Consolidated Interim Report at 31st March 2022

Banca Ifis

Consolidated Interim Report at 31st March 2022

Summary

1.

Corporate Bodies

Board of Directors in office at approval of the Consolidated Interim Report

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Ernesto Fürstenberg Fassio
Chief Executive Officer	Frederik Herman Geertman (1)
Directors	Simona Arduini Monica Billio Beatrice Colleoni Roberto Diacetti Roberta Gobbi Luca Lo Giudice Antonella Malinconico Giovanni Meruzzi Paola Paoloni Monica Regazzi

(1) The CEO has powers for the ordinary management of the Company.

Co-General Managers	Fabio Lanza Raffaele Zingone
Board of Statutory Auditors	
Chairman	Andrea Balelli
Standing Auditors	Annunziata Melaccio Franco Olivetti
Alternate Auditors	Marinella Monterumisi Emanuela Rollino
Independent Auditors	EY S.p.A.
Manager Charged with preparing the Company's financial reports	Mariacristina Taormina

Parent company name - Banca Ifis S.p.A.
Share capital: 53.811.095 Euro
Legal and administrative headquarters - Via Terraglio, 63 30174 Mestre Venice
ABI 3205.2
Tax Code and Venice Companies Register Number - 02505630109
VAT number - 04570150278
Enrolment in the Register of Banks No - 5508
Website - www.bancaifis.it

Member of FCI

2.

Interim Directors' report on the Group

2.1 General aspects

In order to provide a more immediate understanding of the results, a condensed reclassified consolidated income statement is provided. For the sake of consistent comparison, the income statement figures for previous periods are normally restated, where necessary and material, also to take account of any changes in the scope of consolidation.

Analytical details of the restatements and reclassifications made with respect to the format required by Bank of Italy Circular 262 are provided in separate tables published among the annexes (see section "6. Annexes" of this document), also in compliance with the requirements of Consob Communication no. 6064293 of 28 July 2006.

Reclassifications and aggregations of the consolidated income statement concern the following:

- Net impairment losses/reversals of the Npl Segment are reclassified to interest receivable and similar income (and therefore to the "Net interest income") to the extent to which they represent the operations of this business and are an integral part of the return on the investment;
- Net provisions for risks and charges are excluded from the calculation of "Operating costs";
- The following is included under the single item "Net value adjustments to receivables":
    - net adjustments/reversals for credit risk relating to financial assets valued at amortised cost (with the exception of those relating to the Npl Segment mentioned above) and to financial assets valued at fair value through other comprehensive income;
    - net provisions for risks and charges for credit risk relating to commitments and guarantees issued;
    - profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment.

2.2 Results and strategy

2.2.1 Comment by the CEO

The results for the first quarter of 2022, up significantly compared to the same period in 2021 with net income up 74% to 35 million Euro, were achieved thanks to the excellent performance of all areas of the Bank.

Revenues in the Commercial & Corporate Banking Segment, up 13% compared to the same quarter last year, reflect the dynamism of the commercial network supported by the ongoing digitisation process. The results are evident in all the main business units, which in the first quarter of 2022 reported growth rates outperforming the reference markets: factoring turnover grew by 19% (compared to +14% for the market), the car leases disbursed grew by +5% (compared to 1% for the market). In addition, the "Ifis4business" platform, which makes it possible to offer the client a digital and multi-channel experience, now covers 40% of factoring clients and, by the end of June, will be extended to the entire client portfolio.

In the NPL Segment, the cash recoveries on the NPL portfolios acquired, equal to 91 million Euro (+13% compared to 81 million Euro in the first quarter of 2021), confirm the quality of the portfolio and the increase in productivity of the NPL collection activity, which is among the best in the Italian market.

The end of the moratorium arrangements has demonstrated the quality of the Bank's loans portfolio. Of the original total of receivables in moratorium at 31 March 2022, only 3%, amounting to 20 million Euro, have three instalments outstanding, of which 13 million Euro are 80% backed by the government and 6 million Euro are lease receivables whose underlying asset has a high residual value.

As regards the geopolitical context in Russia, Belarus and Ukraine, the Bank does not have any material exposure towards the three markets is carefully monitoring the direct impacts on both direct - deriving from the decline in import/export activity - and indirect customers - deriving from the increase in energy and raw material costs. Based on a survey of 560 companies operating in the most impacted sectors - steel, energy, wheat, luxury, automotive, ceramics and paper mills – Banca Ifis deems its risk position to be manageable under the scope of standard business relations. The Bank's exposure to customers with high direct impact is modest, while customers reporting high indirect impacts (approximately 40%) mainly enjoy good economic and financial standing and therefore represent a limited credit risk.

The Bank has maintained a conservative approach to assessing credit risk. In the first quarter, provisions for credit risks amounted to 17 million Euro and included adjustments of 8 million Euro against positions in the commercial portfolio with high vintage. The significant provisions made for Covid in previous years have been conservatively maintained.

The Bank's proprietary portfolio, amounting to 2,7 billion Euro at 31 March 2022, made a constant contribution to revenues, whilst maintaining an extremely limited risk profile, as around 90% of it consists of securities issued by the Italian State and leading financial institutions. The proprietary portfolio is managed with a long-term strategy and the objective of reducing the volatility of the income statement; indeed, less than 1% of the portfolio has a direct impact on the income statement. Exposure to securities linked to rising rates and inflation - amounting to around 34% of the bond portfolio - and the reinvestment of around 500 million Euro of Italian government bonds matured in April 2022 will make an increasing contribution in terms of interest income in a context of rising rates.

CET1[1] at 15,72% is among the best in the market and guarantees stability to the dividend payout. For FY 2021, the dividend of 0,95 Euro per share confirms the 50% payout envisaged in the 2022-24 Business Plan.

2.2.2 Highlights

Net banking income totalled 163,3 million Euro, up 18,6% from 137,7 million Euro at 31 March 2021. Contributing to this result was the growth in average loans, which mainly benefited the Factoring and Lending areas, with a growth in average loans.

Net banking income of the NPL Segment grows by 11,5 million Euro on the same period of the previous year. The contribution of out-of-court collection is up 4,3 million Euro, while legal collection contributes 2,3 million Euro in higher revenues thanks to the increased production of both injunctions and foreclosures.

Finally, activity on the proprietary portfolio contributes 10,2 million Euro to net banking income, thanks to the 4,0 million Euro increase in net interest income, due to the combined effect of the write-back of the inflation linked component and the growth of the portfolio valued at amortised cost. In addition, the result for the period of the Proprietary Finance segment benefited from higher profits from the sale of securities in portfolio for 2,8 million Euro as well as higher profits from trading activities for 3,1 million Euro.

Operating costs totalled 87,8 million Euro, showing an increase of 4,7% on 31 March 2021.

Below are details of the item's main components.

- Personnel expenses amounted to 36,6 million Euro. The increase is due both to an increase in the number of staff on the payroll at the reporting date and to higher variable remuneration (up 0,6 million Euro). The number of Group employees at 31 March 2022 was 1.840 as compared with 1.765 resources at 31 March 2021.
- Other administrative expenses, at 31 March 2022, which come to 53,6 million Euro rise by 2,1% on 31 March 2021.
- Other net operating income amounted to 6,4 million Euro, down slightly on the 6,8 million Euro recorded for the same period of the previous year.

Net adjustments for credit risk amounted to 17,0 million Euro as of 31 March 2022 compared to net adjustments of 18,4 million Euro as of 31 March 2021 (an improvement of 7,7%), and included provisions of 0,6 million Euro related to credit risk associated with commitments to disburse funds and guarantees, which decreased from the balance of 2,3 million Euro as of 31 March 2021. In particular, the Factoring Area in the first quarter of 2022 recorded net adjustments for credit risk of 9,3 million Euro. These provisions take into account the possible implications deriving from the continuation of the political-economic scenario and the related effects on customers, as well as additional write-downs on commercial exposures with higher vintage. This negative contribution is juxtaposed by the Corporate Banking & Lending Area, whose net value adjustments on loans came to 4,5 million Euro, down 1,4 million Euro compared to the same period of the previous year. Finally, the Governance & Services and Non-Core Segment contributed with a decrease in net adjustments to 2,5 million Euro compared with 11,0 million Euro in the same period of the previous year, which was influenced by provisions on a singularly significant position.

At 31 March 2022, net allocations to provisions for risks and charges amounted to 6,4 million Euro, an increase of 26,0% on the 5,1 million Euro at 31 March 2021. The change of 1,3 million Euro is substantially due to increased provisions of 1,9 million Euro for the Single Resolution Fund, partially offset by releases on closed disputes.

1 CET1 at 31 March 2022 do not include the profits generated by the Banking Group in the first three months of 2022.

At 31 March 2022, the net profit attributable to the Parent company amounted to 34,9 million Euro, up 14,8 million Euro on the same period of 2021.

Below are the main dynamics recorded in the individual Segments that go towards forming the economic-equity results at 31 March 2022.

Net profit from the Commercial & Corporate Banking Segment is essentially in line with 31 March the previous year and came to 14,2 million Euro. The result is driven by the growth in net banking income of 8,6 million Euro, offset by the increase in net adjustments for credit risk of 7,0 million Euro and the increase in operating costs of 2,6 million Euro. Net banking income derives from the combined effect of the various areas of the business, as described below:

- The contribution made by the Factoring Area towards net banking income booked by the Commercial & Corporate Banking Segment came to 39,9 million Euro in the period, up 17,2% on the same period of last year. This result was due to the greater contribution both of net interest income (25,3 million Euro, +24,0%) and net commission income (14,6 million Euro, +8,7%). During the period, the net banking income rose by 5,8 million Euro on the same quarter of 2021;
- Net banking income from the Leasing Area amounted to 15,2 million Euro, +11,5% on 31 March 2021. This higher margin is due for 0,6 million Euro to lesser interest expense following a review of internal transfer rates and for 0,6 million Euro to greater interest income and for 0,3 million Euro to greater net commission income;
- Net banking income of the Corporate Banking & Lending Area came to 18,8 million Euro, up 1,2 million Euro on 31 March 2021.

The increase of operating costs of 2,6 million Euro is primarily due to higher personnel expenses for the overall increase in fixed and variable remuneration, mainly influenced by the increase in the workforce and the reinstatement of the particularly prudent remuneration policies in the period Covid-19, as well as higher consulting costs for strategic activities of the Group and pertaining to the Segment.

Period profit of the NPL Segment is approximately 19,4 million Euro, up 69,1% on the same period of 2021. The net banking income of the Segment amounted to 69,8 million Euro (+19,8%) as compared with 58,3 million Euro at 31 March 2021. The increase is due to both the increase in the mass of loans at amortised cost, which generated interest income of 39,0 million Euro, and the improvement in expected cash flows based on realised collections, which in turn generated interest income of 34,1 million Euro, the positive effect on net interest income is 10,0 million Euro at 31 March 2022 (67,6 million Euro) compared with the result of 57,6 million Euro at 31 March 2021.

Collections made in the NPL Segment in Q1 2022 came to 91,1 million Euro, +12,6% on the 80,9 million Euro booked for Q 2021 and include the instalments collected on realignment plans, garnishment orders and transactions performed.

Operating expenses are substantially in line with the first quarter of 2021.

Profit for the period for the Governance & Services and Non-Core Segment at 31 March 2022 is 1,7 million Euro compared to a loss of 5,3 million Euro at 31 March 2021. The Segment's net banking income amounts to 19,7 million Euro, up 5,4 million Euro on the same period of the previous year and is due to growth of 12,6 million Euro in the Governance & Services area, offset by a lower contribution of 7,2 million Euro from the run-off activities of the Non-Core Area. In particular, as previously mentioned, growth in the Governance & Services Area is driven by the performance of the proprietary portfolio in terms of both higher interest income and trading income.

Operating costs come to 8,5 million Euro, up 1,6 million Euro on 31 March 2021. The increase compared with the same period of the previous year is due to ICT investments on the retail collection platform and higher legal and consulting expenses in the Governance & Services Area.

Total receivables due from customers measured at amortised cost amounted to 10.276,5 million Euro, in line with 31 December 2021 (10.331,8 million Euro). The item includes debt securities for 2,2 billion Euro (2,0 billion at 31 December 2021). The Commercial & Corporate Banking Segment recorded a slowdown (-3,4%) concentrated in the Factoring Area (-7,4%), against the substantial stability of the Leasing and Corporate Banking Areas. The Governance & Services and Non-Core Segment increased by 170,5 million Euro, primarily due to the effect of debt securities purchases during the period. NPL Segment loans are essentially stable compared to 31 December 2021.

Total net non-performing exposures, which are significantly affected by the receivables of the NPL Segment, amounted to 1.721,4 million Euro at 31 March 2022, compared to 1.736,9 million Euro at 31 December 2021.

Net of the NPL Segment portfolio, non-performing loans come to 260,7 million Euro, down 7,8% on the 282,7 million Euro recorded at 31 December 2021.

During the first three months of 2022, the Group continued its strategy of differentiating between distribution channels, in order to ensure a better balance with respect to retail funding. The Group has surplus liquidity in respect of its needs (approximately 1,2 billion Euro at 31 March 2022 in reserves and free assets that can be financed in the ECB), thereby enabling it to easily respect the LCR and NSFR limits (with indexes more than of 1.300% and 100% respectively).

At 31 March 2022, total funding came to 10.612,3 million Euro, -1,6% on the end of FY 2021; the funding structure was as follows:

- 53,6% customers;
- 9,9% debt securities;
- 13,3% Asset Backed Securities (ABS);
- 19,1% TLTROs;
- 4,1% other.

Amounts due to customers amounted to 5.683,3 million Euro at 31 March 2022: in line with 31 December 2021, recording substantial stability in retail deposits, which amounted to 4.506,0 million Euro at the end of March 2022.

Amounts due to banks amounted to 2.465,7 million Euro, down 5,1% compared to the figure for December 2021 due to less recourse to short-term payables both to Central Banks and via repurchase agreements.

Securities outstanding as of 31 March 2022 amounted to 2.463,3 million Euro, down slightly (-1,7%) led by the two ABCP Programme and Emma securitisations, which recorded a slight physiological decline after December 2021.

At 31 March 2022, the Group's consolidated shareholders' equity stood at 1.642,0 million Euro, up from the 1.623,9 million Euro recorded at the end of 2021. The main changes in consolidated equity are:

- the positive change relative to the period result pertaining to the Parent company of 34,9 million Euro;
- the positive change of 0,5 million Euro linked to the share-based component of variable remuneration.
- the positive change in shareholders' equity attributable to minority interests of 0,4 million Euro;

- the negative change of 9,9 million Euro connected with the repurchase of treasury shares to service the LTI plan;
- the net negative change of 7,8 million Euro in the valuation reserve due to actuarial gains, exchange rate adjustments and changes in the fair value of financial instruments with an impact on comprehensive income,

At 31 March 2022, the ratios for the Banca Ifis Group amounted to a CET1[2] ratio of 15,72% (compared with 15,44% at 31 December 2021), a Tier 1 ratio of 15,74% (15,45% at 31 December 2021) and a Total Capital Ratio of 20,01% (compared with 19,63% at 31 December 2021).

It should be noted that during the first quarter of 2022, the Banca Ifis Group received from the Bank of Italy the communication of the start of the prudential review procedure (so-called SREP); the procedure will be concluded within 90 days starting from 21 March 2022, a deadline by which the Group may submit documents that the Authority may evaluate in order to modify the minimum levels of capital ratios.

The new requirements will therefore be applied as of 30 June 2022 (the first useful date following the date of the conclusion of proceedings).

For the first quarter of 2022, consistent with 2021, the capital requirements at the consolidated level, including 2,5% as a capital conservation buffer to be met, are as follows:

- 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 2022, the Banca Ifis Group easily met the above prudential requirements.

2 CET1, Tier 1 and Total Capital at 31 March 2022 do not include the profits generated by the Banking Group in the first three months of 2022.

2.3 Highlights

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Cash and cash equivalents	216.111	355.381	(139.270)	(39,2)%
Financial assets measured at fair value through profit or loss	161.112	153.138	7.974	5,2%
Financial assets measured at fair value through other comprehensive income	598.574	614.013	(15.439)	(2,5)%
Receivables due from banks measured at amortised cost	620.782	524.991	95.791	18,2%
Receivables due from customers measured at amortised cost	10.276.457	10.331.804	(55.347)	(0,5)%
Total assets	12.892.899	12.977.891	(84.992)	(0,7)%
Payables due to banks	2.465.729	2.597.965	(132.236)	(5,1)%
Payables due to customers	5.683.346	5.683.745	(399)	(0,0)%
Debt securities issued	2.463.262	2.504.878	(41.616)	(1,7)%
Consolidated Equity	1.642.044	1.623.888	18.156	1,1%

RECLASSIFIED CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net banking income	**163.324**	**137.722**	**25.602**	**18,6%**
Operating costs	**(87.823)**	**(83.847)**	**(3.976)**	**4,7%**
Net credit risk losses/reversals	(17.008)	(18.421)	1.413	(7,7)%
Net allocations to provisions for risks and charges	(6.422)	(5.095)	(1.327)	26,0%
Income taxes for the period relating to continuing operations	(16.720)	(9.590)	(7.130)	74,3%
Profit for the period	**35.351**	**20.769**	**14.582**	**70,2%**
Profit for the period attributable to non-controlling interests	403	648	(245)	(37,8)%
Profit for the period attributable to the Parent company	**34.948**	**20.121**	**14.827**	**73,7%**

RECLASSIFIED CONSOLIDATED COMPREHENSIVE INCOME (in thousands of Euro)	31.03.2022	31.03.2021
Profit (loss) for the period	**35.351**	**20.769**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	1.397	3.751
Other comprehensive income, net of taxes, to be reclassified to profit or loss	(9.224)	(2.974)
Consolidated comprehensive income	**27.524**	**21.546**
Total consolidated comprehensive income attributable to minorities	405	646
Total consolidated comprehensive income attributable to the Parent company	**27.119**	**20.900**

GROUP EQUITY KPIs	31.03.2022	31.12.2021
CET1 Ratio(1)	15,72%	15,44%
Total Capital Ratio(1)	20,01%	19,63%
Number of company shares (in thousands)	53.811	53.811
Number of shares outstanding at period end(2) (in thousands)	52.853	53.472
Book value per share	31,07	30,37

(1) CET1 and Total Capital at 31 March 2022 do not include the profits generated by the Banking Group in the first three months of 2022.
(2) Outstanding shares are net of treasury shares held in the portfolio.

