



Banca Ifis



# 2020 Preliminary results

11 February 2021

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# 2020 and 4Q 20 results

- 1 2020 net income of €69mln above our €50-65mln guidance despite 2° wave of Covid-19**
- 2 Resilient profitability: all 2020 quarters profitable despite provisions and adjustments for Covid-19**
  - 2020 Covid-19 total direct provisions and adjustments of €76mln\* (€29mln\* in 4Q 20)
- 3 Significant reduction in asset quality ratios with ~€120mln GBV Npl disposals (mainly ex-Interbanca)**
  - Gross Npe\* ratio\*\*: 6.4% in Dec20 (vs. 9.8% in Dec 19); Net Npe\* ratio\*\*: 3.2% in Dec 20 (vs. 5.4% in Dec 19)
- 4 CET1 at 11.29% (+0.33% since 4Q 19) net of dividends**
- 5 2019 dividends of €59mln\*\*\* were booked as debt to shareholders and 2020 dividends of €25mln\*\*\*\* will be proposed to the AGM scheduled on 22 April 2021**

\* Source: management accounting data.

\*\* Includes customer loans in Commercial Banking, Non Core and G&S. It excludes Npl business and €1.1bn Government bonds at amortized costs in G&S

\*\*\* €1.1 per share

\*\*\*\* €0.47 per share . The dividend was defined in compliance with the parameters set by the Bank of Italy's recommendation of 16 December 2020 in which the latter expects that dividends and buy-backs of treasury shares remain below 15% of the accumulated net profits for 2019-20 and not exceeding 20 bps of the Common Equity Tier 1 (CET1) ratio, depending on which of the two parameters is the lower

# €76mln further provisions and adjustments due to Covid-19\*

## Covid-19 further provisions and adjustments - €mln

76	Description
31	<ul style="list-style-type: none"> <li>Additional provisions for loan losses in factoring, leasing and structured finance on sectors most impacted by Covid-19 and moratoriums</li> </ul>
5	<ul style="list-style-type: none"> <li>Funds with negative fair value valuation, mainly Npls of former Interbanca**</li> </ul>
23	<ul style="list-style-type: none"> <li>Provisions to reflect longer timeframes/slightly lower cash recoveries in the NPL portfolio especially in extrajudicial workout and secured Npls</li> </ul>
17	<ul style="list-style-type: none"> <li>Loan loss provisions and other provisions for a single position of former Interbanca</li> </ul>
2020	

**Covid19: €76mln further provisions and adjustments in 2020 (€29mln in 4Q20)**

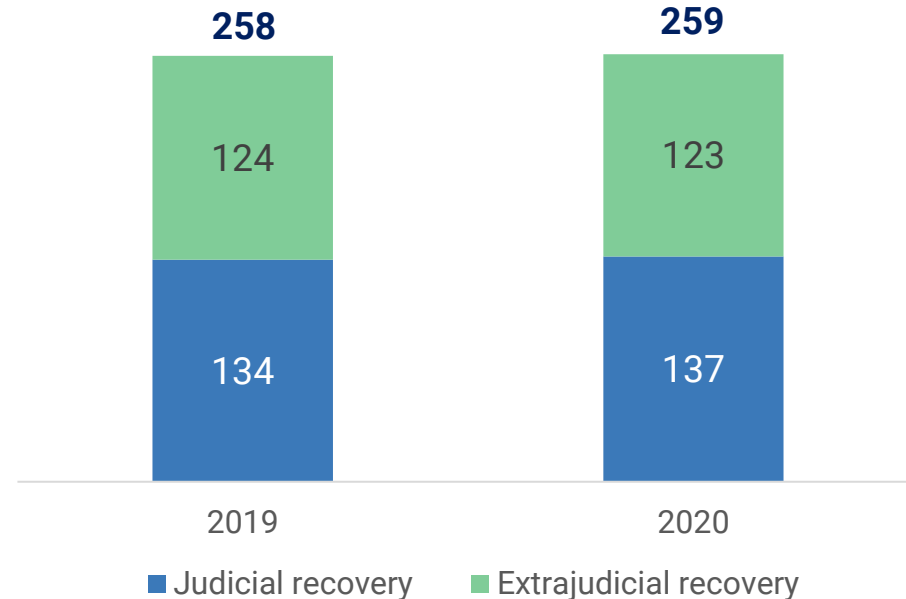
\* Source: management accounting data

\*\* In 4Q 20, -€2mln compared to previous quarters due to financial market improvements

# Resilient Npl cash collection\*

- **€259mIn Npl cash collection in 2020, stable vs. 2019 despite Covid-19 and lockdown, mainly due to the strengthening of phone collection**
- This reflects ~40% of order of assignments in the face of public employees and retirees and portfolio diversification of ~1.4mIn borrowers
- In 2020, Banca Ifis posted €23mIn additional provisions\*\* to reflect potential longer timeframes/slightly lower cash recoveries in the Npl portfolio due to Covid-19
- In 2020, Banca Ifis has purchased €2.7bn Npls, which will provide a solid contribution to the Bank's profitability next year

## Npl cash collection - €mIn



\* Source: management accounting data

\*\* Of which ~€11mIn in 2Q 20 and ~€11mIn in 4Q 20

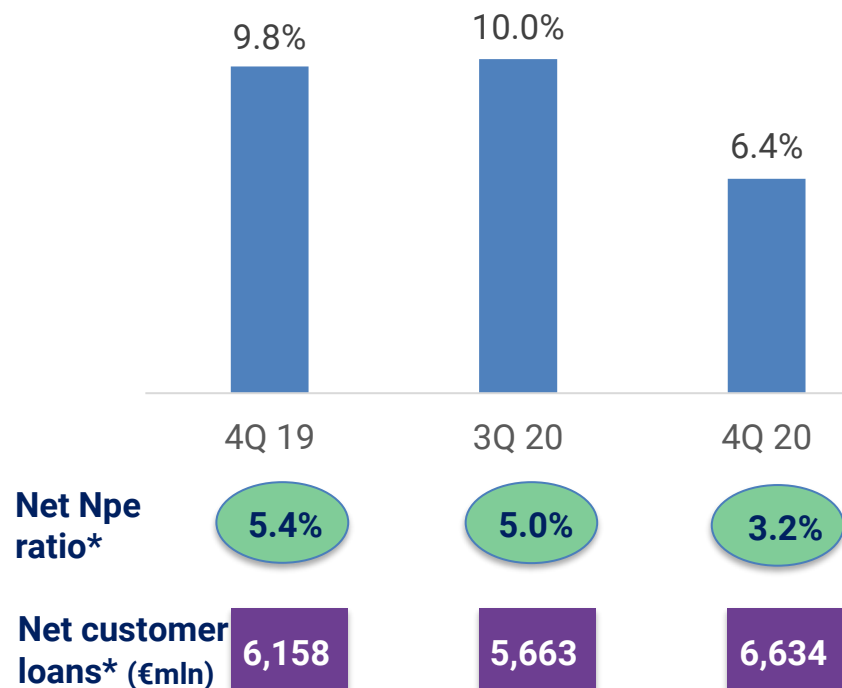
# Improving asset quality ratios

**1 Discipline in payments:** in 2020, Banca Ifis was disciplined to factoring clients/debtors to meet payment deadlines. The technical past due in factoring decreased from €90mln in 4Q 19 to €10mln in 4Q 20

**2 Npl disposals:** in 4Q 20, Banca Ifis disposed of ~€120mln GBV of NPLs (NBV of ~€60mln) through several transactions to decrease NPE ratios and better face the impact of Covid-19

- The Npl disposed had a high vintage (ca. 8Y), were highly provisioned, already worked out by Banca Ifis and mainly originated by former Interbanca
- No significant P&L impact from Npl disposals
- The Npl disposals were performed according to art 55 of the Cura Italia Decree, allowing the transformation of €27mln DTA (fully deducted from CET1) into tax credit (no CET1 deduction)

