 million Euro, essentially unchanged from 67,9 million Euro at 31 December 2018 (-0,1%); the net bad-loan ratio was 1,1%, in line with 31 December 2018. The coverage ratio stood at 73,1% (73,0% at 31 December 2018);
- the balance of net unlikely to pay was 150,2 million Euro, +1,9% from 147,5 million Euro at 31 December 2018; the coverage ratio rose to 38,0% from 36,9% at 31 December 2018;
- net non-performing past due exposures totalled 89,2 million Euro, compared to 95,0 million Euro at 31 December 2018 (-6,1%). The coverage ratio of net non-performing past due exposures stood at 11,3%, in line with 31 December 2018.

Overall, the Enterprises segment reported a Gross NPE Ratio of 9,5% (9,5% at 31 December 2018) and a Net NPE Ratio of 5,2% (5,2% at 31 December 2018).

Equity and ratios

At 31 March 2019, the Group's consolidated equity totalled 1.489,3 million Euro, up 2,1% from 1.459,0 million Euro at 31 December 2018.

At 31 March 2019, the consolidated Common Equity Tier 1 (CET1) and Total Own Funds Ratio including the prudential consolidation within La Scogliera amounted to 10,29% and 14,02%, respectively, compared to 10,30% and 14,01% at 31 December 2018.

At 31 March 2019, 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 Scogliera[4], amounted to 13,53% and 18,03%, respectively, compared to 13,74% and 18,20% at 31 December 2018.

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 March 2019, the Banca IFIS Group already met the above prudential requirements.

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 "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 period.

Closing of 90% acquisition of FBS S.p.A.

On 7 January 2019, the Group finalised the acquisition of FBS S.p.A., Italy's fourth-largest player specialised in servicing property-backed and corporate NPLs. The deal, announced on 15 May 2018 and funded entirely through Banca IFIS's liquidity, involved the acquisition of 90% of FBS for 58,5 million Euro in cash. Paolo Strocchi, a majority shareholder in FBS since its foundation, stays on as CEO and shareholder along with FBS's top management, retaining a 10% stake in the company that is the subject of put and call options entered into by the top management and Banca IFIS—with a number of exercise windows over a period ranging from 2 to 4 years and prices varying according to, among other things, FBS S.p.A.'s performance.

Significant subsequent events

The Shareholders' Meeting approves the 2018 financial statements. New Board appointed, Luciano Colombini takes over as CEO

The Ordinary Shareholders' Meeting of Banca IFIS S.p.A. held on 19 April 2019 approved the financial statements for the year 2018 as well as the distribution of a 1,05 Euro dividend per ordinary share with ex-dividend date (coupon no. 22) on 29 April 2019, record date on 30 April 2019, and payment date on 2 May 2019. The Meeting resolved to increase the number of directors from 9 to 12 and appointed the members of the Board for the three-year period from 2019 to 2021. Luciano Colombini was appointed Banca IFIS S.p.A.'s CEO effective 19 April 2019.

Finally, during the meeting held today, the Board of Directors of Banca IFIS S.p.A. assessed the eligibility requirements, provided by art. 26 of Legislative Decree 1 September 1993, no. 385 ("IBA"), of the members of the Board of Directors and Board of Statutory Auditors appointed by the shareholders' meeting on 19 April 2019, pursuant to the applicable laws and regulations and taking into account the outcomes of the activities carried out in this respect by the Appointments Committee. Following such activity, the Board of Directors has positively ascertained the possession of the eligibility requirements pursuant to art. 26 IBA by all the members of the Board of Directors and Board of

4 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 March 2019 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.

Statutory Auditors, also on the basis of the declarations of the abovementioned persons, the available information, as well as the documentation provided to the Board of Directors' members by the relevant internal offices of Banca IFIS S.p.A.

Declaration by 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.

Banca IFIS S.p.A.

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

Head of IR and Corporate Development
Martino Da Rio
+39 02 24129953
martino.dario@bancaifis.it
www.bancaifis.it

Reclassified Financial Statements

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 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	
	31.03.2019	31.12.2018	ABSOLUTE	%
Cash and cash equivalents	72	48	24	50,0%
Financial assets held for trading through profit or loss	26.426	29.809	(3.383)	(11,3)%
Financial assets mandatorily measured at fair value through profit or loss	174.508	163.845	10.663	6,5%
Financial assets at fair value through other comprehensive income	432.901	432.094	807	0,2%
Receivables due from banks measured at amortised cost	996.333	590.595	405.738	68,7%
Loans to customers measured at amortised cost	7.322.130	7.313.972	8.158	0,1%
Equity investments	6	-	6	n.a.
Property, plant and equipment	145.869	130.650	15.219	11,6%
Intangible assets	65.855	23.277	42.578	182,9%
of which:	-	-	-	-
- goodwill	*42.263*	*1.515*	*40.748*	*n.s.*
Tax assets:	396.280	395.084	1.196	0,3%
a) current	47.063	46.820	243	0,5%
b) deferred	349.217	348.264	953	0,3%
Other assets	303.252	302.887	365	0,1%
Total assets	**9.863.632**	**9.382.261**	**481.371**	**5,1%**