GROUP ECONOMIC KPIs	31.03.2022	31.03.2021
Earnings per share (EPS)	0,66	0,38
Cost/Income ratio	53,8%	60,9%

2.4 Results by business Segments

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	*of which: FACTORING AREA*	*of which: LEASING AREA*	*of which: CORPORATE BANKING & LENDING AREA*			
Other financial assets mandatorily measured at fair value through profit or loss							
Amounts at 31.03.2022	71.000	*2.473*	*-*	*68.527*	20.180	56.425	**147.605**
Amounts at 31.12.2021	*66.564*	*-*	*-*	*66.564*	*21.021*	*57.075*	***144.660***
% Change	*6,7%*	*n.a.*	*-*	*2,9%*	*(4,0)%*	*(1,1)%*	***2,0%***
Financial assets measured at fair value through other comprehensive income							
Amounts at 31.03.2022	1.914	*-*	*-*	*1.914*	-	596.660	**598.574**
Amounts at 31.12.2021	*1.696*	*-*	*-*	*1.696*	*-*	*612.317*	***614.013***
% Change	*12,9%*	*-*	*-*	*12,9%*	*-*	*(2,6)%*	***(2,5)%***
Receivables due from customers[1]							
Amounts at 31.03.2022	6.340.572	*2.722.055*	*1.378.103*	*2.240.414*	1.518.601	2.417.284	**10.276.457**
Amounts at 31.12.2021	*6.561.414*	*2.940.072*	*1.390.223*	*2.231.118*	*1.523.628*	*2.246.763*	***10.331.804***
% Change	*(3,4)%*	*(7,4)%*	*(0,9)%*	*0,4%*	*(0,3)%*	*7,6%*	***(0,5)%***

(1) In the Governance & Services and Non-Core Segment, at 31 March 2022, there were government securities amounting to 1.848,2 million Euro (1.648,6 million Euro at 31 December 2021).

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	*of which: FACTORING AREA*	*of which: LEASING AREA*	*of which: CORPORATE BANKING & LENDING AREA*			
Net banking income							
Amounts at 31.03.2022	73.838	*39.863*	*15.194*	*18.781*	69.812	19.674	**163.324**
Amounts at 31.03.2021	*65.198*	*34.020*	*13.621*	*17.557*	*58.267*	*14.257*	***137.722***
% Change	*13,3%*	*17,2%*	*11,5%*	*7,0%*	*19,8%*	*38,0%*	***18,6%***
Profit (loss) for the period							
Amounts at 31.03.2022	14.195	*6.467*	*5.227*	*2.501*	19.412	1.744	**35.351**
Amounts at 31.03.2021	*14.582*	*11.175*	*1.765*	*1.642*	*11.477*	*(5.290)*	***20.769***
% Change	*(2,6)%*	*(42,1)%*	*196,1%*	*52,4%*	*69,1%*	*(132,9)%*	***70,2%***

SEGMENT KPIs (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT[1]
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	*of which: FACTORING AREA*	*of which: LEASING AREA*	*of which: CORPORATE BANKING & LENDING AREA*		
Cost of credit quality[2]						
Amounts at 31.03.2022	0,90%	*1,32%*	*0,19%*	*0,80%*	n.a.	1,74%
Amounts at 31.12.2021	*0,73%*	*0,69%*	*0,51%*	*0,94%*	*n.a.*	*2,28%*
% Change	*0,17%*	*0,63%*	*(0,32)%*	*(0,14)%*	*n.a.*	*(0,54)%*
Net bad loans/Receivables due from customers						
Amounts at 31.03.2022	0,5%	*0,9%*	*0,0%*	*0,3%*	72,9%	0,4%
Amounts at 31.12.2021	*0,5%*	*0,8%*	*0,0%*	*0,3%*	*72,7%*	*0,5%*
% Change	*0,0%*	*0,1%*	*0,0%*	*0,0%*	*0,2%*	*(0,1)%*
Coverage ratio on gross bad loans						
Amounts at 31.03.2022	74,0%	*76,0%*	*95,8%*	*41,4%*	0,0%	41,5%
Amounts at 31.12.2021	*73,2%*	*75,2%*	*96,5%*	*34,6%*	*0,0%*	*38,0%*
% Change	*0,8%*	*0,8%*	*(0,7)%*	*6,8%*	*0,0%*	*3,5%*
Net non-performing exposures/Net receivables due from customers						
Amounts at 31.03.2022	3,4%	*5,3%*	*1,2%*	*2,6%*	96,2%	1,8%
Amounts at 31.12.2021	*3,6%*	*5,7%*	*1,2%*	*2,4%*	*95,4%*	*2,0%*
% Change	*(0,2)%*	*(0,4)%*	*0,0%*	*0,2%*	*0,8%*	*(0,2)%*
Gross non-performing exposures/Gross receivables due from customers						
Amounts at 31.03.2022	5,9%	*9,2%*	*2,9%*	*3,5%*	96,2%	2,9%
Amounts at 31.12.2021	*5,9%*	*9,4%*	*2,8%*	*3,2%*	*95,4%*	*3,3%*
% Change	*(0,0)%*	*(0,2)%*	*0,1%*	*0,3%*	*0,8%*	*(0,4)%*
RWAs[3]						
Amounts at 31.03.2022	4.994.162	*2.264.768*	*1.225.747*	*1.503.647*	2.342.328	1.065.013
Amounts at 31.12.2021	*5.233.458*	*2.500.835*	*1.265.979*	*1.466.644*	*2.339.110*	*1.065.692*
% Change	*(4,6)%*	*(9,4)%*	*(3,2)%*	*2,5%*	*0,1%*	*(0,1)%*

(1) In the Governance & Services and Non-Core Segment, at 31 March 2022, there were government securities amounting to 1.848,2 million Euro (1.648,6 million Euro at 31 December 2021), which for the purpose of calculating the cost of credit quality, were not considered.
(2) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).
(3) Risk Weighted Assets; the amount only relates to the credit risk.

2.5 Reclassified quarterly evolution

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2022	YEAR 2021			
	Q1	Q4	Q3	Q2	Q1
Net banking income	**163.324**	**154.014**	**155.548**	**152.654**	**137.722**
Administrative expenses:	(90.133)	(108.222)	(86.165)	(92.985)	(86.234)
a) personnel expenses	*(36.565)*	*(38.070)*	*(35.986)*	*(33.946)*	*(33.779)*
b) other administrative expenses	*(53.568)*	*(70.152)*	*(50.179)*	*(59.039)*	*(52.455)*
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.080)	(4.464)	(5.124)	(4.732)	(4.413)
Other operating income/expenses	6.390	6.089	5.609	9.024	6.800
Operating costs	**(87.823)**	**(106.597)**	**(85.680)**	**(88.693)**	**(83.847)**
Net credit risk losses/reversals	(17.008)	(16.868)	(16.799)	(25.123)	(18.421)
Net allocations to provisions for risks and charges	(6.422)	106	(5.715)	2.668	(5.095)
Pre-tax profit from continuing operations	**52.071**	**30.655**	**47.354**	**41.506**	**30.359**
Income taxes for the period relating to continuing operations	(16.720)	(9.909)	(14.960)	(13.112)	(9.590)
Profit for the period	**35.351**	**20.746**	**32.394**	**28.394**	**20.769**
Profit for the period attributable to non-controlling interests	403	353	536	184	648
Profit for the period attributable to the Parent company	**34.948**	**20.393**	**31.858**	**28.210**	**20.121**

2.6 Reclassified Group historical data

The following table shows the main indicators and performances recorded by the Group in the comparable periods of the last 5 years.

HISTORICAL DATA (in thousands of Euro)	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Financial assets measured at fair value through other comprehensive income	598.574	759.471	1.215.355	432.901	453.847
Receivables due from customers measured at amortised cost	10.276.457	9.032.139	7.600.742	7.322.130	6.457.208
Payables due to banks	2.465.729	2.251.098	1.014.365	844.790	820.190
Payables due to customers	5.683.346	5.526.263	4.894.280	5.021.481	5.022.110
Debt securities issued	2.463.262	1.957.906	2.559.834	1.955.400	1.774.973
Consolidated Equity	1.642.044	1.571.665	1.542.430	1.489.301	1.412.989
Net banking income	163.324	137.722	105.952	130.109	138.324
Profit for the period attributable to the Parent company	34.948	20.121	26.426	29.920	37.854

3.

Contribution of operating Segments to Group results

3.1 The organisational structure

In accordance with standard IFRS 8, a company must provide information that allows users of the financial statements to assess the nature and effects on such of the balance of the business it pursues and the economic contexts in which it operates. The contribution therefore needs to be highlighted as made by the various operating Segments to forming the Group's economic result.

Identification of the Operating Segments is consistent with the methods adopted by the Management to take operative decisions and is based on internal reporting, used in order to allocate the resources to the various Segments and analyse the relevant performance.

In line with the structure used by Management to analyse the Group's results, the information by Segment is broken down as follows:

- The **Commercial & Corporate Banking Segment** represents the Group's commercial offer dedicated to businesses and also includes personal loans with the assignment of one-fifth of salary or pension. The Segment consists of the Factoring, Leasing and Corporate Banking & Lending Business Areas;
- **Npl Segment**, dedicated to non-recourse factoring and managing distressed loans, servicing and managing non-performing, secured loans;
- **Governance & Services and Non-Core Segment**, which provides the segments operating in the Group's core businesses with the financial resources and services necessary to perform their respective activities. The Segment includes treasury and proprietary securities desk activities, as well as some corporate loans portfolio assigned for run-off insofar as held to be non-strategic to the Group's growth.

The Segments of the economic-equity numericals are attributed on the basis of homogeneous allocation criteria in order to take into account both the specificity of the various Segments and the need to guarantee effective monitoring of business performance over time.

Moreover, considering the foregoing, the Segment information in relation to the items of the income statement shows the results at the level of the net profit.

Finally, as of 1 January 2022, in line with what is represented in the 2022-2024 Business Plan, the income contribution of the personal loans with assignment of one fifth of salary or pension, carried out by the subsidiary Cap.Ital.Fin. S.p.A., is included in the Commercial & Corporate Banking Segment.

All information provided below, including comparative data, takes this reallocation into account.

COMMERCIAL & CORPORATE BANKING SEGMENT

The Commercial & Corporate Banking Segment includes the following business areas:

- **Factoring**: Area dedicated to supporting the trade credit of SMEs operating on the domestic market, which develop towards export, or which from export, turn to Italian customers; it also includes an organisational unit dedicated to supporting trade credit of suppliers of the local health authorities and a business unit specialised in the acquisition of tax receivables transferred from bankruptcy proceedings, which operates under the Fast Finance brand. This unit acquires tax receivables, accrued and accruing, already requested for reimbursement, or future, arising from proceedings or in previous years;
- **Leasing**: Area that provides finance and operating leases - but not real estate leases, as the Group does not offer them - to small economic operators and SMEs;
- **Corporate Banking & Lending**: Business area that aggregates multiple units: Structured Finance, the unit that supports companies and private equity funds in arranging bilateral or syndicated loans; the Equity Investment area, dedicated to investing in non-financial companies and intermediaries; and the Lending business, dedicated to the Group's medium/long-term operations, oriented to supporting the company's operating cycle and the disbursement of consumer credit in the form of salary- or pension-backed loans.

Below are the Segment results at 31 March 2022.

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**51.992**	**43.940**	**8.052**	**18,3%**
Net commission income	**20.367**	**19.131**	**1.236**	**6,5%**
Other components of net banking income	1.479	2.127	(648)	(30,5)%
Net banking income	**73.838**	**65.198**	**8.640**	**13,3%**
Operating costs	**(38.285)**	**(35.649)**	**(2.636)**	**7,4%**
Net credit risk losses/reversals	(14.474)	(7.437)	(7.037)	94,6%
Net allocations to provisions for risks and charges	(170)	(751)	581	(77,4)%
Pre-tax profit from continuing operations	**20.909**	**21.361**	**(452)**	**(2,1)%**
Income taxes for the period relating to continuing operations	(6.714)	(6.779)	65	(1,0)%
Profit for the period	**14.195**	**14.582**	**(387)**	**(2,7)%**

Net profit of the Commercial & Corporate Banking Segment comes to 14,2 million Euro, essentially in line with the results of the first quarter of last year. As better detailed below, the result is driven by the growth in net banking income of 8,6 million Euro, juxtaposed by the increase in net adjustments for credit risk of 7,0 million Euro and the increase in operating costs of 2,6 million Euro.

The following table provides a detail of the gross and net amounts as well as the relevant coverage ratios for each supervisory risk category of receivables due from customers.

COMMERCIAL & CORPORATE BANKING (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2022						
Nominal amount	127.281	158.598	102.823	**388.702**	6.204.430	**6.593.132**
Impairment losses	(94.196)	(68.866)	(7.733)	**(170.795)**	(81.765)	**(252.560)**
Carrying amount	33.085	89.732	95.090	**217.907**	6.122.665	**6.340.572**
Coverage ratio	*74,0%*	*43,4%*	*7,5%*	***43,9%***	*1,3%*	***3,8%***
Gross ratio	*1,9%*	*2,4%*	*1,6%*	***5,9%***	*94,1%*	***100,0%***
Net ratio	*0,5%*	*1,4%*	*1,5%*	***3,4%***	*96,6%*	***100,0%***
POSITION AT 31.12.2021						
Nominal amount	117.457	162.087	121.843	**401.387**	6.397.688	**6.799.075**
Impairment losses	(85.935)	(70.449)	(7.082)	**(163.466)**	(74.195)	**(237.661)**
Carrying amount	31.522	91.638	114.761	**237.921**	6.323.493	**6.561.414**
Coverage ratio	*73,2%*	*43,5%*	*5,8%*	***40,7%***	*1,2%*	***3,5%***
Gross ratio	*1,7%*	*2,4%*	*1,8%*	***5,9%***	*94,1%*	***100,0%***
Net ratio	*0,5%*	*1,4%*	*1,7%*	***3,6%***	*96,4%*	***100,0%***

The Commercial & Corporate Banking Segment's net non-performing exposures totalled 217,9 million Euro at 31 March 2022, down 20,0 million Euro from 31 December 2021 (237,9 million Euro): the ratio of net non-performing positions to total loans remains unchanged. Unlikely to pay instead drop by 1,9 million Euro (-2,1% on the previous year end figure), just like past due exposures that come to 95,1 million Euro (-19,7 million Euro) as compared with 31 December 2021 (114,8 million Euro).

The coverage ratio of non-performing exposures went from 40,7% at 31 December 2021 to 43,9% at 31 March 2022, mainly due to the reduction in past-due exposures.

Finally, the Commercial & Corporate Banking Segment includes loans belonging to the "POCI" category, referring to assets stemming from the business combination: the net value of these assets is 13,8 million Euro at 31 March 2022, as compared with the 22,7 million Euro recorded at 31 December 2021, of which 5,8 million Euro non-performing (13,8 million Euro at 31 December 2021).

These amounts already incorporate the effects connected with the temporal reversal of the PPA and the effects of expected losses over the useful life of the asset, as required by IFRS 9.

KPI	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Cost of credit quality(1)	0,90%	0,73%	n.a.	0,17%
Net Npe ratio	3,4%	3,6%	n.a.	(0,2)%
Gross Npe ratio	5,9%	5,9%	n.a.	(0,0)%
Total RWAs (2)	4.994.162	5.233.458	(239.296)	(4,6)%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).
(2) Risk Weighted Assets; the amount only relates to the credit risk.

To ensure a better understanding of the results for the period, below we comment on the contribution of the individual business areas to the Commercial & Corporate Banking Segment.

Factoring Area

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**25.345**	**20.438**	**4.907**	**24,0%**
Net commission income	**14.611**	**13.447**	**1.164**	**8,7%**
Other components of net banking income	(93)	135	(228)	(168,9)%
Net banking income	**39.863**	**34.020**	**5.843**	**17,2%**
Operating costs	**(21.352)**	**(19.149)**	**(2.203)**	**11,5%**
Net credit risk losses/reversals	(9.320)	2.203	(11.523)	n.s.
Net allocations to provisions for risks and charges	335	(694)	1.029	(148,3)%
Pre-tax profit from continuing operations	**9.526**	**16.380**	**(6.854)**	**(41,8)%**
Income taxes for the period relating to continuing operations	(3.059)	(5.205)	2.146	(41,2)%
Profit for the period	**6.467**	**11.175**	**(4.708)**	**(42,1)%**

The contribution made by the Factoring Area towards net banking income booked by the Commercial & Corporate Banking Segment came to 39,9 million Euro in Q1 2022, up 17,2% on the same period of last year. This result was due to the greater contribution both of net interest income (up by 4,9 million Euro) and net commission income (up by 1,2 million Euro). The positive change in net interest income and net commission income was due to an increase in average commitments: turnover in the first quarter of 2022 amounted to 3,0 billion Euro, up by 482 million Euro compared to the same period of the previous year. By contrast, total loans and advances amounted to 3,7 billion Euro, down 0,3 billion Euro compared to December 2021, mainly as a result of the ordinary cyclicity of the business.

