Informazione Regolamentata n. 0147-49-2020	Data/Ora Ricezione 12 Maggio 2020 18:29:23	MTA - Star

Societa'	:	BANCA IFIS
Identificativo Informazione Regolamentata	:	132247
Nome utilizzatore	:	IFISN01 - DA RIO
Tipologia	:	REGEM; 2.2
Data/Ora Ricezione	:	12 Maggio 2020 18:29:23
Data/Ora Inizio Diffusione presunta	:	12 Maggio 2020 18:29:24
Oggetto	:	Banca IFIS - First quarter results 2020

Testo del comunicato

Vedi allegato.

1Q 20

"*We are facing an unforeseen global crisis, to which we have responded swiftly and efficiently. We have ensured the health and safety of our people and customers, without any discontinuity in our business.*

The Group's financial performance and financial position are solid and enable the Bank to face the current financial crisis with confidence.

In our digital transformation efforts, in just a few weeks we have made a great technological leap forwards, tested out new working methods and achieved important objectives, confirming the agility and flexibility of the Bank's model."

Luciano Colombini, Banca Ifis CEO

Banca Ifis Group

Profit of 26 million Euro despite the Covid-19 effect

First two months of the year in line with Business Plan targets

Solid financial position with an increase in CET1 ratio to 11,12% and liquidity of 1,4 billion Euro

Swift, incisive response to Covid-19

Safety and protection of health: 93% of personnel working remotely

Support for SMEs: +5% new customers acquired during the lockdown

Investments: acceleration on digital and IT platforms

First quarter 2020 results

RECLASSIFIED DATA[1]: 1 January – 31 March

- **Net profit for the period** in the first quarter of 2020 26,4 million Euro;
- **Net banking income** 106,0 million Euro;
- **Operating costs** down to 73,5 million Euro;

Capital requirements with the consolidation within La Scogliera:

- **CET1:** 11,12% (10,96% at 31 December 2019) versus an SREP requirement of 8,12%; **TCR:** 14,80% (14,58% at 31 December 2019) versus an SREP requirement of 12,5%.

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

- **CET1:** 14,59% (14,28% at 31 December 2019); **TCR:** 19,07% (18,64% at 31 December 2019).

Response to Covid-19

- **Employees:** 93% of personnel working remotely; high safety standards in the workplace; extension of health insurance to also cover Covid-19.
- **Corporate customers:** efficient, uninterrupted service ensured; digitalisation processes for remote customer management expedited: over 300 new customers acquired via digital channels during the lockdown period (+5%). 18,300 deferrals approved.
- **NPL business:** 65 million Euro collected (57 million Euro in 1Q2019), confirming that the Bank offers its customers repayment plans that are sustainable over the long term. Active participation in new portfolio sales processes.

2020-2022 Business Plan: financial performance and position targets suspended

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 2020 were calculated based on the regulatory principles set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) of 26 June 2013, which were transposed in the Bank of Italy's Circulars no. 285 and no. 286 of 17 December 2013. Article 19 of the CRR provides for the prudential consolidation of Banca Ifis in the holding La Scogliera. 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 refer only to the scope of the Banca Ifis Group, thus excluding the effects of the prudential consolidation within the parent company La Scogliera S.p.A.

Mestre (Venice), 12 May 2020 – The Board of Directors of Banca Ifis met today, chaired by Deputy Chairman Ernesto Fürstenberg Fassio, and approved the results for the first quarter of 2020.

"We are facing a complex time, an unforeseen global crisis, to which we have responded swiftly and efficiently. Banca Ifis promptly implemented incisive measures to protect the health and safety of its employees and customers, while also ensuring full operations: in around ten days, 93% of our people began to work remotely, and the Company continued its business in accordance with all regulations," explained Luciano Colombini, Chief Executive Officer of Banca Ifis.

"The financial impacts of the Covid-19 pandemic are clearly characterised by a high level of uncertainty, but the Group's financial performance and financial position are solid and enable the Bank to face the current financial crisis with confidence: at 31 March we had increased our CET1 ratio to 11,12% (+0,16% on 31 December 2019) and available liquidity amounted to approximately 1,4 billion Euro.

