Banca Ifis

Interim Report at 30 September 2022

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Summary

Corporate Bodies

Board of Directors in office at approval of this document

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

Banca Ifis

Parent company name - Banca Ifis S.p.A.
Fully paid-up share capital: 53.811.095 Euro
Legal and administrative headquarters - Via Terraglio, 63 30174 Mestre Venice
ABI 03205
Tax Code and Venice Companies Register Number - 02505630109
VAT number - 04570150278
Enrolment in the Register of Banks No - 5508
Website: www.bancaifis.it

FCI
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Consolidated Interim Report at 30 September 2022

Interim Directors’ report on the Group

General aspects

The Consolidated Interim Report at 30 September 2022 includes the Reclassified Consolidated Financial Statements, the related Notes and this Interim Directors’ report on the Group.

To allow a more immediate reading of the results, a condensed reclassified consolidated income statement is prepared within the Interim Directors’ report on the Group. 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 Consolidated financial statements compliant with Bank of Italy Circular 262 are provided in separate tables published among the annexes (see the section “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 write-offs/write-backs for credit risk”:
    - net write-offs/write-backs for credit risk relating to financial assets measured at amortised cost (with the exception of those relating to the Npl Segment mentioned above to the extent to which they are representative of the operation of such business and an integral part of the relevant return) and to financial assets measured 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.

Results and Strategy

Comment by the CEO

The results of the first nine months once again confirm the Group's solidity, with a net profit of 105,5 million Euro, up 32% compared to the same period in 2021. This figure represents an all-time high for our Bank1 and is mainly driven by the revenue trend1. On this front, too, we record the best nine months ever. Our CET1 Ratio of 16,18% places us among the best Italian banks in terms of capital solidity, a solidity that allows us to reward our shareholders with the distribution of an interim dividend and to confirm the target net profit for 2022 of 120 million Euro, as set out in the Business Plan.

Our strong earnings, capital and financial position shows the resilience of our business and our ability to deal effectively with the complex macroeconomic environment. Indeed, we record higher growth rates than the reference markets in Factoring (+23%2 compared to +17% for the market) and in Leasing, with disbursements up 35% compared to +9% for the market. These numbers are a sign that our sales network is working concretely to support our customers.

Finally, we also recorded a result that represents an all-time high in Npl collections in the first nine months, confirming us as one of the main players in the industry of impaired credit in the work supporting the Italian banking system.

We continue to be committed to the realisation of our Business Plan by focusing on innovation and digitalisation, on sustainable management of our business on the social and environmental front, and on our constant desire to grow and evolve in order to find effective and fast solutions to be more and more the smart bank able to face the challenges ahead together with our customers.

Revenues of the Commercial & Corporate Banking Segment increased by +6% compared to the same period of last year. Factoring and Leasing volumes, which are linked to invoice amounts and the price of the underlying assets, showed a favourable dynamic, directly reflecting the increase in inflation. The positive exposure to rising interest rates, which started in the second quarter of 2022, will be more visible in the coming quarters. The dynamism of the Bank's commercial network was evidenced by growth rates above those of its reference markets[3]: in the first nine months of 2022, Factoring turnover (excluding the PA component whose business is being reviewed following the New Definition of Default) grew by 23% (compared to +17% for the market) and Leasing disbursements by +35% (compared to +9% for the market).

In the Npl Segment, cash recoveries on acquired portfolios amounted to 284 million Euro (+13% compared to 252 million Euro in the first nine months of 2021). The purchase of Npl portfolios proceeded in line with expectations: in the first 9 months of the year Banca Ifis acquired 1,4 billion Euro in terms of GBV. The preliminary results of the review in progress of the Npl portfolio to estimate the potential lower cash flows resulting from the new legislation that increases the minimum threshold for the attachment of pensions from 750 Euro to 1.000 Euro, and from the increase in inflation on out-of-court deposits, appear to be manageable within the scope of the Group's normal operations.

1 Net of PPA
2 Excluding the PA component whose business is being reviewed following the New Definition of Default
3 Source: Assifact and Assilea

The prudent credit policy led to a further increase in the reserves set aside to cope with the potential risks of slowing economic growth, although there are no signs of deterioration to date. These reserves also absorb those set aside for Covid in previous years, which have been requalified and not released. The gross Npe ratio and the net Npe ratio stood at 7,4% and 4,8%. The figures would come in respectively at 5,3% and 2,7% excluding reclassifications resulting from the application of the New Definition of Default regulations to receivables from the National Health System, which are characterised by limited credit risk and long payment terms.