During the first quarter of 2022, net credit risk adjustments are recorded for the amount of 9,3 million Euro. These provisions take into account the possible implications deriving from the continuation of the political-economic scenario and the related effects on customers, as well as reflecting additional write-downs on commercial exposures with higher vintage. The change with respect to the same period of last year is also accentuated by the fact that the first quarter of 2021 was positively impacted by the update of the valuation models.

The increase in operating costs for approximately 2,2 million Euro is primarily due to higher personnel expenses for the overall increase in fixed and variable remuneration, mainly influenced by the increase in the workforce and the reinstatement of the particularly prudent remuneration policies in the period Covid-19. The reduction of 1,0 million Euro in provisions for risks and charges is due to lower provisions for litigation amounting to approximately 0,7 million Euro and reversals for 0,3 million Euro following the closure of the underlying disputes.

At 31 March 2022, the Area's total net loans amounted to 2,7 billion Euro, down 7,4% compared to 31 December 2021.

The following table shows the gross and net amounts as well as the relevant coverage ratios for each supervisory risk category of receivables from customers.

FACTORING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2022						
Nominal amount	104.315	77.796	83.630	**265.741**	2.608.958	**2.874.699**
Impairment losses	(79.256)	(40.517)	(2.946)	**(122.719)**	(29.925)	**(152.644)**
Carrying amount	25.059	37.279	80.684	**143.022**	2.579.033	**2.722.055**
Coverage ratio	*76,0%*	*52,1%*	*3,5%*	***46,2%***	*1,1%*	***5,3%***
POSITION AT 31.12.2021						
Nominal amount	96.272	87.222	104.804	**288.298**	2.794.814	**3.083.113**
Impairment losses	(72.370)	(46.158)	(2.274)	**(120.802)**	(22.238)	**(143.041)**
Carrying amount	23.901	41.064	102.530	**167.496**	2.772.576	**2.940.072**
Coverage ratio	*75,2%*	*52,9%*	*2,2%*	***41,9%***	*0,8%*	***4,6%***

During the period there was a decrease in impaired loans of 24,5 million Euro, primarily due to a reduction in past due loans.

KPI	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Cost of credit quality(1)	1,32%	0,69%	n.a.	0,63%
Net Npe ratio	5,3%	5,7%	n.a.	(0,4)%
Gross Npe ratio	9,2%	9,4%	n.a.	(0,2)%
Total RWAs(2)	2.264.768	2.500.835	(236.067)	(9,4)%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).
(2) Risk Weighted Assets; the amount only relates to the credit risk.

Leasing Area

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**12.292**	**11.028**	**1.264**	**11,5%**
Net commission income	**2.902**	**2.593**	**309**	**11,9%**
Net banking income	**15.194**	**13.621**	**1.573**	**11,5%**
Operating costs	**(6.830)**	**(7.223)**	**393**	**(5,4)%**
Net credit risk losses/reversals	(664)	(3.776)	3.112	(82,4)%
Net allocations to provisions for risks and charges	-	(42)	42	(100,0)%
Pre-tax profit from continuing operations	**7.700**	**2.580**	**5.120**	**198,4%**
Income taxes for the period relating to continuing operations	(2.473)	(815)	(1.658)	203,4%
Profit for the period	**5.227**	**1.765**	**3.462**	**196,1%**

Net banking income of the Leasing Area is 15,2 million Euro, up 11,6% on 31 March 2021; this higher margin is due for 0,7 million Euro to lesser interest expense following a review of internal transfer rates and for 0,6 million Euro to greater interest income and for 0,3 million Euro to greater net commission income.

Net value adjustments on loans come to 0,7 million Euro, down 3,1 million Euro on the figure of the same period in 2021, which was impacted by the introduction of counterparty ratings models for the determination of the significant rise in credit risk that had increased the incidence of Stage 2 receivables.

Net operating costs of the Leasing Area have improved 0,4 million Euro on the figure of Q1 2021 mainly due to the improvement in accessory revenues to the core business of car leasing.

At 31 March 2022, the Area's total net loans amounted to 1.378,1 million Euro, essentially in line with 31 December 2021.

The following table shows the gross and net amounts as well as the relevant coverage ratios of receivables due from customers by risk status.

LEASING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2022						
Nominal amount	9.992	17.310	14.275	**41.577**	1.378.761	**1.420.338**
Impairment losses	(9.571)	(11.132)	(4.040)	**(24.743)**	(17.492)	**(42.235)**
Carrying amount	421	6.178	10.235	**16.834**	1.361.269	**1.378.103**
Coverage ratio	*95,8%*	*64,3%*	*28,3%*	***59,5%***	*1,3%*	***3,0%***
POSITION AT 31.12.2021						
Nominal amount	10.071	16.181	13.832	**40.084**	1.392.815	**1.432.899**
Impairment losses	(9.719)	(9.550)	(4.070)	**(23.339)**	(19.336)	**(42.675)**
Carrying amount	352	6.631	9.763	**16.745**	1.373.478	**1.390.223**
Coverage ratio	*96,5%*	*59,0%*	*29,4%*	***58,2%***	*1,4%*	***3,0%***

KPI	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Cost of credit quality (1)	0,19%	0,51%	n.a.	(0,32)%
Net Npe ratio	1,2%	1,2%	n.a.	(0,0)%
Gross Npe ratio	2,9%	2,8%	n.a.	0,1%
Total RWAs (2)	1.225.747	1.265.979	(40.232)	(3,2)%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).

(2) Risk Weighted Assets; the amount only relates to the credit risk.

Corporate Banking & Lending Area

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**14.355**	**12.474**	**1.881**	**15,1%**
Net commission income	**2.854**	**3.091**	**(237)**	**(7,7)%**
Other components of net banking income	1.572	1.992	(420)	(21,1)%
Net banking income	**18.781**	**17.557**	**1.224**	**7,0%**
Operating costs	**(10.103)**	**(9.277)**	**(826)**	**8,9%**
Net credit risk losses/reversals	(4.490)	(5.864)	1.374	(23,4)%
Net allocations to provisions for risks and charges	(505)	(15)	(490)	n.s.
Pre-tax profit from continuing operations	**3.683**	**2.401**	**1.282**	**53,4%**
Income taxes for the period relating to continuing operations	(1.182)	(759)	(423)	55,7%
Profit for the period	**2.501**	**1.642**	**859**	**52,3%**

Net banking income of the Corporate Banking & Lending Area came to 18,8 million Euro at 31 March 2022, up 1,2 million Euro on 31 March 2021.

The positive change to the net interest income is a result of the combined effect of the following factors:

- growth of 1,3 million Euro in the net interest income of the medium/long-term loans to SMEs;
- the increase of 0,2 million Euro in the contribution of the PPA (0,6 million Euro in the first quarter of 2022), to the Area's net interest income, an effect mainly due to the pre-extinction of a transaction;
- higher net interest income of 0,4 million Euro, due to new disbursements in the Structured Finance business of around 9 million Euro.

The change in net commissions went against the trend, down by 0,2 million Euro, as a result of the different timing of disbursements in the Structured Finance business compared to the same period last year.

The other components of net banking income are down 0,4 million Euro, an effect deriving from the measurement of loans at fair value through profit or loss.

Net credit risk losses amounted to 4,5 million Euro, down 1,4 million Euro compared to the same period of the previous year. The change is attributable to higher provisions recorded in the Structured Finance business in the first quarter of 2021, which were recorded due to the macroeconomic environment attributable to the Covid-19 pandemic.

The increase in operating expenses of the Corporate Banking & Lending Area of 0,8 million Euro compared to the first quarter of 2021 is mainly attributable to higher personnel expenses due to an overall increase in fixed and variable remuneration, an increase in the workforce as well as the share of consulting costs on strategic activities of the Group and pertaining to the Area.

At 31 March 2022, the Area's total net receivables due from customers amounted to 2.240,4 million Euro, in line with 31 December 2021.

The following table shows the gross and net amounts as well as the relevant coverage ratios of receivables due from customers for each supervisory risk category.

CORPORATE BANKING & LENDING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2022						
Nominal amount	12.974	63.492	4.918	**81.384**	2.216.711	**2.298.095**
Impairment losses	(5.369)	(17.217)	(747)	**(23.333)**	(34.348)	**(57.681)**
Carrying amount	7.605	46.275	4.171	**58.051**	2.182.363	**2.240.414**
Coverage ratio	*41,4%*	*27,1%*	*15,2%*	***28,7%***	*1,5%*	***2,5%***
POSITION AT 31.12.2021						
Nominal amount	11.114	58.684	3.207	**73.005**	2.210.059	**2.283.063**
Impairment losses	(3.846)	(14.740)	(739)	**(19.325)**	(32.620)	**(51.945)**
Carrying amount	7.268	43.943	2.468	**53.680**	2.177.439	**2.231.118**
Coverage ratio	*34,6%*	*25,1%*	*23,0%*	***26,5%***	*1,5%*	***2,3%***

The 4,4 million Euro increase in net non-performing exposures on 31 December 2021 is mainly due to lending activities and in particular to probable defaults.

KPI	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Cost of credit quality (1)	0,80%	0,94%	n.a.	(0,14)%
Net Npe ratio	2,6%	2,4%	n.a.	0,2%
Gross Npe ratio	3,5%	3,2%	n.a.	0,3%
Total RWAs (2)	1.503.647	1.466.644	37.003	2,5%

(1) This indicator is calculated comparing the value of net credit risk losses/reversals at the end of the year over the annual average loans to customers (calculated quarterly).

(2) Risk Weighted Assets; the amount only relates to the credit risk.

NPL SEGMENT

This is the Banca Ifis Group's Segment dedicated to non-recourse acquisition and managing secured and unsecured distressed retail loans, as well as third party portfolio management. The business is closely associated with converting non-performing loans into performing assets and collecting them.

The table below shows the proprietary loans portfolio of the Npl Segment, by method of transformation and accounting criterion; the "impact through profit or loss" refers to the components of the net banking income deriving from the booking at amortised cost of the related loans portfolio; in particular, interest income from amortised cost is included for 39,0 million Euro and other components of the net interest income from cash flow changes for 34,1 million Euro, as reported in the summary table of "Economic data" below in this paragraph.

PROPRIETARY PORTFOLIO OF THE NPL SEGMENT (in thousands of Euro)	OUTSTANDING NOMINAL AMOUNT	CARRYING AMOUNT	CARRYING AMNT / RES. NOM. AMNT	INTEREST ON INCOME STATEMENT	ERC	MAIN METHOD OF ACCOUNTING
Cost	3.849.808	148.261	3,9%	-	334.671	Acquisition cost
Non-judicial	11.155.117	436.497	3,9%	29.242	743.333	
of which: Collective (curves)	*10.670.181*	*208.032*	*1,9%*	*(584)*	*337.168*	*Cost = NPV of flows from model*
of which: Plans	*484.936*	*228.465*	*47,1%*	*29.826*	*406.165*	*Cost = NPV of flows from model*
Judicial	7.244.743	897.815	12,4%	43.859	1.889.121	
of which: Other positions undergoing judicial processing	*1.661.927*	*240.402*	*14,5%*	*-*	*508.151*	*Acquisition cost*
of which: Writs, Property Attachments, Garnishment Orders	*1.580.875*	*500.798*	*31,7%*	*41.491*	*1.181.215*	*Cost = NPV of flows from model*
of which: Secured and Corporate	*4.001.941*	*156.615*	*3,9%*	*2.368*	*199.755*	*Cost = NPV of flows from model*
Total	**22.249.668**	**1.482.573**	**6,7%**	**73.101**	**2.967.125**	

The business can be divided up into three macro categories:

- post-acquisition management, when all information retrieval operations take place to help decide the most appropriate conversion method, the receivable is classified in a so-called "staging" area and recognised at cost (148,3 million Euro at 31 March 2022, compared to 135,8 million Euro at 31 December 2021, with no contribution to profit or loss. As a rule, 6-12 months later, the positions are directed towards the most appropriate form of management, depending on their characteristics;
- non-judicial operations, which deal with practices that can be handled through collection by settlement. Practices awaiting information about the most appropriate collection instrument are classified into a basin called "mass management" and at 31 March 2022 come to 208,0 million Euro as compared with 201,6 million Euro at 31 December 2021 (up 3,2%). Practices on which a realignment plan has been agreed and formalised, record an increase (2,3%), coming in at 228,5 million Euro at 31 March 2022 (223,3 million Euro at 31 December 2021);
- legal management, which covers all practices in the various stages of legal processing, ranging from obtaining a court order to a garnishment order. Practices awaiting the most appropriate legal action are included in the category of "Other positions undergoing judicial processing" and come to 240,4 million Euro at 31 March 2022 (270,8 million Euro at 31 December 2021); practices in phases of writ, attachment order and garnishment order are allocated to a specific basin, which records an increase of 3,9%, coming in at 500,8 million Euro as compared with the 481,9 million Euro recorded in December 2021. The judicial management basin include all "Secured and Corporate" positions of corporate banking origin or real estate, equal to 156,6 million Euro at 31 March 2022, as compared with 164,3 million Euro at 31 December 2021.

Finally, the Group occasionally seizes market opportunities in accordance with its business model by selling portfolios of positions yet to be processed to third parties.

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Interest income from amortised cost	38.990	36.191	2.799	7,7%
Interest income notes and other minority components	1.293	490	803	163,9%
Other components of net interest income from change in cash flow	34.111	27.544	6.567	23,8%
Funding costs	(6.754)	(6.580)	(174)	2,6%
Net interest income	**67.640**	**57.645**	**9.995**	**17,3%**
Net commission income	**1.003**	**77**	**926**	**n.s.**
Gain on sale of receivables	1.169	545	624	114,5%
Net banking income	**69.812**	**58.267**	**11.545**	**19,8%**
Operating costs	**(41.006)**	**(41.280)**	**274**	**(0,7)%**
Net allocations to provisions for risks and charges	(212)	(210)	(2)	1,0%
Pre-tax profit from continuing operations	**28.594**	**16.777**	**11.817**	**70,4%**
Income taxes for the period relating to continuing operations	(9.182)	(5.300)	(3.882)	73,2%
Profit for the period	**19.412**	**11.477**	**7.935**	**69,1%**

“Interest income from amortised cost”, referring to the interest accruing at the original effective rate, went from 36,2 million Euro to 39,0 million Euro at 31 March 2022, due to an increase in the volume of underlying assets.

The item “Other components of net interest income from change in cash flow”, which goes from 27,5 million Euro in Q1 2021 to 34,1 million Euro at 31 March 2022, reflects the change in cash flows forecast according to the collections made in respect of forecasts. This item includes:

- out-of-court settlements totalling 14,9 million Euro, to which recovery plans contributed 22,1 million Euro, offset by the negative effect of curve models totalling 7,2 million Euro;
- legal management for 19,2 million Euro, where the contribution of actions for injunction, attachment and garnishment orders for 21,5 million Euro, partially offset by the reduction of flows of the secured and corporate pool is 2,3 million Euro.

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 of property issued. In this regard, collections went from 80,9 million Euro in the first quarter of 2021 to 91,1 million of Euro in the first quarter of 2022 (+12,6%).

The increase in the cost of funding is due to higher imputed interest expense attributed by the Governance & Services and Non-Core Segment and following the increase in average lending compared to the same period last year.

The increase in net commission is almost entirely due to the reduction in commission expense paid for collection and payment services.

In view of the above, the Npl Segment’s net banking income came to a total of 69,8 million Euro, up 19,8% on the same period of the previous year.

Operating expenses (of 41,0 million Euro) were substantially in line with the first quarter of 2021.

Period profit of the Npl Segment is 19,4 million Euro, up 69,1% on the same period of last year.

Below is the breakdown of net loans by supervisory risk category.

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Net bad loans	1.106.361	1.106.996	(635)	(0,1)%
Net unlikely to pay	351.096	343.143	7.953	2,3%
Net non-performing past due exposures	3.288	4.025	(737)	(18,3)%
Total net non-performing exposures to customers (stage 3)	**1.460.745**	**1.454.164**	**6.581**	**0,5%**
Total net performing exposures (stages 1 and 2)	57.856	69.464	(11.608)	(16,7)%
- of which: Owned receivables	*21.828*	*23.517*	*(1.689)*	*(7,2)%*
- of which: Debt securities	*34.879*	*44.563*	*(9.684)*	*(21,7)%*
- of which: Receivables related to servicer activities	*1.149*	*1.384*	*(235)*	*(17,0)%*
Total on-balance-sheet receivables due from customers	**1.518.601**	**1.523.628**	**(5.027)**	**(0,3)%**
- of which: Total owned receivables measured at amortised cost	***1.482.573***	***1.477.681***	***4.892***	***0,3%***

Almost all the receivables measured at amortised cost in the Npl Segment qualify as POCI - Purchased or originated credit-impaired -, the category introduced by the accounting standard IFRS 9. These are loans that were non-performing at the date they were acquired or originated. Receivables related to servicer activities on behalf of third parties and debt securities are excluded from this classification.

KPI	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Nominal amount of receivables managed	22.249.668	21.830.994	418.674	1,9%
Total RWAs (1)	2.342.328	2.339.110	3.218	0,1%

(1) Risk Weighted Assets; the amount only relates to the credit risk.

Total Estimated Remaining Collections (ERC) amounted to 3,0 billion Euro.

PERFORMANCE OF THE PROPRIETARY PORTFOLIO OF THE NPL SEGMENT	31.03.2022	31.12.2021
Opening loan portfolio	**1.477.681**	**1.403.711**
Purchases	23.771	177.306
Sales	(2.860)	(18.440)
Gains on sales	1.976	6.461
Interest income from amortised cost	38.990	150.368
Other components of interest from change in cash flow	34.111	122.502
Adjustments to receivables	-	(17.997)
Collections	(91.096)	(346.230)
Closing loan portfolio	**1.482.573**	**1.477.681**

Total purchases in Q1 2022 came to 23,8 million Euro, up on the 13,5 million Euro of the first quarter of the previous year. During the first three months of 2022, sales were completed for a total price of approximately 2,9 million Euro, which generated profits of about 2,0 million Euro.