The results for the first quarter were affected by Covid-19, although the first two months of the year were in line with the targets set in the Business Plan. Several transactions were completed during the period, such as the closing of the sale of the property on Corso Venezia in Milan, which generated a capital gain of 24 million Euro, and the successful placement of a senior bond of 400 million Euro as part of the strategy of diversifying funding sources. The corporate and organisational restructuring of the NPL business and the work to build an IT platform in support of small and medium enterprises were launched on schedule.

In March, when the spread of the pandemic resulted in the closure of many businesses and severely limited the movement of individuals, we used every means at our disposal to rise to this challenge and manage the new situation as well as possible. We stepped up our digital transformation processes and in just a few weeks made a great technological leap forwards, testing out new working methods that allowed us to achieve important objectives, confirming the agility and dynamism of the Bank's model.

We contacted over 5.000 customers and acquired approximately 300 of them, developing new products and services like loans for industrial conversions or expansion of production lines in response to the emergency. In addition, some sectors particularly affected by Covid-19 began to be closely monitored and covered. In just a few weeks we prepared a digital platform to streamline the process of granting new loans guaranteed by the government under the "Cure Italy" Decree.

We continued to invest in the non-performing loans market, taking an active part in unsecured NPL sales processes, and we enhanced our telephone recovery activity following the temporary suspension of operations by the agents network. In the future, we are confident that our ten years of experience in the sector will allow us to continue to make sound purchases. In addition, we foresee that the impact of the court closures will be temporary and will primarily be tied to longer payment times rather than to reduced payments. Banca Ifis offers its debtors sustainable long-term repayment plans with an average time to recovery of the portfolio of five to seven years.

In view of the exceptional nature of this situation, and given the uncertain course of the emergency and its impact in the coming months, on 1 April the Bank's Board of Directors decided, in accordance with the prudence principle, to take the responsible course of action of following the supervisory authority's recommendation and thus to propose that the distribution of the 2019 dividend be postponed until at least 1 October 2020, and thus to proceed with payment of the dividend after that date, provided that no regulations or recommendations from the supervisory authorities to the contrary are issued before that date. Banca Ifis has also decided to suspend the financial performance and position targets set in the 2020-2022 Business Plan, which will be revised and updated as soon as the macroeconomic situation stabilises.

The Board of Directors, supervisory bodies and the Company's management continue constantly to monitor the course of the emergency caused by the spread of Covid-19 and to take the decisions and measures necessary to respond to it," Luciano Colombini concluded.

In order to fully implement the Group's business model, as envisaged by the 2020-2022 Business Plan, changes have been made to the operating segments as they were previously structured: the Enterprises Segment, now renamed **Commercial & Corporate Banking**, groups together the commercial activities intended for enterprises and excludes the portfolios of loans disbursed by Interbanca before the acquisition and set to run off (previously merged into the Enterprises Segment); the **NPL** Segment has been kept in line with the past, while the last segment, now called **Governance & Services and Non-Core**, has been integrated into the Non-Core section, which includes the portfolios excluded from Commercial & Corporate Banking.

In addition, segment reporting relating to income statement components has been expanded to include a view of results at the level of net profit.

The comparative information in this document has been restated in line with the new segment reporting.

Highlights from the Banca Ifis Group's income statement for the first quarter of 2020 are provided below.

Net banking income[1]

Consolidated net banking income amounted to 106 million Euro, down by 18,6% on the same period of 2019, almost exclusively as a result of the economic and health emergency that swept through Italy in March, resulting in the lockdown. The closure of all production activities and, specifically, the courts, effectively prevented any legal action from being taken to obtain writs, attachments of property and garnishment orders, typically more profitable for the industry as a whole. All this mainly affected the net banking income of the NPL Segment, which totalled 43,2 million Euro, compared with 61,8 million Euro in the first quarter of 2019 (-30,0%).