## Decrease in Gross and Net Npe ratios\*



# Quarterly and year results

(€ mln)	3Q 20	4Q 20	FY 19	FY 20
Net interest income	91.1	120.9	458.9	381.7
Net commission income	15.7	19.4	94.1	74.9
Trading and other revenues	2.1	5.8	5.4	11.2
<b>Net banking income</b>	<b>108.9</b>	<b>146.1</b>	<b>558.3</b>	<b>467.8</b>
Loan loss provisions (LLP)	(14.5)	(43.5)	(87.2)	(91.4)
<b>Net banking income – LLP</b>	<b>94.4</b>	<b>102.6</b>	<b>471.1</b>	<b>376.4</b>
Personnel expenses	(28.6)	(34.1)	(130.0)	(123.4)
Other administrative expenses	(40.9)	(67.8)	(214.3)	(190.8)
Other net income/expenses	(4.4)	23.3	49.3	6.2
<b>Operating costs</b>	<b>(73.9)</b>	<b>(78.6)</b>	<b>(294.9)</b>	<b>(308.0)</b>
Goodwill impairment	-	(0.7)	-	(0.7)
Gains (Losses) on disposal of investments	-	-	(0.4)	24.2
<b>Pre tax profit</b>	<b>20.5</b>	<b>23.3</b>	<b>175.8</b>	<b>91.9</b>
Taxes	(4.8)	(6.6)	(52.6)	(22.7)
<b>Net income - attributable to the Parent company</b>	<b>15.6</b>	<b>16.5</b>	<b>123.1</b>	<b>68.8</b>

Customer loans	7,957	9,135	7,651	9,135
- of which Npl Business	1,325	1,406	1,280	1,406
Total assets	11,199	12,026	10,526	12,026
Total funding	9,153	9,908	8,463	9,908
- of which customer deposits	4,916	5,472	5,286	5,472
- of which TLTRO	1,997	1,995	792	1,995
Shareholders Equity	1,512	1,550	1,539	1,550

1 Net banking income impacted by the slowdown in judicial and extrajudicial Npl workout and lower volumes/net banking income in Commercial & Corporate Banking

- 2020 net banking income included +€57m write back of PPA (+€30m in 4Q 20) and -€22m of provisions to reflect longer timeframes/slightly lower cash recoveries in the NPL portfolio

2 It included €20.4m additional provisions for potential loan losses on Covid-19

3 It included +€16.8m of Farbanca bargain and +€12m on the Npl business, mainly portfolio indemnities from sellers

4 2019 operating costs included the closing of a tax proceeding of former Interbanca which impacted Other Administrative Expenses (-€30.9m) and Other net income (+€46.2m)

5 Capital gain due to the disposal of real estate in Milan



# 4Q 20 Results: P&L break-down by business unit\*

## Commercial & Corporate banking

Data in € mln	Npl	Commercial & Corporate banking				Non core & G&S	Consolidated
		Factoring	Leasing	Corp. Banking & Lending	Tot. Commercial & Corporate banking		
Net interest income	42	28	10	7	44	34	127
Net commission income	1	14	3	2	19	(1)	19
Trading & other revenues	3	(0)	0	(0)	(0)	3	6
<b>Net banking income</b>	<b>46</b>	<b>42</b>	<b>13</b>	<b>9</b>	<b>63</b>	<b>37</b>	<b>146</b>
-Of which PPA	0	0	0	0	0	30	30
Loan loss provisions	0	(23) <sup>1</sup>	0	(19) <sup>2</sup>	(42)	(1)	(44)
Operating costs	(39)	(27)	(6)	(3)	(36)	(4)	(79) <sup>3</sup>
Gains (Losses) on disposal of investments	-	-	-	-	-	-	-
<b>Net income</b>	<b>5</b>	<b>(7)</b>	<b>5</b>	<b>(10)</b>	<b>(12)</b>	<b>23</b>	<b>17</b>
Net income attributable to non-controlling interests							0.2
Net income attributable to the Parent company							16
<b>Net income (%)</b>	<b>31%</b>	<b>(39%)</b>	<b>30%</b>	<b>(61%)</b>	<b>(70%)</b>	<b>139%</b>	<b>100%</b>
<b>Customer Loans</b>	1,406	2,854	1,414	1,724	5,993	1,737 <sup>4</sup>	9,135
<b>RWA<sup>1</sup></b>	2,212	2,428	1,309	1,408	5,145	916	8,272
<b>Allocated capital<sup>2</sup></b>	<b>250</b>	<b>274</b>	<b>148</b>	<b>159</b>	<b>581</b>	<b>103</b>	<b>934</b>

- Including €14mln additional provisions on potential loan losses due to Covid-19
- Including €6mln additional provisions on potential loan losses due to Covid-19
- It including +€16.8mln of Farbanca bargain in Non core & G&S and +€12mln on the Npl business, mainly portfolio indemnities from sellers
- Breakdown of customer loans in Non Core & G&S
  - G&S: includes €1.1bn of Italian Government bonds at amortized costs
  - Non Core: includes €0.3bn of performing loans mainly ex Interbanca, €0.1bn retail mortgages and €0.05bn of Npl (former Interbanca + Banca Ifis)

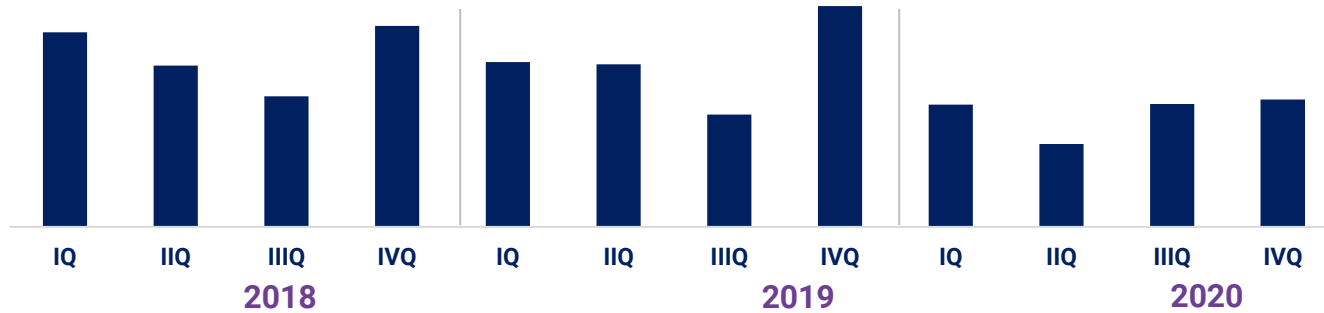
(1) RWA Credit and counterparty risk only. It excludes RWA from operating, market risks and CVA (€1bn);

(2) RWA (Credit and counterparty risk only) x CET1 4Q20.