The item "Collections" equal to 91,1 million Euro includes the instalments collected during the quarter from re-entry plans, from garnishment orders and transactions carried out rises by 12,6% on the collections of 80,9 million Euro made in the first quarter 2021.

At the end of the period, the portfolio managed by the Npl Segment included 2.150.475 positions, for a nominal amount of approximately 22,2 billion Euro.

GOVERNANCE & SERVICES AND NON-CORE SEGMENT

The Segment comprises, among other things, the resources required for the performance of the services of the Planning and Management Control, Finance, Operations, Marketing Communication and External Relations and HR, as well as the structures responsible for raising, managing and allocating financial resources to the operating Segments. This Segment also includes Proprietary Finance activities (proprietary securities desk) and Securitisation & Structured Solution activities (investment in Asset Backed Securities, instrumental to the realisation of securitisation transactions). The Segment also includes run-off portfolios originated from the former Interbanca as well as other personal loan portfolios.

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**11.437**	**14.242**	**(2.805)**	**(19,7)%**
Net commission income	**(645)**	**(441)**	**(204)**	**46,3%**
Other components of net banking income	8.882	456	8.426	n.s.
Net banking income	**19.674**	**14.257**	**5.417**	**38,0%**
Operating costs	**(8.532)**	**(6.918)**	**(1.614)**	**23,3%**
Net credit risk losses/reversals	(2.534)	(10.984)	8.450	(76,9)%
Net allocations to provisions for risks and charges	(6.040)	(4.134)	(1.906)	46,1%
Pre-tax profit from continuing operations	**2.568**	**(7.779)**	**10.347**	**(133,0)%**
Income taxes for the period relating to continuing operations	(824)	2.489	(3.313)	(133,1)%
Profit (loss) for the period	**1.744**	**(5.290)**	**7.034**	**(133,0)%**

The Segment's net banking income amounts to 19,7 million Euro, up 5,4 million Euro on the same period of the previous year and is due to growth of 12,6 million Euro in the Governance & Services area, offset by a lower contribution of 7,2 million Euro from the run-off activities of the Non-Core Area. In particular:

- the net interest income has decreased overall by 2,8 million Euro on the first quarter of 2021. This decrease is due to the derecognition of the Non-Core Area's run-off portfolio for 9,3 million Euro, most of which derives from the lower contribution of the PPA for 8,5 million Euro. This is offset by the positive contribution of the Governance & Services area, amounting to 6,5 million Euro, primarily driven by the growth in interest on inflation-linked government securities in the Proprietary Finance business;
- net commissions are down 0,2 million Euro;
- other components of net banking income grew by 8,4 million Euro. This overall effect depends predominantly on:
  - the greater contribution from the Proprietary Finance business, amounting to 6,2 million Euro: 3,1 million Euro deriving from net income from trading activities, 2,8 million Euro relating to gains on the sale and repurchase of financial assets valued at amortised cost and 0,3 million Euro in dividends;

- the greater contribution of the Non-Core Area for 2,2 million Euro is mainly due to the fair value measurement of CIU funds.

In terms of funding, Rendimax Deposit Account continues to constitute the Group's main source of finance, with a comprehensive cost of approximately 12,9 million Euro, lower than the same period of last year (14,9 million Euro) due to the decrease in average assets under management (4.257 million Euro at 31 March 2022 as compared with 4.293 million Euro at 31 December 2021) and average rates falling below the first quarter of 2021 (-1,23% versus -1,40%). At 31 March 2022, the carrying amount the bonds issued by Banca Ifis was 1.055,3 million Euro, stable on the figure at 31 December 2021. In economic terms, interest expense accrued on all issues dropped by 0,3 million Euro, coming in at a total of 7,6 million Euro.

Funding raised through securitisations amounted to 1.408 million Euro at 31 March 2022, down by 40 million Euro compared to 31 December 2021. Accrued interest expense decreased from 2,6 million Euro at 31 March 2021 to 1,6 million Euro at 31 March 2022 due to the restructuring of transactions that occurred during 2021.

Access is also noted to funding through TLTRO transactions for a nominal amount of 2,0 billion Euro.

As regards the cost of credit, there is a decrease in net adjustments to 2,5 million Euro compared with 11,0 million Euro in the same period of the previous year, which was influenced by provisions on a singularly significant position.

Operating costs come to 8,5 million Euro, up 1,6 million Euro on 31 March 2021. This increase is primarily due to ICT activities on the retail collection platform and higher legal and consulting expenses in the Governance & Services Area.

Net allocations to provisions for risks and charges amounted to 6,0 million Euro at 31 March 2022, a growth of 1,9 million Euro compared to the same period last year. This increase is substantially due to the higher estimated contribution to the Single Resolution Fund (SRF).

At 31 March 2022, total net receivables for the Segment amounted to 2.417,3 million Euro, up 7,6% on the figure at 31 December 2021. The increase of 170,5 million Euro is substantially linked to the activity carried out by Proprietary Finance in the area of government securities, which was partially offset by the physiological decrease of 26,7 million Euro in the Segment's run-off asset portfolios.

It should be noted that within the Governance & Services and Non-Core Segment, there are receivables belonging to the POCI category, mainly referring to non-performing exposures resulting from the business combination with the former GE Capital Interbanca Group:

- net non-performing loans: 14,9 million Euro at 31 March 2022, down on the 18,2 million Euro of 31 December 2021;
- net performing exposures: 18,2 million Euro at 31 March 2022, in line with 31 December 2021.

The following table shows the gross and net amounts as well as the relevant coverage ratios of receivables due from customers for each supervisory risk category.

GOVERNANCE & NON-CORE SERVICES SEGMENT (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING (STAGES 1 AND 2)	TOTAL LOANS (1)
POSITION AT 31.03.2022						
Nominal amount	16.162	48.974	6.651	**71.787**	2.379.835	**2.451.622**
Impairment losses	(6.700)	(20.440)	(1.895)	**(29.035)**	(5.303)	**(34.338)**
Carrying amount	9.462	28.534	4.756	**42.752**	2.374.532	**2.417.284**
Coverage ratio	*41,5%*	*41,7%*	*28,5%*	***40,4%***	*0,2%*	***1,4%***
POSITION AT 31.12.2021						
Nominal amount	18.432	49.812	6.436	**74.679**	2.207.314	**2.281.993**
Impairment losses	(6.996)	(21.196)	(1.681)	**(29.872)**	(5.359)	**(35.231)**
Carrying amount	11.436	28.616	4.755	**44.807**	2.201.955	**2.246.762**
Coverage ratio	*38,0%*	*42,6%*	*26,1%*	***40,0%***	*0,2%*	***1,5%***

(1) In the Governance & Services and Non-Core Segment, at 31 March 2022, there were government securities amounting to 1.848,2 million Euro (1.648,6 million Euro at 31 December 2021).

The coverage of non-performing exposures in the Segment is affected by receivables belonging to the so-called "POCI" category, whose gross values already take into account the estimate of expected losses. The coverage of the portfolio as a whole at 31 March 2022 is in line with the figure at 31 December 2021.

4.

Reclassified financial statements

4.1 Reclassified Consolidated Balance Sheet

ASSETS (in thousands of Euro)	31.03.2022	31.12.2021
Cash and cash equivalents	216.111	355.381
Financial assets held for trading	13.507	8.478
Financial assets mandatorily measured at fair value through profit or loss	147.605	144.660
Financial assets measured at fair value through other comprehensive income	598.574	614.013
Receivables due from banks measured at amortised cost	620.782	524.991
Receivables due from customers measured at amortised cost	10.276.457	10.331.804
Property, plant and equipment	125.965	120.256
Intangible assets	61.057	61.607
of which:		
- goodwill	*38.786*	*38.794*
Tax assets:	333.733	329.674
a) current	45.444	45.548
b) deferred	288.289	284.126
Other assets	499.108	487.027
Total assets	**12.892.899**	**12.977.891**

LIABILITIES AND EQUITY (in thousands of Euro)	31.03.2022	31.12.2021
Payables due to banks	2.465.729	2.597.965
Payables due to customers	5.683.346	5.683.745
Debt securities issued	2.463.262	2.504.878
Financial liabilities held for trading	13.075	5.992
Tax liabilities:	55.100	49.154
a) current	21.934	16.699
b) deferred	33.166	32.455
Other liabilities	489.514	436.107
Post-employment benefits	9.420	9.337
Provisions for risks and charges	71.409	66.825
Valuation reserves	(35.715)	(25.435)
Reserves	1.491.480	1.367.019
Share premiums	82.092	102.972
Share capital	53.811	53.811
Treasury shares (-)	(12.763)	(2.847)
Equity attributable to non-controlling interests	28.191	27.786
Profit for the period	34.948	100.582
Total liabilities and equity	**12.892.899**	**12.977.891**

4.2 Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	31.03.2022	31.03.2021
Net interest income	**131.069**	**115.827**
Net commission income	**20.725**	**18.767**
Other components of net banking income	11.530	3.128
Net banking income	**163.324**	**137.722**
Administrative expenses:	(90.133)	(86.234)
a) personnel expenses	(36.565)	(33.779)
b) other administrative expenses	(53.568)	(52.455)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.080)	(4.413)
Other operating income/expenses	6.390	6.800
Operating costs	**(87.823)**	**(83.847)**
Net credit risk losses/reversals	(17.008)	(18.421)
Net allocations to provisions for risks and charges	(6.422)	(5.095)
Pre-tax profit from continuing operations	**52.071**	**30.359**
Income taxes for the period relating to continuing operations	(16.720)	(9.590)
Profit for the period	**35.351**	**20.769**
Profit for the period attributable to non-controlling interests	403	648
Profit for the period attributable to the Parent company	**34.948**	**20.121**

4.3 Reclassified Consolidated Statement of Comprehensive Income

ITEMS (in thousands of Euro)	31.03.2022	31.03.2021
Profit for the period	**35.351**	**20.769**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**1.397**	**3.751**
Equity securities measured at fair value through other comprehensive income	1.452	3.574
Defined benefit plans	(55)	177
Other comprehensive income, net of taxes, to be reclassified to profit or loss	**(9.224)**	**(2.974)**
Exchange differences	(430)	(765)
Financial assets (other than equity securities) measured at fair value through other comprehensive income	(8.794)	(2.209)
Total other comprehensive income, net of taxes	**(7.827)**	**777**
Total comprehensive income (Item 10 + 170)	**27.524**	**21.546**
Total consolidated comprehensive income attributable to non-controlling interests	405	646
Total consolidated comprehensive income attributable to the Parent company	**27.119**	**20.900**

5.

Notes

5.1 Accounting policies

5.1.1 Statement of compliance with international accounting standards

This Consolidated Interim Report at 31 March 2022 of the Banca Ifis Group was prepared in accordance with Borsa Italiana's Rules for companies listed on the STAR segment (article 2.2.3 paragraph 3), which require publishing an interim report within 45 days of the end of each quarter, and considering Borsa Italiana's notice no. 7587 of 21 April 2016. Therefore, in accordance with said notice, concerning the contents of the Consolidated Interim Report, the Group made reference to the pre-existing paragraph 5 of article 154-ter of Italian Legislative Decree no. 58, dated 24 February 1998.

The Consolidated Interim Report at 31 March 2022 does not include all the information required for the preparation of the annual Consolidated Financial Statements in accordance with IFRS accounting standards. For this reason, it is necessary to read the Consolidated Interim Report together with the Consolidated Financial Statements at 31 December 2021. The preparation criteria, the valuation and consolidation criteria and the accounting standards adopted in the preparation of this Consolidated Interim Report comply with the accounting standards adopted in the preparation of the Consolidated Financial Statements at 31 December 2021, with the exception of the adoption of the new or amended accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as set out below.

IFRS refers to international accounting standards IASs/IFRSs in force at said date issued by the International Accounting Standards Board (IASB), together with the relevant interpretations (IFRICs and SICs). These standards were endorsed by the European Commission in accordance with the provisions in article 6 of European Union Regulation no. 1606/2002. This regulation was implemented in Italy with Italian Legislative Decree no. 38 of 28 February 2005.

The currency of account is the Euro and, if not indicated otherwise, amounts are expressed in thousands of Euro.

Assets and liabilities, as well as costs and revenues, have been offset only if required or permitted by an accounting standard or the relevant interpretation.

The criteria for recognising, measuring and derecognising assets and liabilities and the methods for recognising revenue and costs adopted in preparing the Consolidated Interim Report at 31 March 2022 are unchanged from those used to prepare the Consolidated Financial Statements at 31 December 2021, to which reference should be made for further details.

Information on the business as a going concern

The Bank of Italy, Consob and Isvap, with document no. 2 issued on 6 February 2009 ("Disclosure in financial reports on the going concern assumption, financial risks, asset impairment tests and uncertainties in the use of estimates"), together with the subsequent document no. 4 of 4 March 2010, require directors to assess with particular accuracy the existence of the company as a going concern, as per IAS 1.

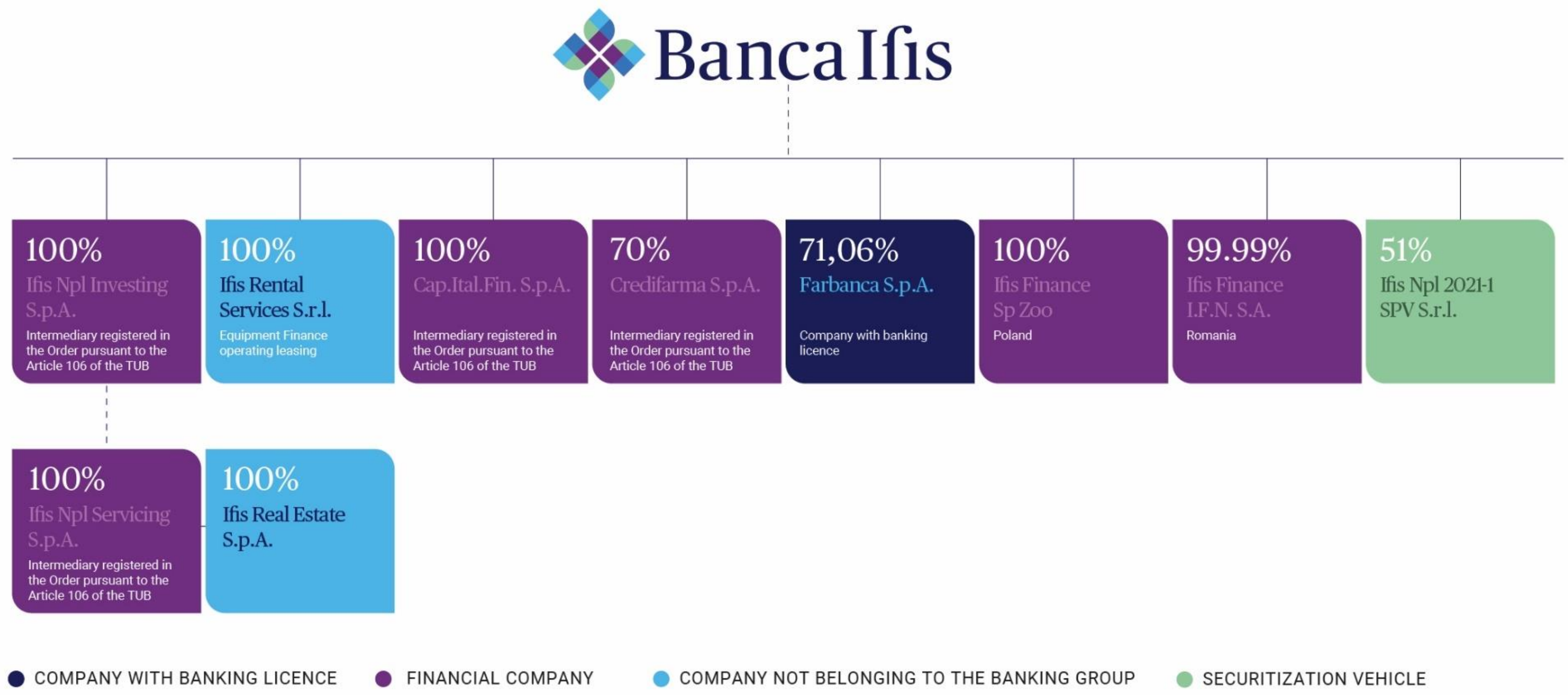
Unlike in the past, present conditions on financial markets and in the real economy, together with the negative short-term forecasts, require particularly accurate assessments of the going concern assumption, as records of the company's profitability and easy access to financial resources may no longer be sufficient in the current context.

In this regard, having examined the risks and uncertainties connected to the present conditions of the financial markets, also in consideration of the current situation connected with COVID-19 pandemic and the military conflict involving Russia and the Ukraine, the Banca Ifis Group can indeed be considered as a going concern, in that it can be reasonably expected to continue operating in the foreseeable future. Therefore, the Consolidated Interim Report at 31 March 2022 is prepared in accordance with this fact.

Uncertainties connected to credit and liquidity risks are considered insignificant or, at least, not significant enough to raise doubts over the company's ability to continue as a going concern, thanks also to the good profitability levels that the Group has consistently achieved, to the quality of its loans, and to its current access to financial resources.

5.1.2 Scope and methods of consolidation

The Consolidated Interim Report of the Banca Ifis Group has been drawn up on the basis of the accounts at 31 March 2022 prepared by the directors of the companies included in the consolidation scope.