The net banking income of the Commercial & Corporate Banking Segment amounted to 53,8 million Euro, down 8,0% on 31 March 2019. The decline in the Factoring Area was moderate (-3,4%) compared to that in the Leasing Area (-11,1%) and the Corporate Banking & Lending Area, which recorded a decrease of 32,0%, mainly due to the lesser contribution of the "PPA reversal"[3] compared with the same period in 2019.

Net impairment losses[1]

During the quarter net credit risk losses totalled 18,5 million Euro, compared to 13,1 million Euro during the period ended 31 March 2019. These impairment losses mainly refer to the greater provisions in the Governance & Services and Non-Core Segment, in which individual impairment losses were calculated on a single significant position, relating to a customer operating in the retail sector, which further deteriorated due to the shutdown of commercial businesses as a result of Covid-19.

Operating costs

Operating costs declined by 1,2% to 73,5 million Euro in the first quarter of 2020 (74,4 million Euro in the period ended 31 March 2019). The effect of the decrease in revenues due to Covid-19 affected the cost-income ratio (the ratio of operating costs to net banking income), which stood at 69,4% compared with 57,2% at 31 March 2019.

Personnel expenses amounted to 32,0 million Euro and were essentially in line with the same period in the previous year (31,4 million Euro for the period ended 31 March 2019).

Other administrative expenses declined by 6,5% to 40,5 million Euro, compared with 43,3 million Euro for the period ended 31 March 2019, due to the reduction in the costs of purchasing goods and services and direct and indirect taxes, which more than offset the increase in the costs of professional services.

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 The term "PPA reversal" refers to the reversal over time of the difference between the fair value as measured in the business combination and the carrying amount of the receivables of the former GE Capital Interbanca Group, acquired on 30 November 2016.

Other net operating income totalled 8,0 million Euro (7,0 million Euro for the period ended 31 March 2019) and referred mainly to revenue from the recovery of expenses charged to third parties. The relevant cost item is included in other administrative expenses, namely under legal expenses and indirect taxes, as well as recoveries of expenses associated with leasing operations, in line with the same period in the previous year.

Pre-tax profit from continuing operations amounted to 38,1 million Euro (-10,7% compared to 31 March 2019). Despite the positive effect of the sale of the Milan property of 24,2 million Euro, this result was adversely affected by the situation relating to the Covid-19 pandemic, including: the 9,4 million Euro of impacts on the operations of the NPL Segment of the court closures, in addition to 6,9 million Euro of impairment losses on UCI provisions primarily related to the non-performing loans of the former Interbanca and 7,6 million Euro of provisions for credit and endorsement risk on a single individually significant position.

Group net profit for the period

The Group net profit for the period ended 31 March 2020 totalled 26,4 million Euro, compared with 29,9 million Euro for the period ended 31 March 2019, a decrease of 11,7%.

Focus on individual segments

Highlights of the contributions of the various segments to the operating and financial results for the period ended 31 March 2020 are provided below:

In the **Commercial & Corporate Banking Segment**, the net profit for the period, which accounted for 41,2% of the total, amounted to 10,9 million Euro, compared with 16,5 million Euro for the period ended 31 March 2019 (-33,9%). Despite the increase in the net profit of the Factoring Area to 8,5 million Euro, the result was affected by the decline in net profit in both the Leasing Area and the Corporate Banking & Lending Area.

- In particular, the net banking income of the **Factoring Area** decreased by 3,4% on the same period in the previous year. This result was driven by the positive contribution of net interest income, up by 0,8 million Euro, offset by a decline in net commission income (2,1 million Euro), affected by the decline in volumes managed due to the adverse scenario arising from Covid-19, as well as by competitive pressure on the economic conditions applied to customers.
  Net credit risk losses decreased to 4,8 million Euro (compared with 6,9 million Euro in the first quarter of 2019), owing to the greater reversals, mainly due to collections on previously impaired or written off positions.
  Operating expenses were essentially in line with the corresponding period of the previous year. The combined effect of these factors enabled a net profit for the period of 8,5 million Euro, down slightly, by 7,3%, on the period ended 31 March 2019.
  The Area's total loans to customers amounted to 2.973,9 million Euro (-7,9% on the end of 2019).