\* Source: management accounting data

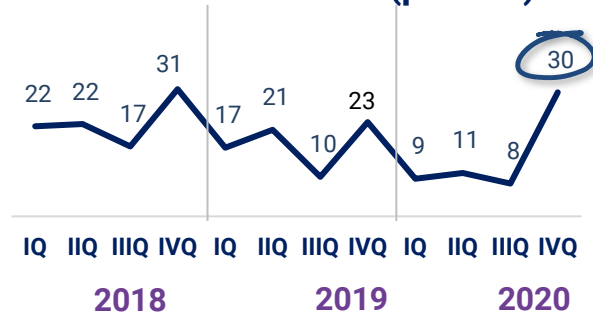
# Seasonality in Npl and PPA and effect of Covid-19

## Net interest income in Npls\*



2020 was impacted by court shutdown

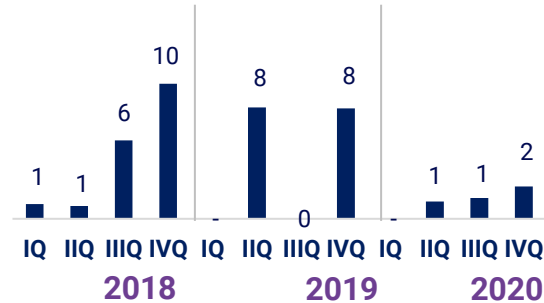
## Reversal of PPA ex-IB (pre-tax)\*



4Q 20 pre tax reversal PPA at €30mln

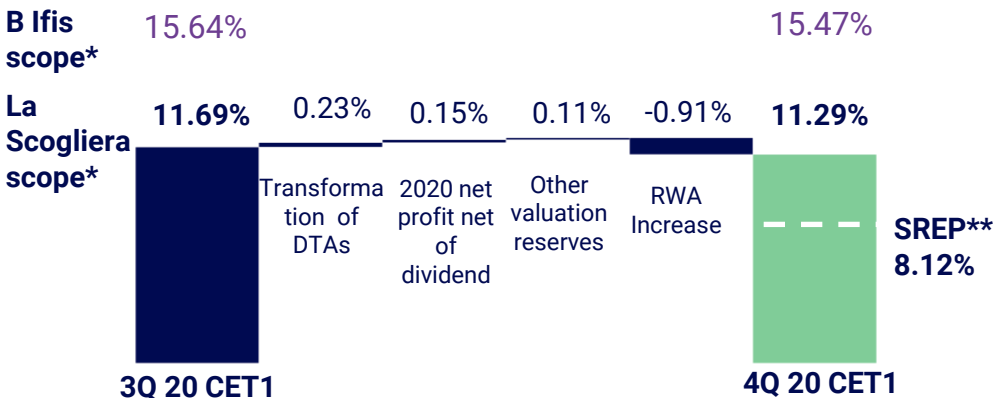
Variability due to reversal of PPA depending on the prepayment / disposal of ex-Interbanca's loans

## Capital gains from Npl disposal



4Q 20 gains at €2mln

\*Source: management accounting data



- CET1 of 11.29% (-0.41% QoQ and +0.33% since 31 Dec 2019) and TCR calculated net of dividends
- 2019 dividends of €59mIn were booked as debt to shareholders and 2020 dividends of €25mIn will be proposed to the AGM scheduled on 22 April 2021

## Data in €bn

Banca Ifis Group Scope	3Q 20	4Q 20
RWA	8.5	9.2
CET1	1.3	1.4
Total Capital	1.7	1.8
Total Capital %	20.38%	19.87%

La Scogliera Group scope	3Q 20	4Q 20
RWA	8.5	9.2
CET1	1.0	1.0
Total Capital	1.3	1.4
Total Capital %	15.45%	14.85%
Excess CET1 not inc. in La Scogliera	0.3	0.4

## Key items of capital ratios evolution in 4Q 20

- 91bps due to business growth in Npl and Commercial banking and the acquisition of Farbanca (+€414mIn RWA)
- +23bps due to the transformation of €27mIn DTA into tax credit ex-art 55 of the Cura Italia Decree

\*The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that only 50.8% of the excess capital of Banca Ifis Group Scope is included in the CET1 of La Scogliera Group Scope. Excess Capital of €0.4bn is not included in CET1 of La Scogliera Group Scope.

\*\* SREP received by the Bank of Italy to be applied in 2019 and to be applied also for 2020

# Appendices

# 2

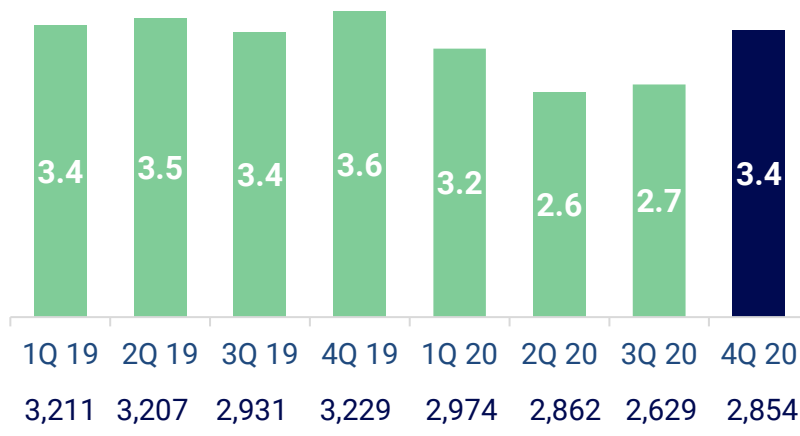
## 2.1 Segment results

**Banca Ifis's Commercial & Corporate banking portfolio includes €0.6bn towards PA; the remaining portfolio is well diversified in terms of sector, geography and size to face the potential impact of the current macroeconomic slowdown**

(€ bn)	4Q20	Description
<b>Lending to NHS/PA and large corporations</b>		
Factoring and other loans to public administration	0.6	The asset quality risk is limited, while there are uncertainties on the timeframe of payment
Loans 80% guaranteed by State (MCC)	0.4	Loans to SMEs 80% guaranteed by MCC/State
Factoring to chemists	0.1	Factoring in the face of chemists (Credifarma)
Factoring to large Italian Corporations (Revenue >€500mln)	0.6	The debtors are the large/top Italian corporations (revenue > €500mln) with a sound competitive advantage. Average duration of ca. 3-6 months
<b>Lending to SMEs</b>		
Factoring to SMEs	1.5	Strong sector and borrower diversification. Average duration of ca. 4 months. Average ticket of €300k. The exposures are to debtors (usually medium corporate), with ratings well above the ones of the sellers of the credits
Leasing to SMEs	1.4	Strong sector and borrower diversification. Average duration of ca. 4Y. Leasing exposures (excluding rental) to 38k customers, with an average ticket of €30k. There are remarketing agreements for all the repossessed assets which mitigate asset quality risk
Lending to chemists	0.7	Medium/long term lending to chemists (Credifarma + Farbanca)
Structured finance	0.6	Lending to Private equity consisting of ca. 55 exposures (average ticket of ca. €12mln) towards non-cyclical corporations. Strong track record, with no significant default in the last 10Y
<b>Total customer loans</b>	<b>6.0</b>	<b>Total customer loans of Commercial &amp; Corporate Banking</b>

\* Source: management accounting data

## Turnover - €bn



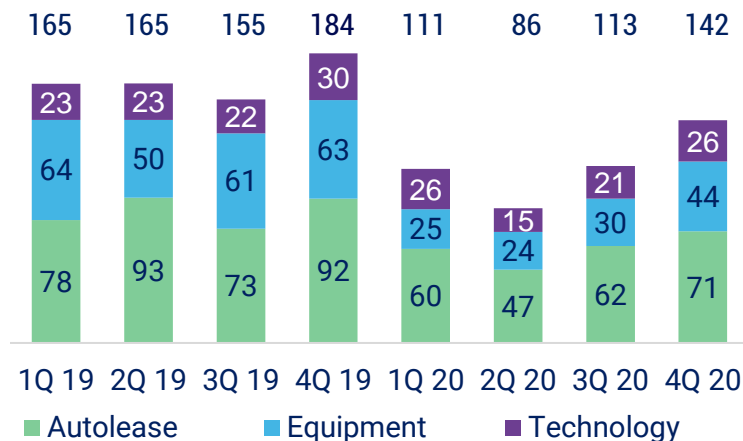
Net customer loans - €mln

Data in €mln	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
Net banking income	39	42	42	41	38	35	35	42
Net banking income / average customer loans	4.9%	5.2%	5.3%	5.1%	4.9%	4.6%	4.8%	5.8%
Loan loss provisions	(7)	(12)	(4)	(13)	(5)	(1)	(1)	(23)