All the companies were consolidated using the line-by-line method.

The financial statements of the Polish subsidiary Ifis Finance Sp. z o.o. and of the Romanian subsidiary Ifis Finance I.F.N. S.A., both expressed in foreign currencies are translated into Euro by applying the period-end exchange rate to assets and liabilities. As for the income statement, the items are translated using the average exchange rate, which is considered as a valid approximation of the spot exchange rate. Exchange differences arising from the application of different exchange rates for the statement of financial position and the income statement, as well as the exchange differences from the translation of each investee company's equity, are recognised under capital reserves.

Assets and liabilities, off-balance-sheet transactions, income and expenses, as well as the profits and losses arising from relations between the consolidated companies are all eliminated.

With reference to the inclusion in the consolidation area of companies deriving from business combinations, such operations must be recognised by applying the principles established by IFRS 3; purchases of equity investments in which control is obtained and counting as business combinations must be recognised by applying the acquisition method, which requires:

- identification of the acquirer;
- determination of the acquisition date;
- recognition and measurement of the identifiable assets acquired, the liabilities assumed and any minority interest in the acquiree;
- recognition and measurement of goodwill or a gain from a bargain purchase.

The cost of an acquisition is determined as the sum of the amount transferred, measured at fair value at the acquisition date and the amount of the minority interest in the acquiree. For each business combination, the Group decides whether to measure any minority interest in the acquiree at fair value or in proportion to the minority share of the acquiree's net identifiable assets. Acquisition costs are expensed in the period of competence and classified as administrative expenses.

Any contingent amount is recognised at the fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the new valuation still shows a fair value of the net assets acquired higher than the amount, the difference (profit) is recognised in the income statement.

After its initial recognition, goodwill is measured at cost net of accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a CGU and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the disposal. The goodwill associated with the disposed operation is determined on the basis of the relative values of the disposed operation and the portion of the CGU is retained.

The consolidation process of the subsidiaries resulted in the following goodwill being recognised under the item intangible assets: 38,0 million Euro for the consolidation of the form Fbs Group, acquired in 2019 and 766 thousand Euro at period end exchange rates for the subsidiary Ifis Finance Sp. z.o.o., acquired in 2006. As of 31 December 2021, these goodwill was subjected to the annual impairment test, from which no need for impairment emerged. For more details in this respect, we would refer you to the more extensive information given in Part B - Information on the Consolidated Statement of Financial Position, Section 10 - Intangible assets - Item 100, Paragraph 10.3 Other information of the Consolidated Financial Statements at 31 December 2021.

It should be noted that, as of the reference date of this Consolidated Interim Report as at 31 March 2022, the merger by incorporation of Credifarma into Farbanca, for which Bank of Italy authorisation was received on 21 February 2022, has not yet been completed. For more details on this transaction, refer to section "5.4 Significant subsequent events" of this document".

Equity investments in exclusively controlled companies

COMPANY NAME	HEAD OFFICE	REGISTERED OFFICE	TYPE (1)	INVESTMENT		VOTING RIGHTS % (2)
				PARTICIPATING COMPANY	SHARE %	
Ifis Finance Sp. z o.o.	Warsaw	Warsaw	1	Banca Ifis S.p.A.	100%	100%
Ifis Rental Services S.r.l.	Milan	Milan	1	Banca Ifis S.p.A.	100%	100%
Ifis Npl Investing S.p.A.	Florence, Milan and Mestre (VE)	Mestre (VE)	1	Banca Ifis S.p.A.	100%	100%
Ifis Real Estate S.p.A.	Milan	Milan	1	Ifis Npl Servicing S.p.A.	100%	100%
Cap. Ital. Fin. S.p.A.	Naples	Naples	1	Banca Ifis S.p.A.	100%	100%
Ifis Npl Servicing S.p.A.	Mestre (VE)	Mestre (VE)	1	Ifis Npl Investing S.p.A.	100%	100%
Ifis Finance I.F.N. S.A.	Bucharest	Bucharest	1	Banca Ifis S.p.A.	99,99%	99,99%
Farbanca S.p.A.	Bologna	Bologna	1	Banca Ifis S.p.A.	71,06%	71,06%
Credifarma S.p.A.	Rome	Rome	1	Banca Ifis S.p.A.	70%	70%
Ifis Npl 2021-1 SPV S.r.l.	Conegliano (Province of Treviso)	Conegliano (Province of Treviso)	1	Banca Ifis S.p.A.	51%	51%
Indigo Lease S.r.l.	Conegliano (Province of Treviso)	Conegliano (Province of Treviso)	4	Other	0%	0%
Ifis ABCP Programme S.r.l.	Conegliano (Province of Treviso)	Conegliano (Province of Treviso)	4	Other	0%	0%
Emma S.P.V. S.r.l.	Conegliano (Province of Treviso)	Conegliano (Province of Treviso)	4	Other	0%	0%
Urano Spv S.r.l.	Milan	Milan	4	Other	0%	0%

Key
(1) Type of relationship:
1 = majority of voting rights in the Annual Shareholders' Meeting
2 = dominant influence in the Annual Shareholders' Meeting
3 = agreements with other shareholders
4 = other forms of control
5 = joint management pursuant to Article 26, paragraph 1, Italian Legislative Decree no. 87/92
6 = joint management pursuant to Article 26, paragraph 2, Italian Legislative Decree no. 87/92
(2) Voting rights in the Annual Shareholders' Meeting, distinguishing between effective and potential voting rights

Significant judgements and assumptions in determining the scope of consolidation

In order to determine the scope of consolidation, Banca Ifis assessed whether it meets the requirements of IFRS 10 for controlling investees or other entities with which it has any sort of contractual arrangements.

An entity controls another entity when the former has all the following:

- power over the investee;
- exposure to variable returns;
- and the ability to affect the amount of its returns.

Generally, there is a presumption that a majority of voting rights gives control over the investee. The Group reconsiders whether or not it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the period of competence are included in the consolidated statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the period and each of the other components of the Statement of Comprehensive Income are attributed to the shareholders of the parent company and minority interests, even if this implies that the minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of the subsidiaries, in order to ensure compliance with the Group's accounting standards. All assets and liabilities, equity, revenues, costs and inter-group financial flows relating to transactions between Group entities are derecognised completely during the consolidation phase.

Changes in the investment in a subsidiary that do not involve the loss of control are recognised in equity.

If the Group loses control of a subsidiary, it must derecognise the related assets (including goodwill), liabilities, minority interests and other components of equity, while any profit or loss is recognised in the Income Statement. Any retained interest must be measured at fair value.

The assessment carried out led the Bank to include the subsidiaries listed in the previous paragraph, as well as the SPVs (Special Purpose Vehicles) set up for securitisation purposes, for which control is considered to exist in accordance with IFRS 10; in the scope of consolidation at the reporting date. These SPVs, with the exception of the vehicle Ifis Npl 2021-1 SPV S.r.l. for which the Group holds the majority of the shares at the reporting date, are not companies legally belonging to the Banca Ifis Group.

5.1.3 Risks and uncertainties related to estimates

Using accounting standards often requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities in the accounts and disclosure of contingent assets and liabilities. In making the assumptions underlying the estimates, management considers all available information at the reporting date of this Consolidated Interim Report, as well as any other factor deemed reasonable for this purpose, also as a consequence of the current situation connected with the COVID-19 pandemic and the military conflict between Russia and the Ukraine, as explained previously.

Specifically, it made estimates concerning the carrying amounts of some items recognised in the Consolidated Interim Report at 31 March 2022, as per the relevant accounting standards. These estimates are largely based on the expected future recoverability of the amounts recognised and were made on a going concern basis. Such estimates support the carrying amounts reported at 31 March 2022.

Estimates are reviewed at least annually when preparing the Consolidated Financial Statements.

The risk of uncertainty in the estimates, considering the materiality of the reported amounts of assets and liabilities and the judgement required of management, substantially concerns the measurement of:

- fair value of receivables and financial instruments not quoted in active markets;
- receivables of the Npl Segment;
- receivables managed by the Pharma BU, and specifically the interest on arrears considered recoverable;
- measurement of the Expected Credit Loss for receivables other than the Npl Segment;
- provisions for risks and charges;
- post-employment benefits (TFR);
- goodwill, other intangible assets and gain on bargain purchase.

For the types of assets listed above (with the exception of provisions for risks and charges and employee severance indemnities), the principal issues regarding risks and uncertainties associated with estimates are discussed in the following paragraphs. As instead regards the situations relative to provisions for risks and charges and post-employment benefits, reference should be made to the valuation criteria described in paragraph A.2 - Part relating to the main items of the Consolidated Financial Statements at 31 December 2021.

Fair value of receivables and financial instruments not quoted in active markets

In the presence of receivables and financial instruments not quoted in active markets or illiquid and complex instruments, it is necessary to activate adequate valuation processes characterised with certain judgement on the choice of valuation models and related input parameters, which may sometimes not be observable in the market. There is a degree of subjectivity involved in assessing whether certain inputs are observable and categorising them within the fair value hierarchy accordingly. For qualitative and quantitative information on the method to determine the fair value of instruments measured at fair value, reference should be made to paragraph A.2 - Part relating to the main items of the Consolidated Financial Statements at 31 December 2021.

Npl Segment exposures

Concerning specifically the measurement of the receivables in the Npl Segment, the Risk Management, when assessing the Group's capital adequacy (ICAAP), regularly assesses the so-called model risk, since the characteristics of the business model imply a high level of variability concerning both the amount collected and the date of actual collection.

In particular, for receivables undergoing non-judicial operations, the proprietary model estimates cash flows by projecting the breakdown of the nominal amount of the receivable over time based on the historical recovery profile for similar clusters. In addition, for the positions with settlement plan funding characteristics, a deterministic model based on the measurement of the future instalments of the plan, net of the historical default rate is used. Therefore, the timely and careful management of cash flows is particularly important. To ensure expected cash flows are correctly assessed, also with a view to correctly pricing the transactions undertaken, the Group carefully monitors the trend in collections compared to expected flows.

For receivables undergoing judicial operations, i.e. for positions for which the presence of a job or a pension has been verified, a model has been developed for estimating cash flows prior to obtaining the Garnishment Order (ODA). In particular, cash flows are estimated for all those positions that have obtained a decree not opposed by the debtor from 1 January 2018.

The other positions undergoing judicial operations continue to be recognised at cost until said requirements are met or a garnishment order is issued.

Upon garnishment order, future cash flows are analytically determined on the basis of the objective elements known for each individual position; in this case, therefore, the estimates applied relate mainly to the identification of the duration of the payment plan.

In order to take into account the current context, still marked by the pandemic, and incorporate the effects linked to the temporary closure of production activities, corrections were made to the forecasting models that entailed, with reference to amicable management, a limited decline in collections expected for subsequent financial years, in line with the general macroeconomic forecasts.

In a similar fashion, consistently with the legislation released, certain corrections have been made to the models that cover both the secured Npl positions, as a result of the extension of collection times due to the suspension in proceeding with the attachment of properties received as collateral and for positions for which bankruptcy proceedings are in progress.

Receivables managed by the Pharma BU, and specifically the interest on arrears considered recoverable

As for the receivables of the Pharma BU, the Group estimates the cash flows from receivables due from Italy's National Health Service using a proprietary model, calculating the interest on arrears considered recoverable based on historical evidence and differentiating according to the type of collection actions taken by the Pharma BU (settlement or judicial action). Overall, the assumptions underlying the estimate of their recoverability were conservative. Banca Ifis estimates cash flows in accordance with the provisions of the joint Bank of Italy/Consob/Ivass document no. 7 of 9 November 2016 Accounting of interest on arrears as per Italian Legislative Decree no. 231/2002 on performing loans purchased outright.

Measurement of the Expected Credit Loss for receivables other than the Npl Segment

The allocation of receivables and debt securities classified as Financial assets measured at amortised cost and Financial assets measured at fair value through other comprehensive income in the three credit risk stages set forth in IFRS 9 and the calculation of the relative expected losses requires a detailed estimation process that regards primarily:

- defining the parameters for a significant increase in credit risk, which are essentially based on models for measuring the Probabilities of Default (PD) at the origination of financial assets and at the reporting date;
- the measurement of certain elements necessary for the determination of estimated future cash flows arising from non-performing loans: the expected debt collection times, the presumed realisable value of any guarantees, the costs that it is deemed will be incurred to recover the credit exposure and lastly the likelihood of sale for positions for which there is a disposal plan.

“Expected Credit Losses” (ECLs) are calculated based on whether the financial instrument’s credit risk has significantly increased since initial recognition.

As regards the assessment of the significant increase in the credit risk, the measures implemented to support the economy that impacted it include the concession of moratoriums, which must be mentioned. With the suspension of payments of amortisation plans, the verification of past-due by more than 30 days in order to allocate to Stage 2, also ceases. This has led the Group to make prudent corrections in respect of relations with counterparties involved by these moratoriums, or which belong to certain economic segments considered to be at higher risk of impact from COVID-19, so as to incorporate the increase in the expected risk.

Similarly, the forward-looking information has seen an update to the macroeconomic scenarios following the evolution of the economic crisis linked to the spread of Covid-19, also in view of the recommendations given by the Supervisory Authorities.

Finally, in line with what has been done for the secured portfolio of the Npl Segment, the collection times for receivables and portfolios of receivables secured by real estate for which bankruptcy proceedings are in progress have been reviewed to reflect the aforementioned suspension of real estate execution, including in the Commercial & Corporate Banking Segment.

Goodwill, other intangible assets and gain on bargain purchase.

Business combinations must be booked as per the standards established by IFRS 3, using the acquisition method. Goodwill is initially stated at cost represented by the excess of the total amount paid and the amount recognised for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group.

As regards the purchase price allocation ("PPA") of the aggregation to assets, liabilities and potential liabilities of the subject acquired, as can be identified at the purchase date and measured at their respective fair values, a preventive mapping has been carried out of all the assets and liabilities for which it was considered likely to encounter significant differences in value between the fair value and the respective carrying amount.

In particular, the fair values are determined on the basis of the methodology considered to be most appropriate for each class of asset and liability acquired (for example, for the loan portfolio, the discounted cash flow method).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the new valuation still shows a fair value of the net assets acquired higher than the amount, the difference (profit) is recognised in the income statement as "gain on bargain purchase".

Thereafter, in accordance with IAS 36, goodwill must be impairment tested annually, to check that the value can be recovered. The recoverable value is the greater of Value in Use and fair value, net of the costs of sale.

In order to determine the value in use of goodwill allocated to the cash generating units ("CGUs") making it up, the Banca Ifis Group estimates both future cash flows in the explicit forecasting period and flows used to determine the terminal value. In a similar fashion, the Group also estimates the discounting rate of future cash flows previously estimated. The discounting rate has been determined by the Group using the "Capital Asset Pricing Model" (CAPM).

We would refer you to the more detailed information given in Part B - Information on the Consolidated Statement of Financial Position, Section 10 - Intangible assets - Item 100, Paragraph 10.3 Other information of the Consolidated Financial Statements at 31 December 2021.

5.2 Group financials and income results

5.2.1 Reclassified Statement of financial positions items

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Cash and cash equivalents	216.111	355.381	(139.270)	(39,2)%
Financial assets mandatorily measured at fair value through profit or loss	147.605	144.660	2.945	2,0%
Financial assets measured at fair value through other comprehensive income	598.574	614.013	(15.439)	(2,5)%
Receivables due from banks measured at amortised cost	620.782	524.991	95.791	18,2%
Receivables due from customers measured at amortised cost	10.276.457	10.331.804	(55.347)	(0,5)%
Property, plant and equipment and intangible assets	187.022	181.863	5.159	2,8%
Tax assets	333.733	329.674	4.059	1,2%
Other assets	512.615	495.505	17.110	3,5%
Total assets	**12.892.899**	**12.977.891**	**(84.992)**	**(0,7)%**
Payables due to banks	2.465.729	2.597.965	(132.236)	(5,1)%
Payables due to customers	5.683.346	5.683.745	(399)	(0,0)%
Debt securities issued	2.463.262	2.504.878	(41.616)	(1,7)%
Tax liabilities	55.100	49.154	5.946	12,1%
Provisions for risks and charges	71.409	66.825	4.584	6,9%
Other liabilities	512.009	451.436	60.573	13,4%
Consolidated Equity	1.642.044	1.623.888	18.156	1,1%
Total liabilities and equity	**12.892.899**	**12.977.891**	**(84.992)**	**(0,7)%**

Cash and cash equivalents

The item cash and cash equivalents includes bank current accounts on demand, in compliance with the requirements for balance sheet items set out in the 7th update of October 2021 of Bank of Italy Circular no. 262/2005, and as of 31 March 2022 amounts to 216,1 million Euro.

Financial assets mandatorily measured at fair value through profit or loss

Other financial assets mandatorily measured at fair value through profit or loss total 147,6 million Euro at 31 March 2022. This item consists of loans and debt securities that did not pass the SPPI test, equity securities from minority shares and UCITS units. Without taking into account the collections for the period, the 2,0% growth compared to 31 December 2021 is mainly due to new transactions for the period amounting to 8,6 million Euro (of which 2,8 million Euro relating to equity securities, 2,1 million Euro relating to CIU units and 3,6 million Euro for new fair value loans) as well as the revaluation of units held in CIU funds for approximately 1,7 million Euro, the effect of which was partially offset by the closure during the period of fair value loans totalling 5,2 million Euro.

Below is the breakdown of this line item.