- In the first quarter of 2020, the **Leasing Area** presented net banking income of 11,8 million Euro, down by 11,1% on the period ended 31 March 2019, due to the greater cost attributable to a decrease in net commission income of approximately 0,5 million Euro.
  Net impairment losses on receivables amounted to 4,3 million Euro, up 2,8 million Euro compared to the first quarter of 2019. This increase was tied to the migration of previously performing positions to more uncertain risk statuses.
  Operating expenses decreased by 10,4%, after reflecting non-recurring costs such as uncapitalised software development and consultancy and non-routine maintenance on the Mondovì office in 2019.
  The net profit for the period thus totalled 2,4 million Euro, compared with 5,5 million Euro in the first three months of 2019.
  Receivables due from customers amounted to 1.403,5 million Euro (-3,1% on 31 December 2019), due to the decline in volumes disbursed during the quarter (down by 37% on the same period in the previous year).

- The net banking income of the **Corporate Banking & Lending Area** decreased by 32,0% on the period ended 31 March 2019, mainly due to the decrease in the fair value of the UCI funds in portfolio. This effect is due to the worsening of risk factors (liquidity and credit) during the quarter, negatively impacted by the instability of markets in the current context.
  Net impairment losses on receivables amounted to 1,9 million Euro, up 1,6 million Euro compared to the corresponding period of 2019, due above all to the increase in loans. Operating expenses also increased by approximately 0,9 million Euro, driven by personnel costs in support of the growth planned for the Area's loans.

In view of the foregoing, the net loss for the period was 71 thousand Euro, compared with a net profit of 3,0 million Euro during the period ended 31 March 2019.

At 31 March 2020 total receivables due from customers amounted to 879,1 million Euro, up by 17,6% on the previous year: both loans relating to structured finance and new lending to SMEs increased, in line with the development strategy.

The net banking income of the **NPL Segment**[1] amounted to 43,2 million Euro, (-30,0%) compared with 61,8 million Euro for the period ended 31 March 2019, and may be broken down as follows.

"Interest income from amortised cost", referring to the interest accruing at the original effective interest rate, was up 12,4% from 30,7 million Euro to 34,5 million Euro, largely thanks to the increase in receivables measured at amortised cost, the greater contribution by which is related for 17,2 million Euro to writs, attachments of property, and garnishment orders, and for 6,7 million Euro to settlement plans.

By contrast, there was a decline in "Other components of net interest income", which includes the effect on the income statement of changes in expected cash flows as a function of the greater or lesser collections reported or expected compared with previous forecasts, which were down from 34,8 million Euro to 15,1 million Euro. The item was affected by the closure of the courts in March, which significantly reduced the writs, attachments of property, and garnishment orders obtained compared with the same period in the previous year. In the first quarter of 2019 the income statement also included the non-recurring positive effects of the initial consolidation of the former FBS Group.

Net commission income is essentially in line with the same quarter of the previous year and is almost entirely attributable to the contribution made by commission income from servicing on third party portfolios.

Operating costs decreased by 15,7% to 33,5 million Euro from 39,7 million Euro in the first quarter of 2019. The reduction is mainly due to the variable costs connected with debt collection and, in particular, those relating to legal collection. As for revenues, the court closure due to the Covid-19 emergency resulted in the halt of a series of costly lawsuits used by the Segment to increase its chance of collection.

The net profit for the period of 6,8 million Euro was down by approximately 8,7 million Euro, mainly due, as specified above, to external negative factors affecting the entire national economy.

The net banking income of the **Governance & Services and Non-Core Segment** was 9,0 million Euro, down by approximately 0,9 million Euro on the period ended 31 March 2019. The change was tied to a decrease in net interest income, primarily due to the gradual reduction in the contribution of the "PPA reversal"[3], only partially offset by the lower impairment losses on assets at fair value and a positive effect attributable to trading activity.