Given the current national and supranational macroeconomic situation, we believe that the Banca Ifis Group is able to close FY 2022 with a result of 120 million Euro, in line with the target envisaged for the first year of the 2022-2024 Business Plan.

In terms of the potential achievement of the consolidated net result expected in the first year of the above-mentioned 2022-2024 Business Plan, the main implications arising from the current macroeconomic context were also considered, both as regards rising interest rates and the possible effects of rising inflation and the economic slowdown experienced in Europe and the potential implications related to the Npl business arising from the regulatory change related to the raising of the minimum threshold for the attachment of pensions. There is no evidence to suggest any significant changes in the Group's main economic figures such as to alter the trends that have occurred to date and to an extent that would not allow the Banca Ifis Group to achieve the net result at the end of the year.

As far as the Group's dividend distribution is concerned, in line with what was resolved by the last Shareholders' Meeting (20 July 2022), today, the Board of Directors resolved to distribute an interim dividend for 2022 totalling 52.433.114, i.e. equal to 1 Euro (gross of withholding taxes) for each of the 52.433.114 Banca Ifis shares issued and outstanding as of today's date (and therefore excluding treasury shares held by the Bank). Should the total number of outstanding Banca Ifis shares change, the total amount of the interim dividend will remain unchanged and the unit amount will be automatically adjusted to the new number of outstanding shares. The interim dividend 2022 will be paid with ex-dividend no. 26 dated 21 November 2022, record date of 22 November and payment date of 23 November 2022. Eligible shareholders may collect the dividend from their respective intermediaries.

After the distribution of the advance, the capital ratios of both the Bank and the Group remained well above the minimum required levels, with an individual CET1 Ratio of 16,70% and a consolidated one of 16,18%, and an individual Total Capital Ratio of 21,99% and a consolidated one of 20,49%.

Please also note that the Board of Directors' report and the financial statements as at 30 September 2022 pursuant to Article 2433-bis of the Italian Civil Code. - on the basis of which the Board of Directors of Banca Ifis resolved to distribute the interim dividend and included in the Interim Report as at 30 September 2022 - are made available to the public at the Bank's registered office, as well as on the authorised storage mechanism and on the Bank's institutional website, www.bancaifis.it, in the "Investor Relations" section. Lastly, for the purposes of the distribution of the interim dividend, the independent auditing firm EY S.p.A. today issued the opinion required by Article 2433-bis of the Italian Civil Code, which will be made available to shareholders at the Bank's registered office.

Highlights

The Banca Ifis Group's consolidated income statement for the first nine months of 2022 reported a profit attributable to the Parent Company of 105,5 million Euro.

Net banking income totalled 488,7 million Euro, up 9,6% from 445,9 million Euro at 30 September 2021. Contributing to this result was the growth of the Factoring Area, with 123,2 million Euro and an increase of 14,5%, thanks to the increase in net interest income and net commissions as a result of the performance of managed receivables, and the good performance of the Leasing Area (42,6 million Euro, essentially in line with 30 September 2021). At 59,3 million Euro, the Corporate Banking & Lending Area decreased slightly by 4,1% compared to the figure of 30 September 2021.

Net banking income of the Npl Segment amounted to 200,9 million Euro, up 9,0% compared to 30 September 2021, mainly due to the good performance of legal collections, essentially due to the greater number of injunctions and foreclosures. This growth was partially offset by the performance of out-of-court deposits, which showed a reduction in the margin contribution compared to the same period of the previous year, mainly due to the reduction in the collection of payment agreements (repayment plans). In particular, out-of-court management contributed 32,8 million Euro and legal management contributed 58,9 million Euro.

Finally, the activity on the proprietary portfolio contributed 7,1 million Euro to the growth in net banking income, of which 4,2 million Euro came from trading and the remainder from higher dividends on securities in the portfolio. Similarly, the portfolio of financial instruments of the Non-Core Area also made a positive contribution to net banking income, with a growth of 3,1 million Euro.