- Factoring net loans +8.6% QoQ due to seasonality and -11.6% YoY due to Covid-19
- Factoring loans of €2.9bn included €0.6bn exposure to the Public Administration
- The short term nature of the factoring (average maturity 3-6 months) coupled with the know how of the Bank allows greater flexibility
- Banca Ifis can quickly adapt commercial coverage and volumes to the macroeconomic conditions, performance of corporate/sectors and on level of liquidity and risk targeted by the Bank
- Net banking income / average customer loans at 5.8% driven by the positive performance in Pharma (+4mln QoQ) impacts by a few positions
- In 4Q20, loan loss provisions included €14mln additional provisions for Covid-19

\* Source: management accounting data

## New business - €mln



- New leasing -23% YoY due to commercial activity slowdown driven by Covid-19 outbreak
- In 4Q 20, customer loans amounted to €1,414mln, +1.5%QoQ
- The impact of Covid-19 on loan loss provisions is mitigated by strong sector and borrower diversification (~ 38k customers, average ticket of ~ €30k\*\*) and by the remarketing agreements for repossessed assets
- As at 31 Dec 2020, moratorium envisaged by Italian banking association and by Decree 18/2020 (Decreto Cura Italia):
  - ~17k total moratoriums approved, on ~ €480mln outstanding loans and ~ €80mln instalments postponed

Net customer loans - €mln

Quarter	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
Net customer loans	1,412	1,430	1,425	1,448	1,404	1,397	1,394	1,414

Data in €mln	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
Net banking income	13	14	13	13	12	13	12	13
Net banking income / average customer loans	3.8%	3.9%	3.6%	3.7%	3.3%	3.7%	3.3%	3.6%
Loan loss provisions	(2)	(3)	(4)	(2)	(4)	(4)	(7)	0

\* Source: management accounting data

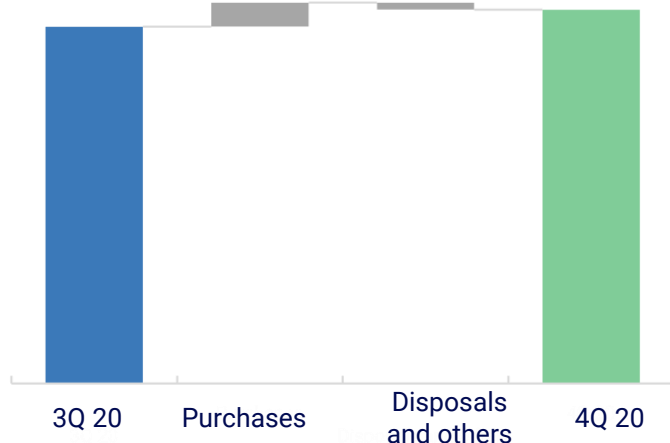
\*\* data for leasing excluding rental



## Npl portfolio evolution

NBV\*\* 1,324 1,404  
€mln

GBV €bn 18.9 +1.3 -0.4 19.8



### Key numbers\*

- 2.0mln tickets, #1.4mln borrowers
- Extensive portfolio diversification by location, type and age of borrower

### Npls acquired in 4Q: €1.3bn GBV

- In 4Q 20, Banca Ifis purchased €1.3bn (mainly consumer and banking Npls both unsecured and secured) which will provide a solid contribution to the Bank's profitability over the next years
- In 2020, Banca Ifis purchased 26 Npl portfolios for ~€2.7bn (~€2.3bn and ~€0.4bn in the primary and secondary market, respectively) and 236k debt positions
- Pipeline to remain strong: in 1H 2021, we are participating /expect to participate in NPL disposal processes with €3bn GBV

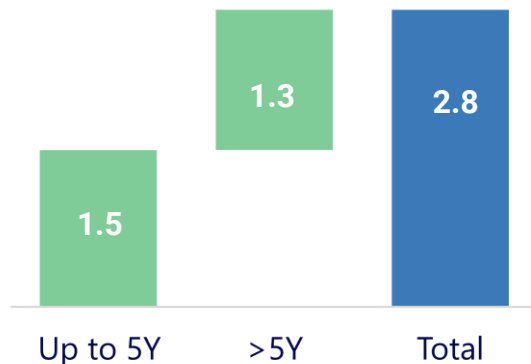
### Npls disposed of in 4Q: €0.4bn GBV

- Npls disposed of in 4Q20: €0.4bn GBV (disposal price €20.6mln, capital gain €2.3mln). The disposals include ~€37mln GBV of payment plans already worked out by Banca Ifis at a price in line with book value

\*Source: management accounting data

\*\*Does not include customer loans (invoices to be issued) related to Ifis Npl Servicing third parties servicing activities

## ERC: €2.8bn



## ERC breakdown

Data in €mln	GBV	NBV	ERC
Waiting for workout - At cost	2.1	0.2	0.3
Extrajudicial positions	10.3	0.3	0.6
Judicial positions	7.4	0.9	1.9
<b>Total</b>	<b>19.8</b>	<b>1.4</b>	<b>2.8</b>

## ERC assumptions

- ERC based proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
  - Type of borrower, location, age, amount due, employment status
  - Time frame of recovery
  - Probability of decay
- ERC represents Banca Ifis's expectation in terms of gross cash recovery. Internal and external costs of positions in non-judicial payment plans (GBV of €0.4bn in 4Q 20), court injunctions ["precetto"] issued and order of assignments (GBV of €1.4bn in 4Q 20) have already been expensed in P&L
- **€1.4bn cash recovery (including proceeds from disposals) in 2014 – 2020**

# Npl Business\*: GBV and cash recovery

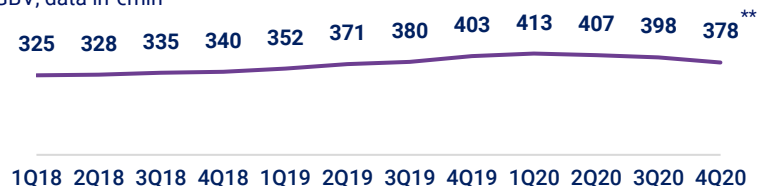
## Judicial recovery

Judicial recovery (€ mln)	GBV	%
Frozen**	3,299	45%
Court injunctions ["preetto"] and foreclosures	713	10%
Order of assignments	676	9%
Secured and Corporate	2,686	36%
<b>Total</b>	<b>7,374</b>	<b>100%</b>

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

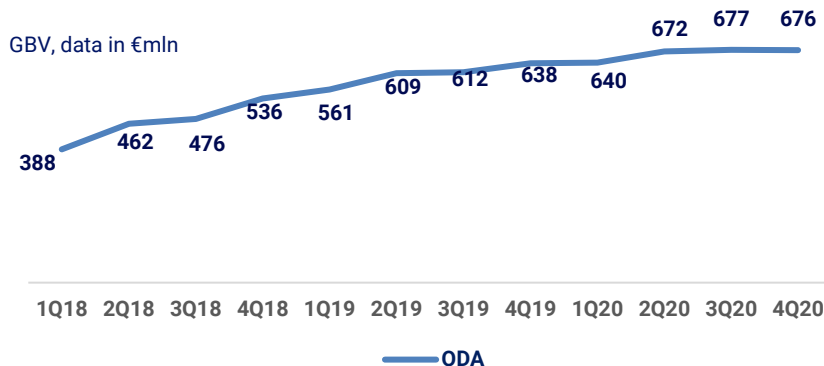
## Non judicial recovery – Voluntary plans