In terms of the cost of credit, net adjustments increased to 7,5 million Euro from 4,4 million Euro in the first quarter of 2019. The main contribution to the adjustments is attributable to the analytical impairment calculated on a single relevant position allocated to the run-off portfolio of the former Interbanca, already restructured in the past. Operating costs also increased, driven by greater provisions for risks and charges.

The result for the segment also includes the capital gain, net of the related selling costs, of 24 million Euro on the sale of the property located on Corso Venezia in Milan. The sale of this property, already classified as a non-current asset held for sale with a value of 25,6 million Euro at 31 December 2019, following the signing of a binding offer for the sale of the property, was closed and the full consideration collected in March 2020.

The net profit for the period totalled 8,8 million Euro, compared to a net loss of 2,0 million Euro for the period ended 31 March 2019.

At 31 March 2020, total net receivables for the Segment amounted to 1.073,4 million Euro, up 13,5% on the figure at 31 December 2019 (945,6 million Euro). The increase is substantively linked to the Proprietary Finance business (approximately 160 million Euro), which, mainly through the purchase of government securities, more than offset the physiological reduction of run-off portfolios.

---

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 The term "PPA reversal" refers to the reversal over time of the difference between the fair value as measured in the business combination and the carrying amount of the receivables of the former GE Capital Interbanca Group, acquired on 30 November 2016.

The breakdown of the main statement of financial position items of the Banca Ifis Group at 31 March 2020 is shown below.

Receivables due from customers measured at amortised cost

Total **receivables due from customers measured at amortised cost** amounted to 7.600,7 million Euro, essentially in line with 31 December 2019 (-0,7%). The Commercial & Corporate Banking Segment was down by -3,1% on the figure at 31 December 2019, the NPL Segment was in line with the figure at 31 December 2019 (-0,7%) and, finally, the Governance & Services and Non-Core Segment was up (+13,5% on the figure at 31 December 2019).

The **Commercial & Corporate Banking Segment's net non-performing exposures** totalled 252,1 million Euro at 31 March 2020, up 25,7 million Euro from 31 December 2019 (226,4 million Euro), and may be broken down as follows:

- Net bad loans stood at 42,9 million Euro and were essentially stable, with the ratio of bad loans to total loans also holding stable (0,8%).
- The balance of net unlikely to pay positions was 87,1 million Euro, down by 1,6% from 88,6 million Euro at 31 December 2019, despite the increase in the average coverage ratio.
- Net non-performing past due exposures amounted to 122,1 million Euro compared to 95,0 million Euro at 31 December 2019 (+27,1%) with a coverage ratio of 7,6% compared to 8,4% at 31 December 2019; the increase in non-performing past due exposures is mainly attributable to the Factoring Area. The gross and net ratio at 31 March 2020 were up on the end of 2019 at 2,4% and 2,3%, respectively.

Overall, the gross NPE ratio of the Commercial & Corporate Banking Segment was up on 31 December 2019 at 9,3%, whereas the net NPE ratio was 4,8% (4,2% at 31 December 2019).

Funding

During the first quarter of 2020, the Group continued its strategy of consolidating wholesale funding in order to ensure a better balance with respect to retail funding. In line with this strategy, no transactions were undertaken on the debt market with institutional investors during the period. At 31 March 2020 total funding was 8.468,5 million Euro, in line with the figure at the end of 2019, and the funding structure was as follows:

- 57,8% customers;
- 17,4% debt securities;
- 12,8% ABSs;
- 9,3% TLTROs;
- 2,7% other.

Payables due to customers at 31 March 2020 amounted to 4.894,3 million Euro (-7,4% compared to 31 December 2019), due to the decrease in retail funding (Rendimax and Contomax) from 4.790,9 million Euro at 31 December 2019 to 4.528,6 million Euro at 31 March 2020.