Reclassified net credit risk losses include provisions for credit risk on guarantees issued and gains/losses on the sale of loans. At 30 September 2022, they amounted to 48,9 million Euro compared to 60,3 million Euro in the equivalent period of 2021, the figure for which included adjustments of 17,0 million Euro on the Npl Segment, made following a detailed analysis - still in progress at the time and which was then concluded at end 2021 - carried out also in response to the Covid-19 pandemic, in terms of longer collection times on positions characterised mainly by higher vintage.

Operating costs totalled 278,5 million Euro, showing a 7,9% increase on the 258,2 million Euro at 30 September 2021.

The cost/income ratio was 57,0% compared to 57,9% in September 2021.

Below are details of the item’s main components:

- Personnel expenses amounted to 111,2 million Euro. The increase of 7,3% was attributable to variable remuneration growth expenses that had been reduced in 2021 due to the Covid-19 pandemic and to the different Group scope, linked to the acquisition of the former Aigis Banca at the end of May 2021;
- other administrative expenses as at 30 September 2022 amounted to 171,5 million Euro, up 6,1% compared to the corresponding period of 2021, mainly due to higher costs related to the Group's strategic projects;
- other net operating income amounted to 16,6 million Euro, down 22,8% compared to September 2021. The change was mainly due to the inclusion in the figures for the first nine months of 2021 of 3,4 million Euro of positive difference, which arose from the process of allocating (provisional at the time) the purchase price of the former Aigis Banca business unit.

At 30 September 2022, net provisions for risks and charges showed a balance of 4,5 million Euro, an improvement compared to the balance of 8,1 million Euro at 30 September 2021, mainly due to the 5,7 million Euro reversal recorded in the first nine months of 2022 on the provisions for risks related to contractual guarantees given.

At 30 September 2022, the net profit attributable to the Parent company amounted to 105,5 million Euro, up 25,4 million Euro (+31,6%) 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 30 September 2022.

The net profit of the Commercial & Corporate Banking Segment amounted to 44,0 million Euro, down by 1,1 million Euro (-2,4%) compared to 30 September 2021. This result was driven by the growth in net interest income of 13,1 million Euro (+9,3%) and net commissions (+2,2 million Euro, or +3,6%), offset by the reduction in other components of net interest and other banking income of 2,9 million Euro (-30,4%) and higher net adjustments of 10,9 million Euro (+35,4%).

Net banking income derives from the combined effect of the various Areas of the segment, as described below:

- the contribution of the Factoring Area amounted to 123,2 million Euro in the first nine months of 2022, an increase of 14,5% compared to 30 September 2021. This result was due to the greater contribution both of net interest income (up by 12,3 million Euro) and net commission income (up by 4,0 million Euro), which benefited from the positive trend of receivables under management;
- The Leasing Area's net banking income amounted to 42,6 million Euro, down slightly compared to 30 September 2021 (-0,6 million Euro, or -1,4%), due for 0,4 million Euro to lower net commissions and for 0,2 million Euro to lower net interest income;
- net banking income of the Corporate Banking & Lending Area came to 59,3 million Euro at 30 September 2022, down 2,5 million Euro on 30 September 2021 (-4,1%). The negative change was caused by the combined effect of the 1,0 million Euro increase in net interest income (driven by the positive contribution made by the Lending to SMEs segment, which more than offset the decrease in the Corporate Banking division, which, moreover, suffers the physiological lesser contribution of the release of the PPA), a 1,3 million Euro decrease in net commissions (mainly arising from Corporate Banking), and the 2,2 million Euro decrease in other components of net banking income attributable to the Corporate Banking division. The figure for the first nine months of 2021 had also benefited from the contribution of approximately 5 million Euro from the revaluation of the investment in a minority shareholding.

Net impairment losses on receivables amounted to 41,9 million Euro, up 10,9 million Euro compared to 30 September 2021. This change resulted mainly from provisions made in the first nine months of 2022 on individual impaired positions belonging to the SME segment that are most affected by the current macroeconomic environment.

The 1,8 million Euro increase in operating expenses was mainly due to higher personnel expenses due to an overall increase in remuneration, which was attributable to both the different Group scope, linked to the acquisition of the former Aigis Banca business unit at the end of May 2021, and to higher variable remuneration, which had been reduced in 2021 due to the Covid-19 pandemic context.