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Debt securities	15.687	15.889	(202)	(1,3)%
Equity securities	29.158	26.490	2.668	10,1%
UCITS units	81.430	79.052	2.378	3,0%
Loans	21.330	23.229	(1.899)	(8,2)%
Total	**147.605**	**144.660**	**2.945**	**2,0%**

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income amounted to 598,6 million Euro at 31 March 2022, down 2,5% from December 2021. They include debt securities that have passed the SPPI test and equity securities for which the Group has exercised the OCI Option envisaged by IFRS 9.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Debt securities	486.052	515.277	(29.225)	(5,7)%
Equity securities	112.522	98.736	13.786	14,0%
Total	**598.574**	**614.013**	**(15.439)**	**(2,5)%**

Debt securities held in the portfolio at 31 March 2022 amounted to 486,1 million Euro, down 5,7% compared to the balance at 31 December 2021 mainly portfolio for of the decision to reduce the exposure in financial instruments exposed to market fluctuations in favour of securities, mainly government, recorded in a “Held to Collect” (HTC) portfolio in view of the growing interest rates curve. The net fair value reserve associated with debt securities is negative by 12,5 million Euro.

Here below is the breakdown by maturity of the debt securities held.

Issuer/Maturity	1 year	2 years	3 years	5 years	Over 5 years	Total
Government bonds	48.207	152.215	-	26.237	207.303	**433.962**
% of total	*9,9%*	*31,3%*	-	*5,4%*	*42,7%*	***89,3%***
Banks	-	3.643	8.702	-	-	**12.345**
% of total	-	*0,7%*	*1,8%*	-	-	***2,5%***
Other issuers	-	-	3.087	24.868	11.790	**39.745**
% of total	-	-	*0,6%*	*5,1%*	*2,4%*	***8,2%***
Total	**48.207**	**155.858**	**11.789**	**51.105**	**219.093**	**486.052**
% of total	***9,9%***	***32,1%***	***2,4%***	***10,5%***	***45,1%***	***100,0%***

This item includes also equity securities relating to minority interests, amounting to 112,5 million Euro, up 14,0% compared to 31 December 2021, mainly due to investments made in the first quarter of 2022, in order to establish a portfolio that guarantees stable dividends. The net fair value reserve associated with this portfolio at 31 March 2022 had a negative value of 13,5 million Euro.

Receivables due from banks measured at amortised cost

Total receivables due from banks measured at amortised cost amounted to 620,8 million Euro at 31 March 2022, up on the figure booked at 31 December 2021 (525,0 million Euro). This item mainly refers to Receivables due from central banks (438,7 million Euro at 31 March 2022 compared to 351,2 million Euro at 31 December 2021), which constitute the supplies maintained in order to ensure the orderly performance of management activities.

In an overall view, cash and cash equivalents and receivables from banks recorded a decrease in the first quarter of 2022 of 4,5% in relation to the seasonality of factoring volumes also in the securitised component.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amounted to 10.276,5 million Euro, in line with 31 December 2021 (10.331,8 million Euro). The item includes debt securities for 2,2 billion Euro (2,0 billion at 31 December 2021). The Commercial & Corporate Banking Segment recorded a slowdown (-3,4%) concentrated in the Factoring Area (-7,4%), against the substantial stability of the Leasing and Corporate Banking & Lending Areas. The Governance & Services and Non-Core Segment increased by 170,5 million Euro, primarily due to the effect of debt securities purchases during the period. Npl Segment loans are essentially stable compared to 31 December 2021.

RECEIVABLES DUE FROM CUSTOMERS BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Commercial & Corporate Banking Segment	6.340.572	6.561.414	(220.842)	(3,4)%
- of which non-performing	*217.907*	*237.921*	*(20.014)*	*(8,4)%*
Factoring Area	2.722.055	2.940.072	(218.017)	(7,4)%
- of which non-performing	*143.022*	*167.496*	*(24.474)*	*(14,6)%*
Leasing Area	1.378.103	1.390.223	(12.120)	(0,9)%
- of which non-performing	*16.834*	*16.745*	*89*	*0,5%*
Corporate Banking & Lending Area	2.240.414	2.231.118	9.296	0,4%
- of which non-performing	*58.051*	*53.680*	*4.371*	*8,1%*
Npl Segment	1.518.601	1.523.628	(5.027)	(0,3)%
- of which non-performing	*1.460.745*	*1.454.164*	*6.581*	*0,5%*
Governance & Services and Non-Core Segment(1)	2.417.284	2.246.762	170.522	7,6%
- of which non-performing	*42.752*	*44.807*	*(2.055)*	*(4,6)%*
Total receivables due from customers	**10.276.457**	**10.331.804**	**(55.347)**	**(0,5)%**
- of which non-performing	***1.721.404***	***1.736.892***	***(15.488)***	***(0,9)%***

(1) In the Governance & Services and Non-Core Segment, at 31 March 2022, there were government securities amounting to 1.848,2 million Euro (1.648,6 million Euro at 31 December 2021)

Total net non-performing exposures, which are significantly affected by the receivables of the Npl Segment, amounted to 1.721,4 million Euro at 31 March 2022, compared to 1.736,9 million Euro at 31 December 2021 (-0,9%).

Net of these receivables, non-performing loans come to 260,7 million Euro, as compared with the 282,7 million Euro recorded at 31 December 2021.

For a detailed analysis of receivables due from customers, please see the section “Contribution of operating Segments to Group results”.

Intangible assets and property, plant and equipment

Intangible assets came to 61,1 million Euro, basically in line with those at 31 December 2021.

The line item included 22,3 million Euro worth of software, 0,8 million Euro in goodwill arising from the consolidation of the investment in the Polish subsidiary Ifis Finance Sp. z o.o., and 38,0 million Euro for goodwill, consequent to the acquisition of the former Fbs Group.

As regards the Group's assessments on the impairment testing of such goodwill, please note that the results of this test performed at 31 December 2021 have supported the likelihood of recovery of both portions of goodwill booked. To date, the validity is confirmed of the action taken by the Group; it is believed that, also in view of the countercyclical nature of some of the Group's businesses and in particular of the Npl Segment to which the Group's most significant goodwill is allocated, the emergency situations currently experienced, connected on the one hand with the Covid-19 pandemic and on the other with the tension between Russia and the Ukraine, will not have a significant impact on the consolidated results expected in the long term. For more details, we would refer you to the more extensive information given in Part B - Information on the Consolidated Statement of Financial Position, Section 10 - Intangible assets - Item 100, Paragraph 10.3 Other information of the Consolidated Financial Statements at 31 December 2021.

Property, plant and equipment comes to 126,0 million Euro, as compared with the 120,3 million Euro booked at 31 December 2021, up 4,7%.

At the end of March 2022, the properties recognised under property, plant and equipment included the important historical building "Villa Marocco", located in Mestre – Venice and housing Banca Ifis's registered office. Since Villa Marocco is a luxury property, it is not depreciated, but it is tested for impairment at least annually. To this end, they are appraised by experts specialising in luxury properties. During the period, there were no indications requiring to test the assets for impairment.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Tax assets amounted to 333,7 million Euro, slightly up on the figure at 31 December 2021 (+1,2%).

Current tax assets amounted to 45,4 million Euro, in line with the figure at 31 December 2021.

Prepaid tax assets come to 288,3 million Euro as compared with 284,1 million Euro at 31 December 2021 and mainly comprise 205,4 million Euro in assets entered for impairment of loans, potentially able to be transformed into tax credits and 39,3 million Euro assets entered on previous tax losses and the ACE benefit (39,4 million Euro at 31 December 2021).

Tax liabilities totalled 55,1 million Euro, up 12,1% from 31 December 2021, equal to 49,2 million Euro with reference to the period tax burden.

Current tax liabilities, amounting to 21,9 million Euro, represent the tax burden for the relevant period (+31,3% on the 16,7 million Euro at 31 December 2021).

Deferred tax liabilities, totalling 33,2 million Euro, are down by 0,7 million Euro on the balance of the end of the previous year and largely included 28,8 million Euro in receivables for interest on arrears that will be taxed upon receipt, 0,3 million Euro in the revaluation of property, and 2,8 million Euro in other mismatches of trade receivables and 0,4 million Euro relative to financial assets measured at fair value through other comprehensive income (FVOCI).

Tax assets are included in the calculation of "capital requirements for credit risk" in accordance with (EU) Regulation no. 575/2013 (CRR) as subsequently amended, which was transposed in the Bank of Italy's Circulars no. 285 and no. 286.

Here below is the breakdown of the different treatments by type and the relevant impact on CET1 and risk-weighted assets (RWAs) at 31 March 2022:

- the "deferred tax assets that are based on future profitability and do not derive from temporary differences" are deducted from CET1; as at 31 March 2022 the 100% deduction is equal to 39,3 million Euro; it is also specified that the amount of DTAs deducted from CET1, as provided for by art. 38 par. 5 ex CRR, an amount of 12,8 million Euro is offset by the corresponding deferred tax liabilities; this deduction will be gradually absorbed by the future use of these deferred tax assets;
- the "deferred tax assets that rely on future profitability and arise from temporary differences" are not deducted from CET1 and receive instead a 250% risk weight: at 31 March 2022, these assets amounted to 37,7 million Euro; the amount weighted according to a factor of 250%, as envisaged by Art. 38, par. 5 ex CRR, is already shown net of the offsetting with the corresponding deferred tax liabilities in the amount of 20,3 million Euro;
- the "deferred tax assets pursuant to Italian Law no. 214/2011", concerning impairment losses on receivables that can be converted into tax credits, receive a 100% risk weight; at 31 March 2022, the corresponding weight totalled 205,3 million Euro;
- "current tax assets" receive a 0% weight as they are exposures to the Central Government.

Overall, the Tax Assets recognised at 31 March 2022 and 100% deducted from Own Funds resulted in an expense amounting to -0,01% as a proportion of CET1, which will decline in the future as said assets are utilised against taxable income.

Other assets and liabilities

Other assets, of 512,6 million Euro as compared to a balance of 495,5 million Euro at 31 December 2021, mainly include:

- financial assets held for trading amounting to 13,5 million Euro (up by 59,3% compared to the figure of 8,5 million Euro at 31 December 2021), referring for 12,7 million Euro to derivative transactions mainly hedged by opposite positions recorded under financial liabilities held for trading and 0,8 million Euro from securities included in the Group's trading portfolio (down from the balance of 1,5 million Euro at 31 December 2021 mainly due to the disinvestments made during the period on equity securities in the portfolio at the end of 2021);
- other assets for 499,1 million Euro (487,0 million Euro at 31 December 2021, +2,5%), of which 287,2 million Euro relate to tax credits for superbonuses and other construction tax bonuses (with a nominal amount of 329,4 million Euro) and 23,0 million Euro refer to the receivable due from the parent company La Scogliera S.p.A. by virtue of the tax consolidation agreements (22,9 million Euro at 31 December 2021).

Other liabilities come to 512,0 million Euro as compared with 451,4 million Euro at 31 December 2021, and consist of:

- trading derivatives for 13,1 million Euro, mainly referring to transactions hedged by opposite positions entered amongst financial assets held for trading;
- 9,4 million Euro liabilities for post-employment benefits (9,3 million Euro at 31 December 2021);
- 489,5 million Euro for other liabilities (436,1 million Euro at 31 December 2021, +12,2%), largely referred to amounts due to customers that have not yet been credited, as well as a 36,7 million Euro payable to the parent company La Scogliera and operating payables for approximately 86,3 million Euro.

Funding

FUNDING (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Payables due to banks	**2.465.729**	**2.597.965**	**(132.236)**	**(5,1)%**
- Payables due to Central banks	*2.157.439*	*2.236.942*	*(79.503)*	*(3,6)%*
of which: TLTRO	*2.031.324*	*2.033.870*	*(2.546)*	*(0,1)%*
of which: Other deposits	*126.115*	*203.073*	*(76.958)*	*(37,9)%*
- Repurchase agreements	*183.868*	*217.512*	*(33.644)*	*(15,5)%*
- Other payables	*124.422*	*143.511*	*(19.089)*	*(13,3)%*
Payables due to customers	**5.683.346**	**5.683.745**	**(399)**	**(0,0)%**
- Repurchase agreements	*80.576*	*-*	*80.576*	*n.a.*
- Retail	*4.505.985*	*4.517.172*	*(11.187)*	*(0,2)%*
- Other term deposits	*255.599*	*239.986*	*15.613*	*6,5%*
- Lease payables	*20.881*	*16.127*	*4.754*	*29,5%*
- Other payables	*820.305*	*910.460*	*(90.155)*	*(9,9)%*
Debt securities issued	**2.463.262**	**2.504.878**	**(41.616)**	**(1,7)%**
Total funding	**10.612.337**	**10.786.588**	**(174.251)**	**(1,6)%**

Total funding at 31 March 2022 was 10.612,3 million Euro (-1,6% compared to 31 December 2021) and is represented for 53,6% by Payables due to customers (compared to 52,7% at 31 December 2021), for 23,2% by Payables due to banks (compared to 24,1% at 31 December 2021), and for 23,2% by Debt securities issued (again 23,2 at 31 December 2021).

Payables due to customers at 31 March 2022 totalled 5.683,3 million Euro, in line with 31 December 2021 where, in respect of a substantial stability of retail funding, which comes to 4.506,0 million Euro at end March 2022 (-0,2%), growth is recorded of 15,6 million Euro (+6,5%) in the other term deposits.

RETAIL FUNDING (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Short-term funding (within 18 months)	3.094.107	3.114.532	(20.425)	(0,7)%
of which: DEREGULATED	*798.368*	*785.004*	*13.364*	*1,7%*
of which: LIKE/ONE	*1.049.927*	*1.033.539*	*16.388*	*1,6%*
of which: RESTRICTED	*1.174.818*	*1.217.976*	*(43.158)*	*(3,5)%*
of which: GERMAN DEPOSIT	*70.994*	*78.013*	*(7.019)*	*(9,0)%*
Long-term funding (beyond 18 months)	1.411.878	1.402.640	9.238	0,7%
Total funding	**4.505.985**	**4.517.172**	**(11.187)**	**(0,2)%**

Payables to banks amounted to 2.465,7 million Euro, down 5,1% compared to the December 2021 figure due to a lower use of short-term debt both to Central Banks and through repurchase agreements, as a result of the seasonality of the factoring business which is lower in terms of volumes disbursed in the first quarter of 2022 compared to the last quarter of 2021.

Securities outstanding as of 31 March 2022 amounted to 2.463,2 million Euro, down slightly (-1,7%) led by the two ABCP Programme and Emma securitisations, which recorded a physiological decline after December 2021.

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	10.822	11.938	(1.116)	(9,3)%
FITD and Single Resolution Fund	6.210	-	6.210	n.a.
Legal and tax disputes	36.694	36.832	(138)	(0,4)%
Personnel expenses	3.932	4.319	(387)	(9,0)%
Other provisions	13.751	13.736	15	0,1%
Total provisions for risks and charges	**71.409**	**66.825**	**4.584**	**6,9%**

Below is the breakdown of the provision for risks and charges at the end of the first quarter of 2022 by type of dispute compared with the amounts for the prior year end.

Provisions for credit risk related to commitments and financial guarantees granted

As of 31 March 2022 the balance of 10,8 million Euro reflects the impairment of financial commitments and guarantees issued by the Group and is down on the value at the end of the previous year (amounting to 11,9 million Euro) following the enforcement of certain underlying guarantees during the period.

Single Resolution Fund

The item at 31 March 2022 includes an estimate of 6,2 million Euro for the annual contribution to the Single Resolution Fund.

Legal and tax disputes

At 31 March 2022, provisions had been made for 36,7 million Euro for legal and tax disputes. This amount breaks down as follows:

- 11,4 million Euro (the plaintiffs seek 16,0 million Euro in damages) for 23 disputes deriving from the business unit acquired from the former Aigis Banca and the Lending Area of the Commercial and Corporate Banking Segment;
- 11,2 million Euro for 24 disputes concerning the Factoring Area (the plaintiffs seek 31,4 million Euro in damages), these disputes are mainly connected with the request for the repetition of amounts collected or payments under guarantee in relation to factoring positions without recourse;
- 8,2 million Euro (the plaintiffs seek 62,6 million Euro in damages) for 10 disputes concerning the Corporate Banking & Lending Area deriving from the former Interbanca;
- 2,3 million Euro (the plaintiffs seek 2,5 million Euro in damages) for 25 disputes concerning the Leasing Area and trade receivables;
- 2,2 million Euro (the plaintiffs seek 7,5 million Euro in damages) for 62 disputes concerning receivables of Ifis Npl Investing;
- 756 thousand Euro relating to various disputes concerning Credifarma (the plaintiffs seek 2,0 million Euro in damages);
- 578 thousand Euro (the plaintiffs seek 4,5 million Euro) for disputes with customers and agents relating to Cap.Ital.Fin.;
- 106 thousand Euro for miscellaneous disputes relating to Farbanca (the plaintiffs seek 2,8 million Euro in damages);
- 38 thousand Euro (the plaintiffs seek the same amount in damages) for disputes concerning the investee Ifis Rental Services.

Personnel expenses

At 31 March 2022, provisions are entered for staff for 3,9 million Euro (4,3 million Euro at 31 December 2021) to be attributed for 3,8 million Euro to the Solidarity Fund established in 2020.

Other provisions for risks and charges

At 31 March 2022, "Other provisions" were in place for 13,8 million Euro, in line with the 13,7 million Euro recorded at 31 December 2021. The item mainly comprised 7,7 million Euro for probable contractual indemnities for loan transfers, 4,6 million Euro for supplementary indemnities for customers connected with the operations of the Leasing Area and 0,5 million Euro for the provision for complaints.

Contingent liabilities

Here below are the most significant contingent liabilities outstanding at 31 March 2022. Based on the opinion of the legal advisers assisting the subsidiaries, they are considered possible, and therefore they are only disclosed.