Payables due to banks amounted to 1.014,4 million Euro (+5,7% compared to 31 December 2019). This item mainly refers to the TLTRO tranche totalling 791,5 million Euro subscribed respectively in 2017 and at end 2019, deposits with other banks of 166,7 million Euro and 56,2 million Euro related to other accounts and loans.

Securities issued amounted to 2.559,8 million Euro, including 1.085,4 million Euro (1.150 million Euro at 31 December 2019) in securities issued by the special purpose vehicles as part of the securitisation of trade receivables launched at the end of 2016. The item also comprised 1.006,9 million Euro (including interest) in senior bonds issued by Banca Ifis, as well as the 406,3 million Euro (including interest) Tier 2 bond. The rest of debt securities issued at 31 March 2020 included 60,7 million Euro in a bond loan issued at the time by the merged entity Interbanca.

Equity and ratios

The Group's consolidated equity was strengthened to 1.542,4 million Euro at 31 March 2020, compared with 1.539,0 million Euro at 31 December 2019.

At 31 March 2020 the ratios for the Banca Ifis Group only, without considering the effects of consolidation within the parent company, La Scogliera, amounted to a **CET1 ratio** of 14,59% (compared with 14,28% at 31 December 2019[4]), a **TIER1 ratio** of 14,59% (14,28% at 31 December 2019[4]) and a **Total Capital ratio** of 19,07% (compared with 18,64% at 31 December 2019[4]).

With prudential consolidation within La Scogliera, capital ratios at 31 March 2020 amounted to a **CET1 ratio** of 11,12% (compared with 10,96% at 31 December 2019[4]), a **TIER1 ratio** of 11,72% (11,56% at 31 December 2019[4]) and a **Total Capital ratio** of 14,80% (compared with 14,58% at 31 December 2019[4]).

Common Equity Tier 1, Tier 1 Capital, and total Own Funds do not include the profits generated by the Banking Group at 31 March 2020, inasmuch as they have not been certified by the auditor. However, these items do include the profits generated by the Banking Group during the year ended at 31 December 2019, net of the dividend approved and suspended.

In addition, please note that the Bank of Italy has instructed the Banca Ifis Group to adopt the following consolidated capital requirements in 2020, in continuity with 2019, including a 2,5% capital conservation buffer:

- Common equity tier 1 (CET1) 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 2020, the Banca Ifis Group met the above prudential requirements.

Significant events occurred in the period

The Banca Ifis Group transparently and promptly discloses information to the market, constantly publishing information on significant events through press releases. Please visit the Investor Relations 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 in the period.

2020-2022 Business Plan presented

The Board of Directors of Banca Ifis approved the 2020-2022 Business Plan on 13 January 2020. The Plan was presented to the financial community on 14 January.

Banca Ifis: successful placement of the 400 million Euro Senior Preferred bond maturing on 25 June 2024

On 18 February 2020, Banca Ifis (Fitch rating BB+ with stable outlook) successfully concluded placement of a Senior Preferred bond issue intended for professional investors, for an amount of 400 million Euro. The bond, issued under the scope of the EMTN Programme, comes as part of the funding strategy envisaged by the 2020-2022 Business Plan, which looks to better diversify the sources of finance. The transaction was strongly in demand with final orders, more than 60% of which came from foreign investors, more than three times the allocated amount. The reoffer price was 99,692, for a return at maturity of 1,82% and a coupon that is payable annually in the amount of 1,75%.

Resignation from the Board of Director Alessandro Csillaghy De Pacser

On 31 March 2020, Alessandro Csillaghy De Pacser tendered his resignation from the position of member of the Parent Company's Board of Directors, in order to devote himself fully to the international development of the Group's business and his roles at its foreign subsidiaries. At the date of his resignation, the director did not hold any shares of the Company, and his termination from the position did not entail the payment of indemnities or other benefits, in accordance with the remuneration policy adopted by the Banca Ifis Group.

4 Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 31 December 2019 net of the approved and suspended dividend.