Period profit of the NPL Segment is 44,2 million Euro, up 37,5% on 30 September 2021. The net banking income of the Segment amounted to 200,9 million Euro (+9,0%) as compared with 184,3 million Euro at 30 September 2021. The increase was due both to the increase in average loans, which generated interest income of 119,4 million Euro, and to the improvement in expected cash flows based on realised receipts, which in turn generated a contribution of 91,7 million Euro to net interest and other banking income. The positive effect on net interest income was 12,5 million Euro as at 30 September 2022 (193,1 million Euro compared to 180,6 million Euro as at 30 September 2021).

Collections of the NPL Segment in the first nine months of 2022 came to 283,4 million Euro, including the instalments collected during the nine months from re-entry plans, from garnishment orders and transactions carried out and rise by 12,7% on the collections of 251,6 million Euro made in the same period of 2021.

Profit for the Governance & Services and Non-Core Segment at 30 September 2022 is 18,0 million Euro compared to a figure of 4,4 million Euro at 30 September 2021. The Segment's net banking income amounts to 62,7 million Euro, up 13,7 million Euro on the same period of the previous year and is due to growth of 22,2 million Euro in the Governance & Services Area, offset by a lower contribution of 8,5 million Euro from the run-off activities of the Non-Core Area.

As regards the cost of credit, there is a decrease in net adjustments to 7,0 million Euro compared with 12,4 million Euro at 30 September 2021, which was influenced by provisions on some singularly significant positions.

Segment operating costs come to 27,4 million Euro, up 3,5 million Euro on 30 September 2021. This increase is mainly related to the increased activities in both ICT and Marketing & Communication in the first nine months of the year.

Total receivables due from customers measured at amortised cost amounted to 9.664,5 million Euro, a reduction on 31 December 2021 (10.331,8 million Euro). The figure includes debt securities for 1,8 billion Euro (2,0 billion Euro at 31 December 2021). The Commercial & Corporate Banking segment recorded a reduction (-6,2%) concentrated in the Factoring Area (-16,1%, a change influenced by both the seasonality of the business and a revision of the Area's strategic approach and in particular of the ATD product to the NHS), against the substantial stability of the Leasing and Corporate Banking & Lending Areas. The Governance & Services and Non-Core Segment decreased by 223,8 million Euro, mainly due to the movement in the period of the customer debt securities portfolio at amortised cost, following the sale and redemption due to reaching maturity of certain government bonds, the decrease in which was not entirely offset by new investments. Npl Segment loans are essentially stable compared to 31 December 2021.

During the first nine 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 one billion Euro at 30 September 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 1.000% and 100% respectively).

At 30 September 2022, total funding came to 10.208,0 million Euro, -5,4% on the end of FY 2021; the funding structure was as follows:

- 51,3% customers;
- 10,3% debt securities;
- 13,5% Asset Backed Securities (ABS);
- 19,8% TLTROs;
- 5,1% other.

Payables due to customers amounted to 5.240,5 million Euro as at 30 September 2022, down 7,8% compared to the figure as at 31 December 2021, due to a careful policy of rationalising the most expensive and volatile forms of financing. Payables due to banks amounted to 2.535,3 million Euro, slightly down 2,4% compared to the figure for December 2021 due to less recourse to short-term payables to Central Banks. Debt securities issued amounted to 2.432,3 million Euro at 30 September 2022, down 2,9% from 2.504,9 million Euro at 31 December 2021.

At 30 September 2022, the Group's consolidated shareholders' equity stood at 1.610,6 million Euro, down 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 attributable to the Parent company of 105,5 million Euro;

- the net negative change for 12,8 million Euro following the corporate reorganisation brought about as a result of the merger by incorporation of the former Credifarma into Farbanca (now renamed Banca Credifarma), at the end of which Banca Ifis's controlling interest increased to 87,74% (while at the beginning of 2022 Banca Ifis held 70% of the former Credifarma and 71,06% of Farbanca);
- the negative change of 19,3 million Euro connected with the repurchase of treasury shares to service the LTI plan;
- the net negative change of 38,5 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;
- the negative change related to profit distribution of 49,8 million Euro.

At 30 September 2022, the ratios for the Banca Ifis Group amounted to a CET1[4] ratio of 16,18% (compared with 15,44% at 31 December 2021), a Tier 1[4] ratio of 16,19% (15,45% at 31 December 2021) and a Total Capital Ratio[4] of 20,49% (compared with 19,63% at 31 December 2021).