Tax dispute

Dispute concerning the write-off of receivables. Company involved Ifis Leasing S.p.A. (former GE Capital Interbanca Group)

The Italian Revenue Agency has reclassified the write-off of receivables made by the Company in 2004, 2005, 2006 and 2007 and added in the years between 2005 and 2014 to losses on receivables - without any actual evidence. Overall, the Agency assessed 243 thousand Euro in additional taxes and administrative penalties amounting to 100%.

Dispute concerning the assumed "permanent establishment" in Italy of the Polish company Ifis Finance Sp. z o.o.

Following the investigation carried out by the Guardia di Finanza [Financial Police Force] in regard to Direct Tax, VAT and other tax for the tax years 2016 and 2017 and 2013/2015 limited to transactions implemented with the Polish subsidiary Ifis Finance Sp. z o.o., Verification Notices were served in regard to the years 2013/2015. The Guardia di Finanza claims that it has found evidence to suggest that in the foreign country (Poland), a "permanent establishment" of Banca Ifis has been set up and not an autonomous legal subject with capacity of self-determination. In other words, by refusing to acknowledge the autonomous legal organisation of the Company with simultaneous tax residence of such in Poland, the costs and revenues of the Polish office would constitute positive or negative items producing income taxable in Italy (net of the tax credit for tax ultimately paid abroad). Overall, the Agency assessed 756 thousand Euro in additional taxes and administrative penalties amounting to 100%. In holding the Financial Administration's claim to be unfounded, the Group will be filing an appeal against the Verification Notice pursuant to the law with the competent Tax Commissions, paying 1/3 of the tax as provisional enrolment on the tax register. The hearing was discussed in November 2020 at the second section of the Provincial Tax Commission of Venice, whose sentence no. 266/2021 filed on 19 March 2021 fully accepted the Bank's appeal and offset the costs. The Commission in fact declared that it was a "legitimate right of the Italian parent company, seeking to expand its banking and factoring services business in Poland, to determine the operative strategy of the parent company established to this end".

On 14 October 2021, the Revenue Agency was notified of the filing of the appeal with the Veneto Regional Tax Commission (CTR). In short, the Agency contested the judgement of the Provincial Tax Commission from both a substantive and a formal point of view, and therefore requested its annulment on the basis of the same logical and evidential path adopted during the inspection and assessment phase to highlight the existence of the hidden permanent establishment. Within the terms of the law, the Bank has prepared its rebuttal arguments in defence of its positions as confirmed by the Provincial Tax Commission.

Regarding all the above tax disputes, the Group, supported by its tax advisers, evaluated the risk of defeat possible, but not probable and therefore, it did not allocate funds to the provision for risks and charges.

Reimbursements

In line with market practice, under the purchase agreement for the former GE Capital Interbanca Group, the seller made a series of representations and warranties related to Interbanca and other Investees. In addition, the agreement includes a series of special reimbursements paid by the seller related to the main legal and tax disputes involving the former GE Capital Interbanca Group companies.

Consolidated equity

Consolidated equity at 31 March 2022 totalled 1.642,0 million Euro, up 1,1% on the 1.623,9 million Euro booked at end 2021. The main changes in consolidated shareholders' equity are summarised in the following tables.

CONSOLIDATED EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS AT		CHANGE	
	31.03.2022	31.12.2021	ABSOLUTE	%
Share capital	53.811	53.811	-	0,0%
Share premiums	82.092	102.972	(20.880)	(20,3)%
Valuation reserves:	(35.715)	(25.435)	(10.280)	40,4%
- Securities	*(26.028)*	*(16.233)*	*(9.795)*	*60,3%*
- Post-employment benefits	*(728)*	*(673)*	*(55)*	*8,2%*
- Exchange differences	*(8.959)*	*(8.529)*	*(430)*	*5,0%*
Reserves	1.491.480	1.367.019	124.461	9,1%
Treasury shares	(12.763)	(2.847)	(9.916)	348,3%
Equity attributable to non-controlling interests	28.191	27.786	405	1,5%
Profit for the period attributable to the Parent company	34.948	100.582	(65.634)	(65,3)%
Consolidated Equity	**1.642.044**	**1.623.888**	**18.156**	**1,1%**

CONSOLIDATED EQUITY: CHANGES	(in thousands of Euro)
Consolidated equity at 31.12.2021	**1.623.888**
Increases:	**35.899**
Profit for the period attributable to the Parent company	34.948
Stock options	309
Equity attributable to non-controlling interests	405
Other changes	237
Decreases:	**17.743**
Buyback of treasury shares	9.916
Change in valuation reserve:	7.827
- Securities (net of realisations)	7.342
- Post-employment benefits	55
- Exchange differences	430
Consolidated equity at 31.03.2022	**1.642.044**

With reference to the purchase of treasury shares carried out during the period for 9,9 million Euro, this is part of the "Buy-Back Programme" in support of the "LTI 2021-2023 Plan" (for further details see the section "Significant subsequent events").

Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS AT	
	31.03.2022	31.12.2021
Common Equity Tier 1 Capital (CET1)	1.483.099	1.486.880
Tier 1 capital	1.484.833	1.488.624
Total Own Funds	**1.887.603**	**1.891.346**
Total RWAs	**9.434.866**	**9.633.003**
CET1 ratio	15,72%	15,44%
Tier 1 Ratio	15,74%	15,45%
Total Capital Ratio	**20,01%**	**19,63%**

CET1, Tier 1 and Total Capital at 31 March 2022 do not include the profits generated by the Banking Group in the first three months of 2022.

Consolidated own funds, risk-weighted assets and prudential ratios at 31 March 2022 were calculated based on the regulatory principles set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR), as subsequently amended, which were transposed in the Bank of Italy's Circulars no. 285 and no. 286.

For the purposes of calculating capital requirements at 31 March 2022, in continuity with what has been done since 30 June 2020, the Banca Ifis Group has applied the temporary support provisions set out in EU Regulation no. 873/2020 (the "quick-fix").

EU Regulation no. 873/2020, relative to the transitional provisions aimed at attenuating the impact of the introduction of IFRS 9 on Own funds - defines for entities the possibility of including in their common equity tier 1 a portion of the accruals gained for expected credit losses, through different operating methods of the transitional period of reference (1 January 2018 - 31 December 2019 and 1 January 2020 - 31 December 2024).

Please note that at the time, Banca Ifis had already informed the Bank of Italy of its decision to apply the transitional provisions for the entire period.

The inclusion in CET1 takes place as for last year, gradually and by applying the following factors:

TEMPORARY TREATMENT IFRS 9 2018-2019	TEMPORARY TREATMENT IFRS 9 2020-2024
0,70 from 1 January 2020 to 31 December 2020	1,00 from 1 January 2020 to 31 December 2020
0,50 from 1 January 2021 to 31 December 2021	1,00 from 1 January 2021 to 31 December 2021
0,25 from 1 January 2022 to 31 December 2022	0,75 from 1 January 2022 to 31 December 2022
0,00 from 1 January 2023 to 31 December 2023	0,50 from 1 January 2023 to 31 December 2023
0,00 from 1 January 2024 to 31 December 2024	0,25 from 1 January 2024 to 31 December 2024

Again with reference to the new provisions introduced by EU Regulation no. 873/2020 with a potential impact on CET1, please note the temporary treatment of unrealised profit and losses due to changes in the fair value of debt instruments issued by the central, regional and local administrations; Banca Ifis has informed the Bank of Italy of its decision to apply the new transitional provisions starting 31 December 2020.

Said portion is included in CET1 gradually and by applying the following factors.

TEMPORARY TREATMENT FOR OCI RESERVE
1,00 from 1 January 2020 to 31 December 2020
0,70 from 1 January 2021 to 31 December 2021
0,40 from 1 January 2022 to 31 December 2022

At 31 March 2022, taking into account the transitional treatment adopted to mitigate the impacts of IFRS 9 on CET1 and the prudential filter for unrealised gains and losses on financial assets at fair value, Equity amounted to 1.887,6 million Euro.

Consolidated equity includes:

- IFRS 9 transitional adjustments, pursuant to Article 473 bis of the CRR, which amount to 28 million Euro;
- the positive prudential filter relating to unrealised gains and losses measured at fair value measured from 31 December 2019 amounts to 4,5 million Euro;
- the exemption to the deduction of intangible assets attributable to software from the elements of CET1 for the portion of prudential amortisation calculated over three years in excess of the book amortisation; at 31 March 2022, the portion not deducted amounted to 13,6 million Euro;
- the negative impact of the application of Calendar Provisioning is 3,1 million Euro.

The 3,7 million Euro decrease in Own Funds compared to 31 December 2021 was largely attributable to the following components:

- the increase of profit reserves for 5 million Euro;
- the higher 100% deduction from CET1 of "deferred tax assets that rely on future profitability and do not arise from temporary differences" totalling 26,5 million Euro - compared to 25,3 million Euro deducted at 31 December 2021; in this regard, please note that this deduction will be further absorbed by the future use of such deferred tax assets;
- the greater deduction of other income statement items attributable to the valuation reserve for equities designated at fair value with an impact on comprehensive income of 10,3 million Euro;
- an increase in the portion of intangible assets attributable to software exempt from deduction from CET1 of 6 million Euro;
- a decrease in other transitional CET1 adjustments of 1,9 million Euro;
- an increase in the shortfall of impaired exposures of 1,1 million Euro.

The change in own funds due to the above-described phenomena has meant that at 31 March 2022, the Total capital ratio is 20,01%, up from the results achieved at 31 December 2021 of 19,63%; this trend was also reported for the CET1 ratio, 15,72% at end March 2022, compared to the figure at 31 December 2021, of 15,44%.

At 31 March 2022, not considering the filter related to the IFRS 9 transitional regime nor taking into account the prudential filter for exposures to central governments classified in the FVOCI category, Fully Loaded Own Funds amounted to 1.855,0 million Euro and consequently the RWA when fully applied, come to 9.424,1 million Euro.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS WITHOUT IFRS 9 TRANSITIONAL ARRANGEMENTS (in thousands of Euro)	AMOUNTS AT	
	31.03.2022	31.12.2021
Common Equity Tier 1 Capital (CET1)	1.450.532	1.452.393
Tier 1 capital	1.452.265	1.454.137
Total Own Funds	**1.855.036**	**1.856.859**
Total RWAs	**9.424.056**	**9.615.465**
CET1 ratio	15,39%	15,10%
Tier 1 Ratio	15,41%	15,12%
Total Capital Ratio	**19,68%**	**19,31%**

CET1, Tier 1, and Total Capital at 31 March 2022 do not include the profits generated by the Banking Group in the first three months of 2022.

At 31 March 2022, taking into account the transitional treatment adopted to mitigate the impact of IFRS 9, risk-weighted assets (RWAs) amounted to 9.435 million Euro, arising from credit and counterparty risk of 8.401 million Euro, operational risk of 878 million Euro, market risk of 93 million Euro and credit valuation adjustment risk of 62 million Euro.

Here below is the breakdown by Segment of risk-weighted assets (RWA).

RISK-WEIGHTED ASSETS: BREAKDOWN (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	*of which: FACTORING AREA*	*of which: LEASING AREA*	*of which: CORPORATE BANKING & LENDING AREA*			
RWA for credit risk	**4.994.161**	***2.264.768***	***1.225.747***	***1.503.647***	**2.342.328**	**1.065.013**	**8.401.502**
RWA for market risk	X	*X*	*X*	*X*	X	X	**93.181**
RWA for operational risk	X	*X*	*X*	*X*	X	X	**877.996**
RWA for credit valuation adjustment risk	X	*X*	*X*	*X*	X	X	**62.187**
Total RWAs	**X**	***X***	***X***	***X***	**X**	**X**	**9.434.866**

It should be noted that during the first quarter of 2022, the Banca Ifis Group received from the Bank of Italy the communication of the start of the prudential review procedure (so-called SREP); the procedure will be concluded within 90 days starting from 21 March 2022, a deadline by which the Group may submit documents that the Authority may evaluate in order to modify the minimum levels of capital ratios.

The new requirements will therefore be applied as of 30 June 2022 (the first useful date following the date of the conclusion of proceedings).

For the first quarter of 2022, in line with 2021, the consolidated capital requirements to meet, including a 2,5% capital conservation buffer, are the following:

- 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 2022, the Banca Ifis Group met the above prudential requirements.

In the third quarter of 2021, the Bank of Italy notified the Parent Company Banca Ifis and its subsidiary Farbanca of the conclusion of the process to determine the minimum requirement for eligible capital and liabilities (MREL). The minimum requirements to be met at 1 January 2022 are as follows:

MREL REQUIREMENT	
BANCA IFIS	FARBANCA
10% of Total Risk Exposure Amount	8% of Total Risk Exposure Amount
3% of Leverage Ratio Exposure	3% of Leverage Ratio Exposure

At 31 March 2022, following the monitoring process, both indicators were met above the predefined limit.

Disclosure regarding sovereign debt

On 5 August 2011, Consob (drawing on ESMA document no. 2011/266 of 28 July 2011) issued Communication no. DEM/11070007 on disclosures by listed companies of their exposures to sovereign debt and market performance, the management of exposures to sovereign debt, and their operating and financial impact.

Pursuant to said communication, please note that at 31 March 2022 the exposures to sovereign debt entirely consisted of Italian government bonds; their carrying amount totalled 2.295 million Euro, net of the negative 11,3 million Euro valuation reserve.

These securities, with a nominal amount of approximately 2.310 million Euro, are included within the banking book and have a weighted residual average life of approximately 46 months.

The fair values used to measure the exposures to sovereign debt securities at 31 March 2022 are considered to be Level 1.

Pursuant to the Consob Communication, besides the exposure to sovereign debt, it is also necessary to consider receivables disbursed to and due from the Italian National Administration. These exposures at 31 March 2022 amounted to 699 million Euro, of which 140 million Euro related to tax credits.

5.2.2 Income statements items

Formation of net banking income

Net banking income totalled 163,3 million Euro, up 18,6% from 137,7 million Euro at 31 March 2021.

The change and main components of net banking income are shown below.

NET BANKING INCOME (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	131.069	115.827	15.242	13,2%
Net commission income	20.725	18.767	1.958	10,4%
Other components of net banking income	11.530	3.128	8.402	268,6%
Net banking income	**163.324**	**137.722**	**25.602**	**18,6%**

Net interest increased by 13,2%, going from 115,8 million Euro at 31 March 2021 to 131,1 million Euro at 31 March 2022. The main growth factors can be summarised as follows:

- an increase of 10,0 million Euro in the Npl Segment's net interest income compared with the same period of the previous year, partly due to the contribution of out-of-court funding (up 4,3 million Euro), as well as legal funding, which contributes 2,3 million Euro in higher revenues as a result of the increased production of both injunctions and foreclosures. Higher volumes contributed a further 2,8 million Euro;

- the increase in net interest income for a total of 6,8 million Euro from which the Factoring Area benefited, following an increase in average loans;
- higher contribution of 4,0 million Euro to net interest income from the Proprietary Finance business compared to the first quarter of 2021, due to the combined effect of both the “Inflation Linked” component of the securities in the portfolio and the growth of the portfolio itself measured at amortised cost.

The positive effects mentioned above more than offset the lower contribution of the PPA, the effect of which in the quarter amounted to 3,6 million Euro, down sharply compared to the balance of 11,9 million Euro in the first quarter of 2021, mainly as a result of the closure of numerous loan positions during 2021, as well as the physiological reduction of revenues connected with the run-off portfolios.

Net commission comes to 20,7 million Euro, up 10,4% on the figure at 31 March 2021: this trend was driven both by a greater contribution made by commission income, in turn mainly connected with greater turnover recorded in the Factoring Area with respect to 31 March 2021, and a lesser incidence of commission expense following the reduction in fees paid for collection and payment services in the Npl Segment as compared with Q1 2021.

Commission income, totalling 23,8 million Euro, up 6,6% on 31 March 2021, primarily refers to factoring commissions on the turnover generated by individual customers (with or without recourse, in a flat or monthly scheme), arrangement fees for structured finance transactions, leases, third-party servicing, as well as from other fees usually charged to customers for services.

Commission expense, totalling 3,1 million Euro compared to 3,6 million Euro in the corresponding period of 2021, largely referred to fees paid to banks and financial intermediaries such as management fees, fees paid to third parties for the distribution of leasing products, as well as brokerage operations carried out by approved banks and other credit brokers.

The other components of net banking income, up by 8,4 million Euro compared with the first quarter of 2021, break down as follows:

- 0,6 million Euro for dividends generated by shares held in the Group-owned portfolio (0,4 million Euro in the first three months of 2021);
- 3,0 million Euro the net positive result of trading, mainly generated by trading of the Proprietary Finance business (net loss of 0,8 million Euro during Q1 2021);
- 6,5 million Euro in net income from the sale or repurchase of financial assets and liabilities, including 4,5 million Euro from transactions on securities in the proprietary portfolio and 2,0 million Euro from the sale of receivables in the Npl Segment (net income of 2,8 million Euro as of 31 March 2021);
- 1,4 million Euro from the net positive result of other financial assets and liabilities at fair value through profit or loss (amounting to 0,7 million Euro at 31 March 2021), primarily represented by the net positive change in the fair value of CIU fund units for 1,7 million Euro.

Formation of net profit for the period

Formation of net profit for the period is summarised in the table below:

FORMATION OF NET PROFIT (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net banking income	**163.324**	**137.722**	**25.602**	**18,6%**
Operating costs	**(87.823)**	**(83.847)**	**(3.976)**	**4,7%**
Net credit risk losses/reversals	(17.008)	(18.421)	1.413	(7,7)%
Net allocations to provisions for risks and charges	(6.422)	(5.095)	(1.327)	26,0%
Pre-tax profit from continuing operations	**52.071**	**30.359**	**21.712**	**71,5%**
Income taxes for the period relating to continuing operations	(16.720)	(9.590)	(7.130)	74,3%
Profit for the period attributable to non-controlling interests	403	648	(245)	(37,8)%
Profit for the period attributable to the Parent company	**34.948**	**20.121**	**14.827**	**73,7%**

Operating costs totalled 87,8 million Euro, showing an increase on 31 March 2021 (+4,7%).