LIABILITIES AND EQUITY (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2019	31.12.2018	ABSOLUTE	%
Due to banks	844.790	785.393	59.397	7,6%
Due to customers	5.021.481	4.673.299	348.182	7,5%
Debt securities issued	1.955.400	1.979.002	(23.602)	(1,2)%
Financial liabilities held for trading	30.254	31.155	(901)	(2,9)%
Tax liabilities:	63.066	52.722	10.344	19,6%
a) current	23.225	13.367	9.858	73,7%
b) deferred	39.841	39.355	486	1,2%
Other liabilities	422.549	367.872	54.677	14,9%
Post-employment benefits	9.878	8.039	1.839	22,9%
Provisions for risks and charges	26.913	25.779	1.134	4,4%
Valuation reserves	(14.362)	(14.606)	244	(1,7)%
Reserves	1.315.418	1.168.543	146.875	12,6%
Share premiums	102.116	102.116	-	0,0%
Share capital	53.811	53.811	-	0,0%
Treasury shares (-)	(3.103)	(3.103)	-	0,0%
Equity attributable to non-controlling interests (+ / -)	5.501	5.476	25	0,5%
Profit (loss) for the period (+/-)	29.920	146.763	(116.843)	(79,6)%
Total liabilities and equity	**9.863.632**	**9.382.261**	**481.371**	**5,1%**

Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2019	31.03.2018	ABSOLUTE	%
Net interest income	**115.264**	**119.480**	**(4.216)**	**(3,5)%**
Net commission income	**23.828**	**19.820**	**4.008**	**20,2%**
Other components of net banking income	(8.983)	78	(9.061)	n.s.
Net banking income	**130.109**	**139.378**	**(9.269)**	**(6,7)%**
Net credit risk losses/reversals	(13.088)	(10.957)	(2.131)	19,4%
Net profit (loss) from financial activities	**117.021**	**128.421**	**(11.400)**	**(8,9)%**
Administrative expenses:	(74.768)	(73.452)	(1.316)	1,8%
a) personnel expenses	(31.447)	(26.827)	(4.620)	17,2%
b) other administrative expenses	(43.321)	(46.625)	3.304	(7,1)%
Net allocations to provisions for risks and charges	(2.512)	(2.806)	294	(10,5)%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.062)	(2.809)	(1.253)	44,6%
Other operating income/expenses	6.978	5.646	1.332	23,6%
Operating costs	**(74.364)**	**(73.421)**	**(943)**	**1,3%**
Pre-tax profit (loss) for the year from continuing operations	**42.657**	**55.000**	**(12.343)**	**(22,4)%**
Income taxes for the period relating to continuing operations	(12.716)	(17.146)	4.430	(25,8)%
Profit (Loss) for the period	**29.941**	**37.854**	**(7.913)**	**(20,9)%**
Profit (Loss) for the period attributable to non-controlling interests	21	-	21	n.a.
Profit (loss) for the period attributable to the Parent company	**29.920**	**37.854**	**(7.934)**	**(21,0)%**

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	31.03.2019	31.12.2018
Common equity Tier 1 Capital (CET1)	916.545	924.285
Tier 1 Capital (T1)	972.389	980.463
Total own funds	**1.249.484**	**1.257.711**
Total RWA	**8.909.641**	**8.974.645**
Common Equity Tier 1 Ratio	10,29%	10,30%
Tier 1 Capital Ratio	10,91%	10,92%
Ratio - Total Own Funds	**14,02%**	**14,01%**

Common Equity Tier 1, Tier 1 Capital, and total Own Funds do not include the profits generated at 31 March 2019 by the Banking Group.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: BANCA IFIS BANKING GROUP SCOPE (in thousands of Euro)	AMOUNTS AT	
	31.03.2019	31.12.2018
Common equity Tier 1 Capital (CET1)	1.204.005	1.231.537
Tier 1 Capital (T1)	1.204.005	1.231.537
Total own funds	**1.604.431**	**1.631.858**
Total RWA	**8.900.603**	**8.966.099**
Common Equity Tier 1 Ratio	13,53%	13,74%
Tier 1 Capital Ratio	13,53%	13,74%
Total Own Funds Capital Ratio	**18,03%**	**18,20%**

Common Equity Tier 1, Tier 1 Capital, and total Own Funds do not include the profits generated at 31 March 2019 by the Banking Group.

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