Please note that on 19 May 2022, the Bank of Italy, following the Supervisory Review and Evaluation Process (SREP) to review the capitalisation targets of the system's largest intermediaries, notified the Banca Ifis Group to adopt the following consolidated capital requirements in 2022, including a 2,5% capital conservation buffer:

- CET1 Ratio of 7,90%, with a required minimum of 5,40%;
- Tier 1 Ratio of 9,75%, with a required minimum of 7,25%;
- Total Capital Ratio of 12,15%, with a required minimum of 9,65%.

In order to ensure a level of capital that can absorb any losses arising from stress scenarios, as referred to in Article 104 ter of EU Directive 36/2013, the Bank of Italy has set the following capital levels for the Banca Ifis Group, to which the specific countercyclical coefficient is added:

- CET1 Ratio of 8,65%, consisting of an OCR CET1 Ratio of 7,90% and a target component (Pillar 2 Guidance) of 0,75%;
- Tier 1 Ratio of 10,50%, consisting of an OCR Tier 1 Ratio of 9,75% and a target component of 0,75%;
- Total Capital Ratio of 12,90%, consisting of an OCR Total Capital Ratio of 12,15% and a target component of 0,75%.

At 30 September 2022, the Banca Ifis Group easily met the above prudential requirements.

4 CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated by the Banking Group in the first nine months of 2022, net of the dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

Highlights

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Cash and cash equivalents	268.735	355.381	(86.646)	(24,4)%
Financial assets measured at fair value through profit or loss	175.215	153.138	22.077	14,4%
Financial assets measured at fair value through other comprehensive income	587.986	614.013	(26.027)	(4,2)%
Receivables due from banks measured at amortised cost	743.127	524.991	218.136	41,6%
Receivables due from customers measured at amortised cost	9.664.486	10.331.804	(667.318)	(6,5)%
Total assets	12.433.401	12.977.891	(544.490)	(4,2)%
Payables due to banks measured at amortised cost	2.535.252	2.597.965	(62.713)	(2,4)%
Payables due to customers measured at amortised cost	5.240.473	5.683.745	(443.272)	(7,8)%
Debt securities issued	2.432.270	2.504.878	(72.608)	(2,9)%
Consolidated Equity	1.610.585	1.623.888	(13.303)	(0,8)%

RECLASSIFIED CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net banking income	**488.692**	**445.925**	**42.767**	**9,6%**
Net credit risk losses/reversals	(48.874)	(60.343)	11.469	(19,0)%
Net profit (loss) from financial activities	**439.818**	**385.582**	**54.236**	**14,1%**
Operating costs	**(278.538)**	**(258.220)**	**(20.318)**	**7,9%**
Net allocations to provisions for risks and charges	(4.515)	(8.142)	3.627	(44,5)%
Value adjustments of goodwill	(762)	-	(762)	n.a.
Gains (losses) on disposal of investments	304	-	304	n.a.
Income taxes for the period relating to continuing operations	(50.190)	(37.662)	(12.528)	33,3%
Profit for the period	**106.117**	**81.558**	**24.559**	**30,1%**
Profit for the period attributable to non-controlling interests	574	1.368	(794)	(58,0)%
Profit for the period attributable to the Parent company	**105.543**	**80.190**	**25.353**	**31,6%**

RECLASSIFIED QUARTERLY CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	3RD QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net banking income	**164.738**	**155.548**	**9.190**	**5,9%**
Net credit risk losses/reversals	(15.200)	(16.799)	1.599	(9,5)%
Net profit (loss) from financial activities	**149.538**	**138.749**	**10.789**	**7,8%**
Operating costs	**(93.028)**	**(85.680)**	**(7.348)**	**8,6%**
Net allocations to provisions for risks and charges	(7.576)	(5.715)	(1.861)	32,6%
Gains (Losses) on disposal of investments	169	-	169	n.a.
Income taxes for the period relating to continuing operations	(15.767)	(14.960)	(807)	5,4%
Profit for the period	**33.336**	**32.394**	**942**	**2,9%**
Profit for the period attributable to non-controlling interests	308	536	(228)	(42,5)%
Profit for the period attributable to the Parent company	**33.028**	**31.858**	**1.170**	**3,7%**