Significant subsequent events

Communication on the FY 2019 Dividend Distribution Policy

At its extraordinary session held on 1 April 2020, 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 to propose that the distribution of dividends for financial year 2019 be postponed until at least 1 October 2020, and thus to proceed with payment after that date, provided that no regulations or recommendations from supervisory authorities to the contrary are issued before that date. In accordance with applicable provisions, and without prejudice to the fundamental focus on the Group's financial solidity, Banca Ifis is confident that it will be able to distribute a dividend as soon as conditions so permit after 1 October 2020.

The Shareholders' Meeting approves the 2019 financial statements

The Ordinary Shareholders' Meeting of Banca Ifis S.p.A., held on 23 April 2020, approved the financial statements relative to FY 2019 and the deferral of the distribution of the dividend of Euro 1,10 per share for FY 2019 at least until 1 October 2020, after which, if conditions allow, it will be paid; this is in line with the proposal made by the Bank's Board of Directors. The following were also approved: the Banca Ifis Group Remuneration Policy as per the "Report on the Remuneration Policy and Fees Paid" for FY 2020, the update of the shareholders' meeting regulation and the proposal made by the shareholder La Scogliera to appoint Riccardo Preve as new director, in lieu of the resigning director, Alessandro Csillaghy De Pacser.

Exclusive negotiations for 70,77% of the share capital of Farbanca S.p.A.

On 10 April 2020 Banca Ifis made a binding offer for the acquisition of 70,77% of the share capital of Farbanca S.p.A. (owned by Banca Popolare di Vicenza), the remaining 29,23% interest in which is held by 450 small shareholders, mainly pharmacists. The offer, valid for 90 days, is contingent on the necessary authorisations. On 11 May 2020 the Bank then announced that it had entered into exclusive negotiations, set to conclude on 29 May.

Declaration of the Corporate Accounting Reporting Officer

Pursuant to article 154 bis, paragraph 2 of the Consolidated Law on Finance, the Corporate Accounting Reporting Officer, Mariacristina Taormina, declares that the financial information contained in this press release corresponds to the related books and accounting records.

Disclaimer

The financial impacts of the Covid-19 pandemic on the various Group companies are currently characterised by severe uncertainty. The Group's financial performance and financial position are solid and enable the Bank to face the current financial crisis.

However, given the uncertain future course of the Covid-19 emergency, and in accordance with the prudence principle, the Board of Directors has decided to suspend the financial performance and position targets set in the 2020-2022 Business Plan, which will be revised and updated as soon as the macroeconomic scenario stabilises.

The results for the first quarter of 2020 include the impacts of Covid-19 as reasonably foreseeable at 31 March 2020. The adverse effects of Covid-19 may persist beyond the first quarter of 2020, extending into the following quarters, although the timing and amount of such effects currently cannot be foreseen.

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.

Barring further deterioration of the scenario, which in view of its exceptional nature and uncertainty cannot be excluded, the Group's solid financial position and ability to reorganise, as also shown during the Covid-19 emergency, will nonetheless allow Banca Ifis to continue, as in the past, to provide sustainable remuneration to its shareholders.

The Board of Directors, supervisory bodies and the Company's management continue constantly to monitor the course of the emergency caused by the spread of Covid-19 and to take the decisions and measures necessary to respond to it.

Banca Ifis S.p.A.

Director of Communications and External Relations
Rosalba Benedetto
+39 335 5319310
rosalba.benedetto@bancaifis.it
www.bancaifis.it

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

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

Press Office
Image Building
Claudia Caracausi, Davide Bruzzese
c.caracausi@imagebuilding.it
d.bruzzese@imagebuilding.it
+ 39 02 89011300