GBV, data in €mln



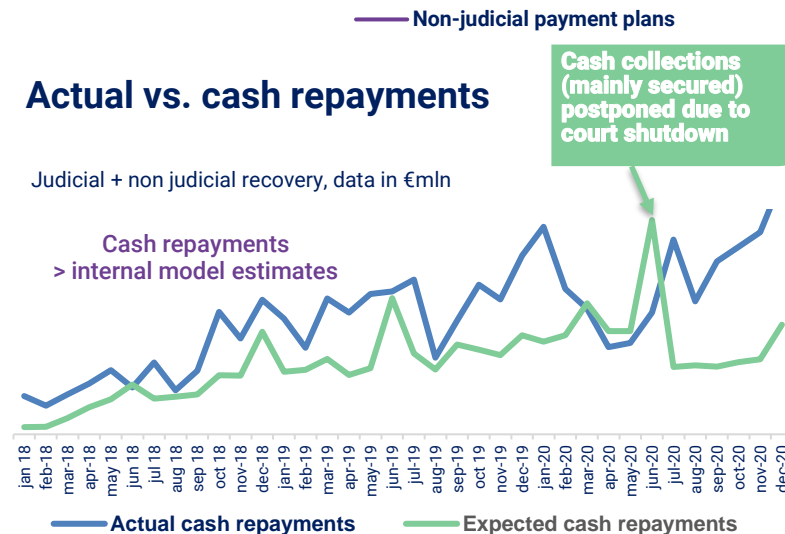
## Judicial recovery – Order of Assignments

GBV, data in €mln



## Actual vs. cash repayments

Judicial + non judicial recovery, data in €mln



\*Source: management accounting data

\*\* Including the disposal of ~€37mln GBV of payment plans at a price substantially in line with book value

# Npl Business\*: cash recovery and P&L contribution

## P&L Contribution

- In 4Q 20, P&L contribution included €11m additional provisions to reflect longer timeframes/slightly lower cash recoveries in the Npl portfolio due to Covid-19 consequences

## Cash collection

- In 4Q 20, Npl cash collections were +€10m vs. 3Q 20 despite the second wave of Covid-19

Data in € mln (excluding disposals)	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20	2018 YE	2019 YE	2020 YE
Cash collection	40	41	45	55	57	67	59	76	65	52	66	76	181	258	259
Contribution to P&L**	67	56	46	69	66	60	44	78	50	34	48	50	238	248	182
Cash collection / contribution to P&L	60%	73%	98%	79%	87%	112%	132%	97%	132%	153%	137%	152%	76%	104%	143%

\*Source: management accounting data

\*\* It includes only interest income, excludes cost of funding and some minor items (i.e. net commission income and the gains on sales of receivables)

# Npl Business\*: stock by recovery phase

Cluster	GBV 4Q20 €mln	% total	Description	Average time frame**	Accounting valuation	Cash proceeds
<b>Waiting for workout - Positions at cost</b>	2,140	11%	Recently acquired, under analysis to select the best recovery strategy, to be assigned either to extrajudicial or to judicial recovery	6 months	Acquisition cost	
<b>Extrajudicial positions</b>	<b>10,273</b>	<b>52%</b>				
-Ongoing attempt at recovery	9,896	50%	Managed by internal and external call centres and recovery networks. The purpose is the transformation into voluntary payment plans (or into judicial recovery if conditions arises)	NA	Statistical model (collective valuation)	No
- Non-judicial payment plans	378	2%	Sustainable cash yields agreed with debtors through call centres and collection agents	5 years	Increase in value (P&L), with valuation based on agreed plan, net of historical delinquency rate, discounted at the IRR used for acquisition	Yes
<b>Judicial positions</b>	<b>7,374</b>	<b>37%</b>				
- Frozen***	3,299	17%	Judicial process has started; but the court injunction ["precetto"] has not been issued	6-12 months	Acquisition cost	No
- Court injunctions ["precetto"] issued and foreclosures ("pignoramento")	713	4%	Court injunction ["precetto"] already issued; legal actions continue to get the order of assignment	8-12 months	#1 increase in value at court injunction ["precetto"] and #2 increase in value at foreclosure ["Pignoramento"]. Part of the legal costs are expensed in P&L	No
- Order of assignments	676	3%	Enforcement order already issued. The cash repayment plan is decided by the court and starts afterwards	2-4 months	#3 increase in value. The remaining legal costs are expensed in P&L	Yes
- Secured and Corporate	2,686	14%	Ongoing execution of real estate collaterals	4 years	Analytical valuation (expected time frame and amount to be recovered)	Yes
<b>Total</b>	<b>19,787</b>	<b>100%</b>				

\*Source: management accounting data

\*\* Data before Covid-19.

\*\*\*Other Judicial positions

# Npl Business\*: GBV and NBV evolution

GBV - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
<b>Waiting for workout - Positions at cost</b>	<b>2,298</b>	<b>2,014</b>	<b>1,840</b>	<b>3,472</b>	<b>2,864</b>	<b>1,598</b>	<b>1,783</b>	<b>1,794</b>	<b>1,440</b>	<b>1,709</b>	<b>1,885</b>	<b>2,140</b>
<b>Extrajudicial positions</b>	<b>8,050</b>	<b>8,145</b>	<b>9,667</b>	<b>8,956</b>	<b>9,745</b>	<b>9,862</b>	<b>9,574</b>	<b>10,378</b>	<b>10,619</b>	<b>10,257</b>	<b>10,579</b>	<b>10,273</b>
- Ongoing attempt at recovery	7,725	7,817	9,332	8,617	9,393	9,491	9,194	9,975	10,206	9,850	10,182	9,896
- Non-judicial payment plans	325	328	335	340	352	371	380	403	413	407	398	378
<b>Judicial positions</b>	<b>2,664</b>	<b>2,738</b>	<b>3,170</b>	<b>3,327</b>	<b>4,015</b>	<b>4,913</b>	<b>5,226</b>	<b>5,669</b>	<b>5,720</b>	<b>6,278</b>	<b>6,428</b>	<b>7,374</b>
- Frozen**	1,515	1,435	1,712	1,692	1,822	1,931	2,192	2,521	2,533	2,627	2,518	3,299
- Court injunctions ["precetto"] issued and foreclosures	253	336	376	411	464	487	511	543	571	595	642	713
- Order of assignments	388	462	476	536	561	609	612	639	640	672	677	676
- Secured and Corporate	508	505	606	689	1,167	1,886	1,911	1,965	1,975	2,384	2,590	2,686
<b>Total</b>	<b>13,011</b>	<b>12,897</b>	<b>14,676</b>	<b>15,756</b>	<b>16,624</b>	<b>16,373</b>	<b>16,583</b>	<b>17,841</b>	<b>17,779</b>	<b>18,244</b>	<b>18,893</b>	<b>19,787</b>

NBV - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
<b>Waiting for workout - Positions at cost</b>	<b>61</b>	<b>57</b>	<b>96</b>	<b>225</b>	<b>174</b>	<b>148</b>	<b>160</b>	<b>109</b>	<b>65</b>	<b>96</b>	<b>104</b>	<b>170</b>
<b>Extrajudicial positions</b>	<b>287</b>	<b>285</b>	<b>302</b>	<b>291</b>	<b>306</b>	<b>313</b>	<b>308</b>	<b>356</b>	<b>364</b>	<b>355</b>	<b>353</b>	<b>339</b>
- Ongoing attempt at recovery	160	154	167	153	162	164	154	190	193	184	185	174
- Non-judicial payment plans	127	131	135	138	144	149	154	166	171	171	169	165
<b>Judicial positions</b>	<b>484</b>	<b>509</b>	<b>547</b>	<b>577</b>	<b>643</b>	<b>711</b>	<b>720</b>	<b>813</b>	<b>840</b>	<b>854</b>	<b>867</b>	<b>894</b>
- Frozen**	222	194	203	188	205	207	215	274	298	304	292	296
- Court injunctions ["precetto"] issued and foreclosures	52	80	94	107	118	118	118	128	120	132	148	160
- Order of assignments	148	174	183	209	227	244	245	259	270	265	264	280
- Secured and Corporate	62	61	67	73	94	142	142	152	152	153	162	158
<b>Total</b>	<b>832</b>	<b>851</b>	<b>945</b>	<b>1,093</b>	<b>1,123</b>	<b>1,172</b>	<b>1,188</b>	<b>1,278</b>	<b>1,269</b>	<b>1,305</b>	<b>1,324</b>	<b>1,404</b>

\*Source: management accounting data

\*\*Other Judicial positions

\*\*\*Does not include customer loans (invoices to be issued) related to Ifis Npl Servicing third parties servicing activities