CONSOLIDATED COMPREHENSIVE INCOME (in thousands of Euro)	30.09.2022	30.09.2021
Profit for the period	**106.117**	**81.558**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	(1.894)	2.461
Other comprehensive income, net of taxes, to be reclassified to profit or loss	(36.606)	(3.634)
Consolidated comprehensive income	**67.617**	**80.385**
Total consolidated comprehensive income attributable to non-controlling interests	569	1.371
Total consolidated comprehensive income attributable to the Parent company	**67.048**	**79.014**

GROUP EQUITY KPIs	30.09.2022	31.12.2021
CET1 ratio (1)	16,18%	15,44%
Total Capital ratio (1)	20,49%	19,63%
Number of company shares (in thousands)	53.811	53.811
Number of shares outstanding at year end (2) (in thousands)	52.433	53.472
Price/book value per share	0,37	0,56

(1) CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated by the Banking Group in the first nine months of 2022, net of the interim dividend. The generated profits allocated to Own funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.
(2) Outstanding shares are net of treasury shares held in the portfolio.

GROUP ECONOMIC KPIs	30.09.2022	30.09.2021
Earnings per share (EPS)	2,00	1,50
Reclassified cost/income ratio	57,0%	57,9%

Results by operating 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 30.09.2022	77.611	*2.151*	-	*75.460*	17.965	45.388	**140.964**
Amounts at 31.12.2021	66.564	-	-	*66.564*	21.021	57.075	**144.660**
% Change	*16,6%*	*n.a.*	-	*13,4%*	*(14,5)%*	*(20,5)%*	***(2,6)%***
Financial assets measured at fair value through other comprehensive income							
Amounts at 30.09.2022	1.819	-	-	*1.819*	-	586.167	**587.986**
Amounts at 31.12.2021	1.696	-	-	*1.696*	-	612.317	**614.013**
% Change	*7,3%*	-	-	*7,3%*	-	*(4,3)%*	***(4,2)%***
Receivables due from customers [(1)]							
Amounts at 30.09.2022	6.154.583	*2.467.689*	*1.395.765*	*2.291.129*	1.486.965	2.022.938	**9.664.486**
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	(6,2)%	*(16,1)%*	*0,4%*	*2,7%*	(2,4)%	(10,0)%	**(6,5)%**

(1) In the Governance & Services and Non-Core Segment, at 30 September 2022, there were government securities amounting to 1.433,9 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 30.09.2022	225.176	*123.212*	*42.648*	*59.316*	200.859	62.657	**488.692**
Amounts at 30.09.2021	212.732	*107.643*	*43.240*	*61.849*	184.251	48.942	**445.925**
% Change	*5,8%*	*14,5%*	*(1,4)%*	*(4,1)%*	*9,0%*	*28,0%*	***9,6%***
Profit (loss) for the period							
Amounts at 30.09.2022	43.954	*27.257*	*13.307*	*3.390*	44.204	17.959	**106.117**
Amounts at 30.09.2021	45.022	*25.276*	*11.127*	*8.619*	32.140	4.396	**81.558**
% Change	*(2,4)%*	*7,8%*	*19,6%*	*(60,7)%*	*37,5%*	*308,5%*	***30,1%***

RECLASSIFIED QUARTERLY 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							
Third quarter 2022	82.948	*44.298*	*13.673*	*24.977*	65.867	15.923	**164.738**
Third quarter 2021	72.782	*38.446*	*14.569*	*19.767*	61.023	21.743	**155.548**
% Change	*14,0%*	*15,2%*	*(6,2)%*	*26,4%*	*7,9%*	*(26,8)%*	***5,9%***
Profit (loss) for the period							
Third quarter 2022	19.588	*10.739*	*2.451*	*6.398*	11.693	2.055	**33.336**
Third quarter 2021	15.038	*10.672*	*4.547*	*(181)*	10.418	6.938	**32.394**
% Change	*30,3%*	*0,6%*	*(46,1)%*	*n.s.*	*12,2%*	*(70,4)%*	***2,9%***