OPERATING COSTS (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Administrative expenses:	90.133	86.234	3.899	4,5%
a) personnel expenses	*36.565*	*33.779*	*2.786*	*8,2%*
b) other administrative expenses	*53.568*	*52.455*	*1.113*	*2,1%*
Net impairment losses/reversals on property, plant and equipment and intangible assets	4.080	4.413	(333)	(7,5)%
Other operating income/expenses	(6.390)	(6.800)	410	(6,0)%
Operating costs	**87.823**	**83.847**	**3.976**	**4,7%**

Personnel expenses amounted to 36,6 million Euro. The increase is due both to an increase in the number of staff on the payroll at the reporting date and to higher variable remuneration (up 0,6 million Euro). The number of Group employees at 31 March 2022 was 1.840 as compared with 1.765 resources at 31 March 2021.

Other administrative expenses, at 31 March 2022, which come to 53,6 million Euro rise by 2,1% on 31 March 2021. While the recovery costs of the Npl Segment remained substantially stable, the increase is mainly attributable to consulting costs, mainly related to the various strategic projects of the Group.

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	1ST QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Expenses for professional services	**28.327**	**26.325**	**2.002**	**7,6%**
Legal and consulting services	19.291	16.543	2.748	16,6%
Auditing	436	341	95	27,9%
Outsourced services	8.600	9.441	(841)	(8,9)%
Direct and indirect taxes	**9.497**	**9.433**	**64**	**0,7%**
Expenses for purchasing goods and other services	**15.744**	**16.697**	**(953)**	**(5,7)%**
Software assistance and hire	4.820	4.223	597	14,1%
Property expenses	2.005	1.672	333	19,9%
Postage and archiving of documents	1.670	1.015	655	64,5%
Advertising and inserts	1.642	1.844	(202)	(11,0)%
Customer information	1.533	3.985	(2.452)	(61,5)%
Securitisation costs	1.038	629	409	65,0%
Telephone and data transmission expenses	959	1.191	(232)	(19,5)%
Car fleet management and maintenance	623	582	41	7,0%
Business trips and transfers	310	326	(16)	(4,9)%
Other sundry expenses	1.144	1.230	(86)	(7,0)%
Total other administrative expenses	**53.568**	**52.455**	**1.113**	**2,1%**

The sub-item “Legal and consulting services” comes to 19,3 million Euro during Q1 2022, up 16,6% on the figure recorded for the same period of last year. The increase in the item is mainly attributable, as previously mentioned, to the costs associated with the continued implementation of the Banca Ifis Group's strategic projects within the scope of the 2022-2024 Business Plan, such as the merger of Credifarma into Farbanca (for more details on this latter transaction, for which Bank of Italy authorisation was received in February 2022, please refer to section “5.4 Significant subsequent events”). The item also includes the cost of the legal collection of receivables from the Npl Segment, which at 31 March 2022, came to 7,1 million Euro, essentially stable on the same period last year.

The sub-item “Outsourced services”, amounting to 8,6 million euro as at 31 March 2022, recorded a slight decrease (-8,9%) compared to the figure for the same period of the previous year and is mainly attributable to the out-of-court recovery activity of the Npl Segment, where the increase in commissions to recovery agencies for the collection of recovery plans was more than offset by the absence of commissions related to the recovery activity of the mixed mortgage portfolio (“MIPO”) insourced after the first quarter of 2021, with the consequent recording of the related costs as “personnel expenses” instead of “other administrative expenses”.

“Direct and indirect taxes” came to 9,5 million Euro as compared with 9,4 million Euro at 31 March 2021, essentially in line. The item mainly consists of the registration tax incurred for the judicial recovery of receivables belonging to the Npl Segment for an amount of 6,3 million Euro as at 31 March 2022 in line with the figure for the same period of last year, and also includes costs for stamp duty for 2,7 million Euro, the recharging of which to customers is included in the item “Other operating income”.

“Expenses for purchasing goods and other services” amounted to 15,7 million Euro, down 5,7% from the 16,7 million Euro at 31 March 2021. The change in this item is due to the contrasting effect in some of the most significant items, in particular:

- software assistance and hire that goes from a balance of 4,2 million Euro at 31 March 2021 to 4,8 million Euro at 31 March 2022 (+14,1%) mainly following the projects for the digitisation and technological innovation of the Banca Ifis Group;
- customer information expenses, amounting to 1,5 million Euro, decreased by 61,5% mainly due to the cyclical nature of the expenses related to the processing of portfolios within the Npl Segment and the type of acquisitions of non-performing portfolios;
- advertising expenses increased from 1,8 million Euro to 1,6 million Euro in March 2022, where the first quarter of 2021 was still affected by costs for the rebranding activity that began in mid-2020;
- document shipping and archiving expenses, which are up 64,5% compared to March 2021 due to the start of archiving activities for the Npl portfolio acquired from Cerberus at the end of November 2021;
- securitisation expenses, which increased from 0,6 million Euro to 1,0 million Euro (+65,0%), following the higher transactions carried out in the first quarter of 2022 compared to the first three months of 2021 (in fact, please note that the securitisation of a non performing portfolio carried out by the Group through the subsidiary Ifis Npl Investing and the vehicle Ifis Npl 2021-1 Spv was carried out at the end of March 2021).

Other net operating income amounted to 6,4 million Euro, down slightly on the 6,8 million Euro recorded for the same period of the previous year. The item referred mainly to revenue from the recovery of expenses charged to third parties. The relevant cost component is included in other administrative expenses, namely under legal expenses and indirect taxes, as well as recoveries of expenses associated with leasing operations.

Net adjustments for credit risk amounted to 17,0 million Euro as of 31 March 2022 compared to net adjustments of 18,4 million Euro as of 31 March 2021 (an improvement of 7,7%), and included provisions of 0,6 million Euro related to credit risk associated with commitments to disburse funds and guarantees; these latter decreased from the balance of 2,3 million Euro as of 31 March 2021. For more details, refer to the section “Contribution of operating Segments to Group results”.

Net allocations to provisions for risks and charges amounted to 6,4 million Euro, an increase on the 5,1 million Euro at 31 March 2021. The change of 1,3 million Euro is substantially due to increased provisions of 1,9 million Euro for the Single Resolution Fund, partially offset by releases on closed disputes.

Pre-tax profit from continuing operations amounted to 35,4 million Euro, up 70,2% compared to 31 March 2021.

Income tax comes to 16,7 million Euro; the tax rate at 31 March 2022 is 32,11% and is essentially in line with the 31,59% of the same period of last year.

The net profit attributable to the Parent company amounted to 34,9 million Euro, up 14,8 million Euro on the same period of 2021.

5.3 Significant events that 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.

5.3.1 Banca Ifis approves the Liquidity Funding Plan 2022

On 17 January 2022, the Board of Directors of Banca Ifis has approved the Liquidity Funding Plan 2022 for the evolution of the Bank's liquidity funding sources, with a view to sound and prudent management and in compliance with rules of prudence. The aim is to optimise the cost of funding, ensuring appropriate diversification and balance between sources in a sustainable composition and adequate to the risk tolerance thresholds. The 2022 Liquidity Funding Plan confirms the centrality and significant contribution of the Bank's direct retail funding through deposit and current account products and provides, with similar importance and relevance during the year, the increase of the stock of wholesale bonds issued by Banca Ifis with a market oriented target of 1,5 billion Euro at the end of 2022 (of which 400 million Euro of Tier 2 and 1,1 billion Euro of Senior Preferred) compared to the current value of 1,1 billion Euro.

5.3.2 Assignment by Moody's of the Baa3 rating with stable outlook

On 9 February 2022, Moody's assigned Banca Ifis a rating of Baa3 (investment grade) with a stable outlook due to the Bank's profitability and solid capital and liquidity position. The original text of the press release issued by Moody's is available on the rating agency's website (www.moodys.com).

5.3.3 Banca Ifis D.O.E.S.: 2022-2024 Business Plan approved

On 10 February 2022, the Board of Directors of Banca Ifis approved the 2022-2024 Business Plan, based on which Banca Ifis will continue to focus on the business segments with the highest opportunity for growth and profitability to strengthen market leadership: Commercial and corporate banking for SMEs and NPLs. In 2024, 164 million Euro of net profit (161 million Euro in profit pertaining to the Parent Company) and an ROE of 9% are expected; in the three-year period 2022-2024, a cumulative net profit in excess of 400 million Euro is expected. The Bank aims to create shareholder value with a dividend payout of approximately a cumulative 200 million Euro over the period 2022-2024, making for a payout ratio of around 50%. CET1 is expected to be 15,1% as of 2024 and will conservatively be above 14% throughout the plan period. In order to support a profitable growth, the Bank has defined an Industrial Plan based on four pillars, summarised in the acronym D.O.E.S, which leverage on Digitisation, Openness (i.e. the Bank-as-a-platform model), Efficiency and Sustainability. The Plan period envisages 200 new hires, of whom 150 young adults, and a training and reskilling program to strengthen and expand on employees' distinctive skills.

5.4 Significant subsequent events

5.4.1 Merger by incorporation of Credifarma into Farbanca completed

On 11 April 2022, the merger by incorporation of Credifarma S.p.A. into Farbanca S.p.A. has been completed, for which the authorisation was received from the Bank of Italy on 21 February 2022. Thanks to this operation, Banca Credifarma is born: the first specialised pole leader in financial services to pharmacies. The integration represents the completion of the project started with the acquisition of Farbanca in November 2020 and the starting point of a new reality equipped with the best skills in the provision of specialised credit to pharmacies thanks to the development of integrated digital services in a single large operator. The transaction is part of the initiatives of the 2022-2024 Business Plan aimed at further simplifying and specialising the organisational structure of the Banca Ifis Group. Post-integration synergies and cross selling with all the Group's financial products will allow Banca Credifarma to further develop its commercial presence in the reference segment. The extension of the investments in digital technology presented in the Business Plan will also speed up process innovation and the extension of the range of services offered, also thanks to new partnerships and consulting solutions complementary to the satisfaction of the needs of the pharmacy business.

5.4.2 Conclusion of the share buyback programme in support of the "2021-2023 LTI Plan"

On 22 April 2022, the program for the purchase of Banca Ifis ordinary shares to service the "2021-2023 LTI Plan", which had been initiated on 15 March 2022 and subject to authorization by the Shareholders' Meeting for a number of ordinary shares not exceeding 1.044.000 and for a maximum total value not exceeding 20,9 million Euro (the "Buy-Back Program"), was concluded. In execution of the Buy-Back Programme, Banca Ifis purchased a total of 1.044.000 shares (corresponding to the maximum number of treasury shares subject to the said authorisation) - equal to 1,940% of the share capital, for a total value of 19.281.157,88 Euro. Following the purchases made until 22 April 2022, considering the treasury shares already in portfolio, as of the closing date of the Buy-Back Programme, the Bank holds 1.383.139 treasury shares equal to 2,570% of the share capital.

5.4.3 The Shareholders' Meeting has approved the 2021 financial statements and a dividend of 0,95 Euro per share

The ordinary Shareholders' Meeting of Banca Ifis, which met on 28 April 2022 in single call, chaired by Sebastien Egon Fürstenberg in accordance with the applicable provisions, and hence in the manner set out in Art. 106 of Decree-Law no. 18 of 17 March 2020, approved:

- Banca Ifis 2021 Annual Report;
- the distribution to shareholders of a dividend of 0,95 Euro, equal to double the coupon distributed in FY 2020 gross of any withholding taxes, per share, with ex-dividend date (coupon no. 25) on 23 May 2022, record date on 24 May 2022 and payment from 25 May 2022;
- the increase in the number of directors from 12 to 13, appointing as members of the Board of Directors for the three-year period 2022-2024 Simona Arduini, Antonella Malinconico, Beatrice Colleoni, Monica Billio, Sebastien Egon Fürstenberg, Ernesto Fürstenberg Fassio, Frederik Herman Geertman, Monica Regazzi, Paola Paoloni, Giovanni Meruzzi, Luca Lo Giudice and Roberta Gobbi and Roberto Diacetti. The members of the Board of Statutory Auditors were also appointed in the persons of: Andrea Balelli (Chairman), Franco Olivetti (Standing Auditor), Annunziata Melaccio (Standing Auditor), Marinella Monterumisi (Alternate Auditor) and Emanuela Rollino (Alternate Auditor);

- Section I of the document “Report on the Remuneration Policy and on remuneration paid” prepared in accordance with Art. 123-ter of Legislative Decree no. 58/1998. The Shareholders’ Meeting also resolved in favour of Section II of the aforementioned document relating to the implementation of remuneration policies during FY 2021;
- the remuneration plan based on the assignment of Banca Ifis shares for certain corporate figures described in the information document drawn up pursuant to Art. 114-bis of Italian Legislative Decree no. 58/1998 and related implementing rules (Art. 84-bis of Consob Regulation no. 11971/1999);
- the assignment to PriceWaterhouseCoopers S.p.A. of the tasks related to the statutory audit of the accounts of Banca Ifis S.p.A. for the nine-year period 2023-2031.

No other significant events occurred between period end and the approval of the Consolidated Interim Report by the Board of Directors.

Venice - Mestre, 12 May 2022

For the Board of Directors

The CEO

Frederik Herman Geertman

5.5 Declaration of the Manager Charged with preparing the Company's financial reports

The undersigned Mariacristina Taormina, Manager Charged with preparing the Company's financial reports of Banca Ifis S.p.A., pursuant to the provisions of Art. 154-bis, paragraph 2 of the "Consolidated Law on Financial Intermediation", declares that the financial information included into the Consolidated Interim Report at 31 March 2022 corresponds to the related books and accounting records.

Venice - Mestre, 12 May 2022

Manager Charged with preparing the
Company's financial reports

Mariacristina Taormina

This report has been translated into the English language solely for the convenience of international readers.

6.

Annexes

6.1 Reconciliation between restated consolidated financial statements and reclassified consolidated financial statements

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of euros)			31.03.2022	31.03.2021
Net interest income			**131.069**	**115.827**
+	30.	*Net interest income*	*96.958*	*88.283*
+	130.a (partial)	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*34.111*	*27.544*
Net commission income			**20.725**	**18.767**
+	60.	*Net commission income*	*20.725*	*18.767*
Other components of net banking income			**11.530**	**3.128**
+	70.	*Dividends and similar income*	*617*	*427*
+	80.	*Net profit (loss) from trading*	*2.980*	*(752)*
+	100.a	*Gains (losses) on sale/buyback of: a) financial assets measured at amortised cost*	*6.767*	*912*
-	100.a (partial)	*Profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment*	*-*	*(7)*
+	100.b	*Gains (losses) on sale/buyback of: b) financial assets measured at fair value through other comprehensive income*	*(208)*	*1.862*
+	100.c	*Gains (losses) on sale/buyback of: c) financial liabilities*	*(74)*	*10*
+	110.b	*Net result in other financial assets and liabilities measured at fair value through profit or loss: b) other financial assets mandatorily measured at fair value*	*1.448*	*676*
Net banking income			**163.324**	**137.722**
Administrative expenses			**(90.133)**	**(86.234)**
+	190.a	*a) personnel expenses*	*(36.565)*	*(33.779)*
+	190.b	*b) other administrative expenses*	*(53.568)*	*(52.455)*
Net impairment losses/reversals on property, plant and equipment and intangible assets			**(4.080)**	**(4.413)**
+	210.	*Net impairment losses/reversals on property, plant and equipment*	*(2.127)*	*(2.189)*
+	220.	*Net impairment losses/reversals on intangible assets*	*(1.953)*	*(2.224)*
Other operating income/expenses			**6.390**	**6.800**
+	230.	*Other operating income/expenses*	*6.390*	*6.800*
Operating costs			**(87.823)**	**(83.847)**
+	240.	*Operating costs*	*(94.805)*	*(91.268)*
-	200.	*Net allocations to provisions for risks and charges*	*6.982*	*7.421*

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of euros)			31.03.2022	31.03.2021
Net credit risk losses/reversals			**(17.008)**	**(18.421)**
+	*130.a*	*Net impairments/reversals of impairment for credit risk related to: a) financial assets measured at amortised cost*	*17.747*	*11.384*
-	*130.a (partial)*	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*(34.111)*	*(27.544)*
+	*130.b*	*Net impairments/reversals of impairment for credit risk related to: b) financial assets measured at fair value through other comprehensive income*	*(84)*	*58*
+	*100.a (partial)*	*Profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment*	*-*	*7*
+	*200.a (partial)*	*Net allocations to provisions for risks and charges: a) commitments and guarantees granted*	*(560)*	*(2.326)*
Net allocations to provisions for risks and charges			**(6.422)**	**(5.095)**
+	*200.a*	*Net allocations to provisions for risks and charges: a) commitments and guarantees granted*	*(6.770)*	*(6.316)*
-	*200.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*560*	*2.326*
+	*200.b*	*Net allocations to provisions for risks and charges: b) other net allocations*	*(212)*	*(1.105)*
Pre-tax profit (loss) for the period from continuing operations			**52.071**	**30.359**
Income taxes for the period relating to continuing operations			**(16.720)**	**(9.590)**
+	*300.*	*Income taxes for the period relating to continuing operations*	*(16.720)*	*(9.590)*
Profit (loss) for the period			**35.351**	**20.769**
Profit (Loss) for the period attributable to non-controlling interests			**403**	**648**
+	*340.*	*Profit (Loss) for the period attributable to non-controlling interests*	*403*	*648*
Profit (Loss) for the period attributable to the Parent Company			**34.948**	**20.121**

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