# Npl Business\*: P&L and cash evolution

P&L - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
<b>Waiting for workout - Positions at cost</b>												
<b>Extrajudicial positions</b>	21	13	13	17	19	19	19	20	17	10	11	7
- Ongoing attempt at recovery	2	(3)	(3)	(4)	(3)	(2)	(1)	4	(4)	(3)	(5)	(5)
- Non-judicial payment plans	19	16	16	21	22	21	20	17	21	13	15	12
<b>Judicial positions</b>	46	43	33	53	46	42	26	58	33	24	37	43
- Frozen**	0	0	0	0	0	0	0	0	0	0	0	0
- Court injunctions and foreclosures + Order of assignments	44	41	26	42	37	28	18	40	26	24	32	43
- Secured and Corporate	3	2	7	11	9	14	7	18	6	0	6	0
<b>Total</b>	<b>67</b>	<b>56</b>	<b>46</b>	<b>69</b>	<b>66</b>	<b>60</b>	<b>44</b>	<b>78</b>	<b>50</b>	<b>34</b>	<b>48</b>	<b>50</b>

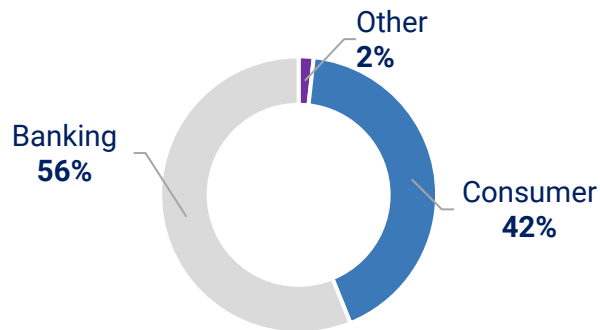
Cash - €mln	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20
<b>Waiting for workout - Positions at cost</b>												
<b>Extrajudicial positions</b>	21	21	22	26	27	32	27	38	30	23	33	37
- Ongoing attempt at recovery	4	4	3	3	4	6	4	10	4	3	4	6
- Non-judicial payment plans	17	17	19	23	23	26	23	28	26	20	29	31
<b>Judicial positions</b>	19	20	23	29	30	35	32	38	35	29	33	40
- Frozen**	0	0	0	0	0	0	0	0	0	0	0	0
- Court injunctions and foreclosures + Order of assignments	15	17	19	22	24	25	25	27	29	23	26	29
- Secured and Corporate	4	3	4	7	6	11	7	11	7	5	7	11
<b>Total</b>	<b>40</b>	<b>41</b>	<b>45</b>	<b>55</b>	<b>57</b>	<b>67</b>	<b>59</b>	<b>76</b>	<b>65</b>	<b>52</b>	<b>66</b>	<b>76</b>

\*Source: management accounting data

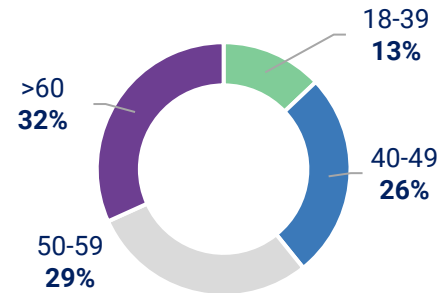
\*\*Other Judicial positions

# Npl Business\*: portfolio diversification

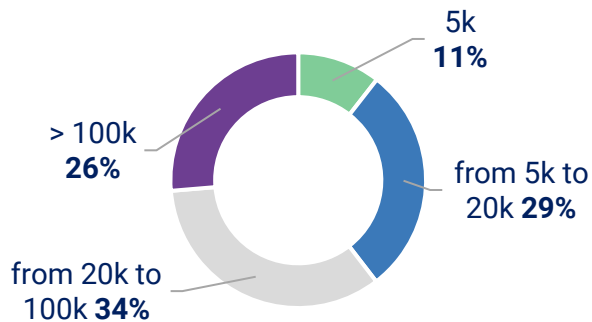
## Breakdown of GBV by type



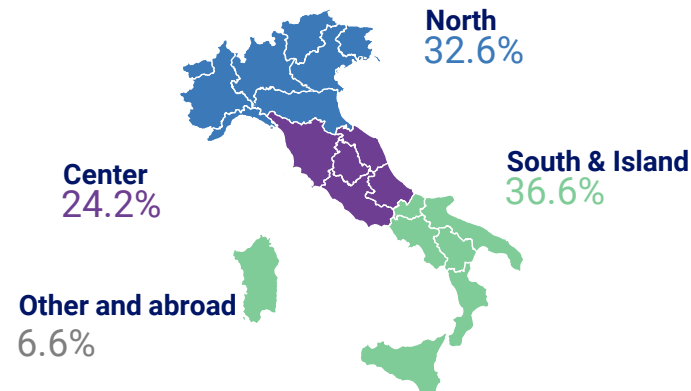
## Breakdown of GBV by borrower age



## Breakdown of GBV by ticket size



## Breakdown of GBV by region

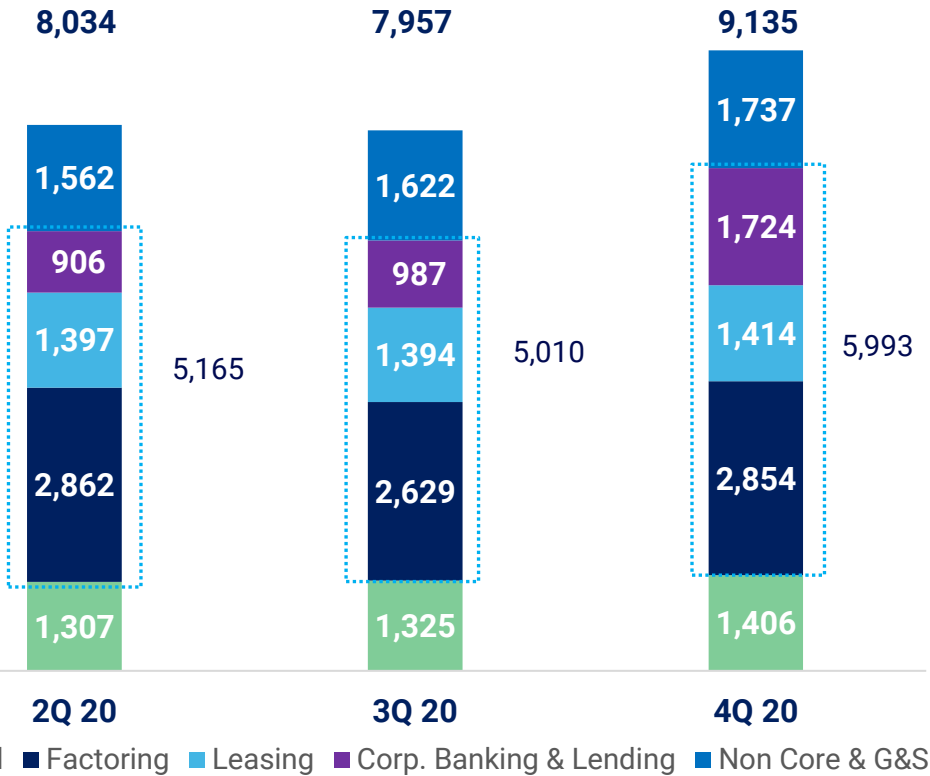


\*Source: management accounting data and risk management data (i.e. data refer only to property portfolio)