Reclassified Financial Statements

Net impairment losses on receivables of the NPL Segment 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)	31.03.2020	31.12.2019
Cash and cash equivalents	60	56
Financial assets held for trading through profit or loss	31.162	24.313
Financial assets mandatorily measured at fair value through profit or loss	103.743	112.785
Financial assets measured at fair value through other comprehensive income	1.215.355	1.173.808
Receivables due from banks measured at amortised cost	628.756	626.890
Receivables due from customers measured at amortised cost	7.600.742	7.651.226
Equity investments	6	6
Property, plant and equipment	109.632	106.301
Intangible assets	61.893	60.919
of which:		
- goodwill	*39.500*	*39.542*
Tax assets:	389.964	391.185
a) current	56.185	56.869
b) deferred	333.779	334.316
Non-current assets and disposal groups	-	25.560
Other assets	351.303	352.975
Total assets	10.492.616	10.526.024

LIABILITIES AND EQUITY (in thousands of Euro)	31.03.2020	31.12.2019
Payables due to banks	1.014.365	959.477
Payables due to customers	4.894.280	5.286.239
Debt securities issued	2.559.834	2.217.529
Financial liabilities held for trading	27.128	21.844
Tax liabilities:	68.066	69.018
a) current	33.023	28.248
b) deferred	35.043	40.770
Other liabilities	340.134	390.022
Post-employment benefits	9.708	9.977
Provisions for risks and charges	36.671	32.965
Valuation reserves	(24.339)	(3.037)
Reserves	1.381.676	1.260.238
Share premiums	102.285	102.285
Share capital	53.811	53.811
Treasury shares (-)	(3.012)	(3.012)
Equity attributable to non-controlling interests (+/-)	5.583	5.571
Profit (loss) for the period (+/-)	26.426	123.097
Total liabilities and equity	10.492.616	10.526.024

Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	31.03.2020	31.03.2019
Net interest income	**91.416**	**115.264**
Net commission income	**21.097**	**23.828**
Other components of net banking income	(6.561)	(8.983)
Net banking income	**105.952**	**130.109**
Net credit risk losses/reversals	(18.512)	(13.088)
Net profit (loss) from financial activities	**87.440**	**117.021**
Administrative expenses:	(72.549)	(74.768)
a) personnel expenses	(32.029)	(31.447)
b) other administrative expenses	(40.520)	(43.321)
Net allocations to provisions for risks and charges	(4.889)	(2.512)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.039)	(4.062)
Other operating income/expenses	7.978	6.978
Operating costs	**(73.499)**	**(74.364)**
Gains (Losses) on disposal of investments	24.161	-
Pre-tax profit (loss) from continuing operations	**38.102**	**42.657**
Income taxes for the period relating to continuing operations	(11.660)	(12.716)
Profit (loss) for the period	**26.442**	**29.941**
Profit (Loss) for the period attributable to non-controlling interests	16	21
Profit (loss) for the period attributable to the Parent company	**26.426**	**29.920**

Capital indicators

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	31.03.2020	31.12.2019
Common equity Tier 1 Capital (CET1)	994.910	1.008.865
Tier 1 capital (T1)	1.048.554	1.064.524
Total own funds	1.323.900	1.342.069
Total RWA	8.947.456	9.206.155
Common Equity Tier 1 Ratio	11,12%	10,96%
Tier 1 Capital Ratio	11,72%	11,56%
Ratio - Total Own Funds	14,80%	14,58%

Common Equity Tier 1, Tier 1 Capital, and total Own Funds at 31 March 2020 do not include the profits generated by the Banking Group in that same period since they have not been certified by the auditor.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: BANCA IFIS BANKING GROUP SCOPE (in thousands of Euro)	31.03.2020	31.12.2019
Common equity Tier 1 Capital (CET1)	1.303.361	1.312.821
Tier 1 capital (T1)	1.303.361	1.312.821
Total own funds	1.703.825	1.713.198
Total RWA	8.933.879	9.190.900
Common Equity Tier 1 Ratio	14,59%	14,28%
Tier 1 Capital Ratio	14,59%	14,28%
Ratio - Total Own Funds	19,07%	18,64%

Common Equity Tier 1, Tier 1 Capital, and total Own Funds at 31 March 2020 do not include the profits generated by the Banking Group in that same period since they have not been certified by the auditor.

Fine Comunicato n.0147-49	Numero di Pagine: 14