## 2.2 Consolidated financial data

## Customer loans (€ mln)

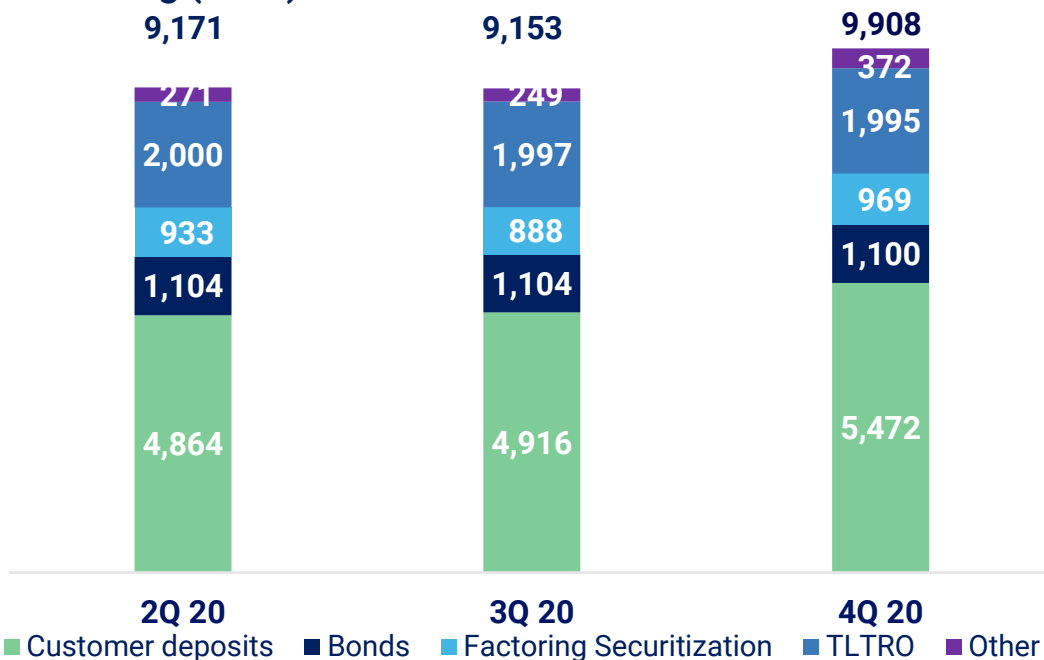


- In 4Q 20, customer loans amounted to €9,135mln (+€1,178mln or +14.8% vs 3Q 20):
  - +€737mln in Corporate Banking & Lending mainly due to the acquisition of Farbanca (+€614mln)
  - +€104mln lending in corporate banking guaranteed by State (MCC), as Banca Ifis offered to his SMEs medium-term loans, efficient in terms of capital absorption
  - +€80mln in Npl following the acquisitions carried out in 4Q 20
  - +€115mln in G&S mainly due to the purchase of Government bonds at amortized costs
  - +€225mln in Factoring due to seasonality

Commercial and Corporate banking

# Funding

## Funding (€mln)



- The increase in customer deposits is driven by the acquisition of Farbanca (~+€365mln), corporate deposits (~+€110mln) and German retail deposits (~+€50mln), pursuing funding diversification
- The factoring securitization increased reflecting higher factoring volumes
- Banca Ifis has €2bn TLTRO (of which €1.9bn expiring in June 2023) out of a maximum capacity of €2.8bn
- Significant decrease in average cost of funding to 1.01% in 4Q 20 from 1.45% in 4Q 19

	2Q 20	3Q 20	4Q 20
<b>LCR*</b>	>1,600%	>1,300%	>900%
<b>NSFR*</b>	>100%	>100%	>100%

\* Source: management accounting data

## Strategy

- Long term «fundamental» view coupled with opportunistic trading approach
- Efficient management of excess cash (ECB deposits) / Low Duration level
- Use of enhancing and hedging strategies coupled with both risk and expected credit loss control
- Low cumulative RWA level and relevant ECB / funding eligibility

## 4Q 20 results

- In 4Q 20, the proprietary portfolio reported a net banking income of €4.2mln (€15mln in 2020) of which ~€3.5mln in FVOCI bond trading

*During 3Q 20, Banca Ifis adopted the mechanism offsetting unrealized gains/losses measured through the FVOCI method on government assets*

Type of asset - Data in €mln as at 30/12/20	Bonds			Equity	Securitization	Total
	Government	Financial	Corporate			
Held to collect/amortized cost	1123	82	8		112	1326
Held to collect and sell (FVOCI)	709	10	2	43		764
<b>Total (HTC and HTC&amp;S)</b>	<b>1832</b>	<b>92</b>	<b>10</b>	<b>43</b>	<b>112</b>	<b>2090</b>
Held for trading						13
<b>Total portfolio at market value</b>	<b>1832</b>	<b>92</b>	<b>10</b>	<b>43</b>	<b>112</b>	<b>2103</b>
Percentage of total	87,1%	4,4%	0,5%	2,1%	5,3%	100,0%
Held to collect/amortized cost Duration	3,2	3,1	1,9	NA	0,3	3,1
Held to collect and sell (FVOCI) Duration	1,5	4,2	6,3	NA	-	1,6
<b>Average duration (HTC and HTC&amp;S) - YEARS</b>	<b>2,5</b>	<b>3,2</b>	<b>2,8</b>	<b>NA</b>	<b>0,3</b>	<b>2,6</b>

\* Source: management accounting data

## Asset quality (€ mln)

Consolidated ratios	4Q19	3Q20	4Q20
Gross Npe**	9.8%	10.0%	6.4%
Net Npe**	5.4%	5.0%	3.2%

Commercial & Corporate Banking	Gross	Coverage %	Net
Bad loans	158	73%	43
UTPs	177	51%	87
Past dues	36	14%	30
<b>Total Npes</b>	<b>370</b>	<b>57%</b>	<b>161</b>

Non Core & G&S	Gross	Coverage %	Net
Bad loans	22	29%	16
UTPs	51	38%	32
Past dues	3	22%	3
<b>Total Npes</b>	<b>77</b>	<b>35%</b>	<b>50</b>

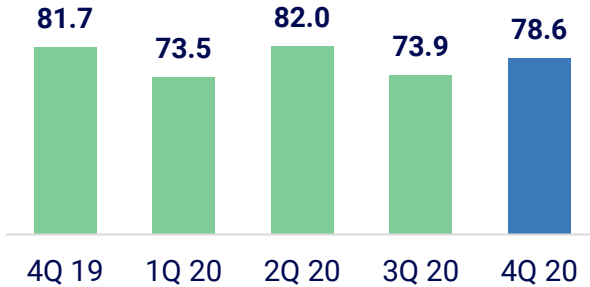
- Npl Business not included in this analysis
- Npe ratios (excluding Npl Segment and Italian Government Bonds at amortized costs included in customer loans) reported:
  - **Gross Npe Ratio\*\*:** 6.4% (9.8% in 4Q19)
  - **Net Npe Ratio\*\*:** 3.2% (5.4% in 4Q19)
- Gross Npes in Commercial and Corporate Banking include ~€10mln factoring technical past due mainly loans to the PA which does not represent a significant asset quality risk
- Npes in Non Core & G&S that arose from the acquisition of former Interbanca, in accordance with IFRS 9 are qualified as POCI (“purchased or originated credit-impaired”) and are booked net of provisions

\*Source: management accounting data

\*\*Includes commercial loans in Commercial Banking, Non Core and G&S. It excludes Npl business and €1.1bn Government bonds at amortized costs in G&S.

# Consolidated operating costs

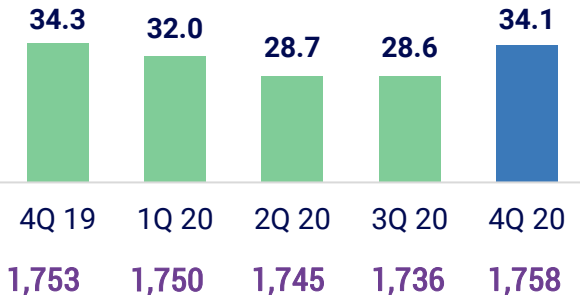
## Operating costs (€mln)



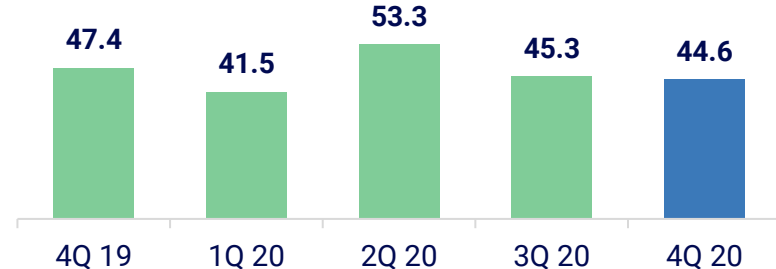
- 4Q 20 operating costs ~ +€ 4.7mln vs. 3Q 20:

- ~ +€5.4mln QoQ in personnel expenses
- ~ -€0.8mln QoQ in administrative expenses and other income/expenses:
  - -€30.3mln of “other operating income”: €16.8mln of Farbanca bargain purchase, +€12mln of Npl income mainly related to portfolio indemnities from sellers and €1.5mln of leasing income
  - +€29.3mln of “administrative expenses and risk provisions”: €15mln higher Npl recovery expenses, +€3mln higher IT costs, +€1.8mln higher advisory services, +€7mln provisions on contractual guarantees and +€2 higher other costs

## Personnel expenses (€mln)



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



Banca Ifis  
employees

## 2.3 La Scogliera: implications of CRD IV

# La Scogliera: implications of CRD IV

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

La Scogliera S.p.A.  
Consolidating Group entity

**50.8%\*\***  
Banca Ifis S.p.A.

## Data in €billion

Data as at 31 Dec 2020	Banca Ifis Group Scope	Capital requirements*	Excess Capital	Minority stake of La Scogliera	Excess capital not included	La Scogliera Group Scope
CET1	1.4		0.8	49.2%	0.4	1.0
<b>Total Capital</b>	<b>1.8</b>		<b>0.9</b>	<b>49.2%</b>	<b>0.4</b>	<b>1.4</b>
CET1 %	15.5%	7.0%		49.2%		11.3%
<b>Total Capital %</b>	<b>19.9%</b>	<b>10.5%</b>		<b>49.2%</b>		<b>14.8%</b>
RWA	9.2					9.2

\*Capital requirements at parent company level. At group level capital requirements are: CET1 8.12%, Total Capital 12.5%

\*\*Net of Treasury shares



# La Scogliera: Focus on DTA regulatory implications



## Convertible DTAs

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

Data in €/mln

219.4

## DTAs due to tax losses (non - convertible)

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

56.2

## Other non-convertible DTAs

- DTAs generated due to negative valuation reserves and provisions for risks and charges (~€36.8\* mln as of 31 Dec 2020)
- Capital requirements: deduction from CET1 or weighted in RWA depending on certain thresholds\*\*. For Banca Ifis they would be weighted at 250% but they are partially offset by DTL (~€29.5 mln as of 31 Dec 2020)

7.2

\*Includes prudentially €5.7mln of DTAs related to Ifis Rental and Ifis Real Estate not included in the Banking Group as not a regulated entity

\*\* As stated by CRR (article 48), these kind of DTAs are subjected to a double threshold mechanism: if their amount is less than 10% of the CET1 Capital, they are weighted at 250%; if their amount added to the total<sup>33</sup> investments in financial sector subjects is less than 17.65% they are weighted. If the amount of DTAs is greater than or the first or the second threshold, the amount in excess is deducted from CET1 Capital.

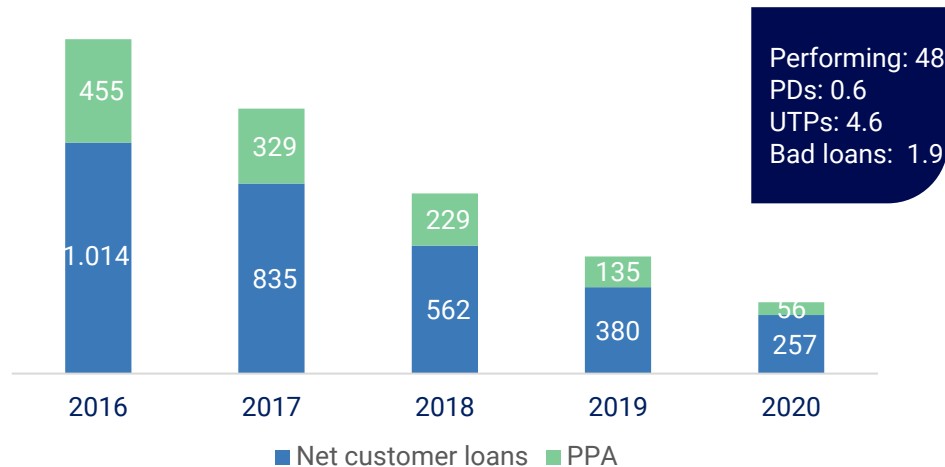
## 2.4 Focus on PPA

# Focus on ex-Interbanca PPA\*

- In 2016, following the acquisition of former Interbanca, Banca Ifis valued the performing and non performing loans of Interbanca by applying a market discount and a liquidity discount to reflect purchase price
- The purchase price allocation (PPA) is written back with the progressive maturity or the disposal of Interbanca's loans

As at 31 Dec 20, the residual amount of pre-tax PPA was €56m

## Net customer loans and PPA - €m



## PPA reversal in P&L- €m

1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	4Q 20	Outstanding 4Q 20
22	22	17	31	17	21	10	23	9	11	8	30**	56
FY 18: €92m				FY 19: €70m. o/w: - €3m Corp. Banking & Lending - €67m Non Core & G&S				FY 20: €57m. o/w: - €2m Corp. Banking & Lending - €56m Non Core & G&S				4Q 20 Outstanding, o/w: - €4m Corp. Banking & Lending - €52m Non Core & G&S

\*Source: management accounting data

\*\*In 4Q 20, the write back of PPA was mainly driven by loans and Npls disposals and prepayments

## 2.5 Farbanca Key Figures

# Farbanca - 2020 Preliminary Key Figures

P&L €/mln	December 2020 (1 month only)	2020 FY
Net interest income	1.2	14.5
Net commission income	0.2	2.7
Trading and other revenues	-	(0.1)
<b>Total Revenues</b>	<b>1.4</b>	<b>17.1</b>
Loan loss provisions	(0.3)	(2.4)
<b>Revenues -Loan loss provisions</b>	<b>1.1</b>	<b>14.8</b>
Personnel expenses	(0.3)	(3.3)
Other administrative expenses	(0.2)	(4.7)
Other net income/expenses	0.1	0.0
<b>Operating costs</b>	<b>(0.4)</b>	<b>(8.0)</b>
<b>Pre tax profit</b>	<b>0.6</b>	<b>6.8</b>
Taxes	(0.3)	(2.3)
<b>Net income</b>	<b>0.4</b>	<b>4.5</b>
<b>Balance Sheet €/mln</b>		<b>2020</b>
Customer loans		614.1
Total assets		686.9
Total funding		590.7
- of which customer deposits		365.7
<b>Shareholders Equity</b>		<b>70.0</b>
<b>Capital Structure</b>		<b>2020</b>
RWA		413.6
<b>CET1 %*</b>		<b>15.85%</b>

- On November 27<sup>th</sup>, Banca Ifis completed the acquisition of Farbanca, which became part of the Group
- Banca Ifis acquired 70.77% of the capital of Farbanca S.p.A. held by Banca Popolare di Vicenza, whilst the remaining 29.23% is owned by approximately 450 shareholders, mainly pharmacists
- The consideration paid by Banca Ifis for the 70.77% stake was €32.5mln
- Farbanca contributed to Banca Ifis's consolidated P&L for only one month (December 20)
- Farbanca's bargain on purchase\*\* was equal to €16.8mln and it was included in the "other operating income/expenses" in the consolidated P&L

\* It doesn't include 2020 net income

\*\* IFRS 3 Farbanca Purchase price allocation (PPA) has been finalized at 31 December 2020

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