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 [2]						
Amounts at 30.09.2022	0,88%	*0,71%*	*0,16%*	*1,51%*	n.a.	1,60%
Amounts at 31.12.2021	0,73%	*0,69%*	*0,50%*	*0,94%*	n.a.	2,28%
% Change	*0,15%*	*0,02%*	*(0,34)%*	*0,57%*	*n.a.*	*(0,68)%*
Net bad loans/Loans to customers						
Amounts at 30.09.2022	0,4%	*0,7%*	-	*0,4%*	73,8%	0,4%
Amounts at 31.12.2021	0,5%	*0,8%*	-	*0,3%*	72,7%	0,5%
% Change	*(0,1)%*	*(0,1)%*	-	*0,1%*	*1,1%*	*(0,1)%*
Coverage ratio on gross bad loans						
Amounts at 30.09.2022	77,3%	*81,2%*	*94,9%*	*44,7%*	-	50,3%
Amounts at 31.12.2021	73,2%	*75,2%*	*96,5%*	*34,6%*	-	38,0%
% Change	*4,1%*	*6,0%*	*(1,6)%*	*10,1%*	-	*12,3%*
Net Npe ratio						
Amounts at 30.09.2022	4,6%	*8,8%*	*1,1%*	*2,4%*	97,5%	1,8%
Amounts at 31.12.2021	3,6%	*5,7%*	*1,2%*	*2,4%*	95,4%	2,0%
Change	*1,0%*	*3,1%*	*(0,1)%*	*0,0%*	*2,1%*	*(0,2)%*
Gross Npe ratio						
Amounts at 30.09.2022	7,1%	*12,8%*	*2,9%*	*3,3%*	97,5%	3,2%
Amounts at 31.12.2021	5,9%	*9,4%*	*2,8%*	*3,2%*	95,4%	3,3%
Change	*1,2%*	*3,4%*	*0,1%*	*0,1%*	*2,1%*	*(0,1)%*
RWA [3]						
Amounts at 30.09.2022	5.215.423	*2.355.411*	*1.242.215*	*1.617.797*	1.881.464	1.164.322
Amounts at 31.12.2021	5.233.458	*2.500.835*	*1.265.979*	*1.466.644*	2.339.110	1.065.692
% Change	*(0,3)%*	*(5,8)%*	*(1,9)%*	*10,3%*	*(19,6)%*	*9,3%*

(1) In the Governance & Services and Non-Core Segment, at 30 September 2022, there were government securities amounting to 1.433,9 million Euro (1.648,6 million Euro at 31 December 2021), which for the purpose of calculating the cost of credit, 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.

Quarterly Evolution

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2022			YEAR 2021			
	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net interest income	**128.153**	**133.282**	**131.069**	**125.358**	**129.580**	**117.206**	**115.827**
Net commission income	**22.998**	**21.487**	**20.725**	**20.422**	**22.009**	**22.084**	**18.767**
Other components of net banking income	13.587	5.861	11.530	8.234	3.959	13.364	3.128
Net banking income	**164.738**	**160.630**	**163.324**	**154.014**	**155.548**	**152.654**	**137.722**
Net credit risk losses/reversals	(15.200)	(16.666)	(17.008)	(16.868)	(16.799)	(25.123)	(18.421)
Net profit (loss) from financial activities	**149.538**	**143.964**	**146.316**	**137.146**	**138.749**	**127.531**	**119.301**
Personnel expenses	(37.646)	(37.033)	(36.565)	(38.070)	(35.986)	(33.946)	(33.779)
Other administrative expenses	(56.878)	(61.079)	(53.568)	(70.152)	(50.179)	(59.039)	(52.455)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.095)	(4.145)	(4.080)	(4.464)	(5.124)	(4.732)	(4.413)
Other operating income/expenses	5.591	4.570	6.390	6.089	5.609	9.024	6.800
Operating costs	**(93.028)**	**(97.687)**	**(87.823)**	**(106.597)**	**(85.680)**	**(88.693)**	**(83.847)**
Net allocations to provisions for risks and charges	(7.576)	9.483	(6.422)	106	(5.715)	2.668	(5.095)
Value adjustments of goodwill	-	(762)	-	-	-	-	-
Gains (Losses) on disposal of investments	169	135	-	-	-	-	-
Pre-tax profit from continuing operations	**49.103**	**55.133**	**52.071**	**30.655**	**47.354**	**41.506**	**30.359**
Income taxes for the period relating to continuing operations	(15.767)	(17.703)	(16.720)	(9.909)	(14.960)	(13.112)	(9.590)
Profit for the period	**33.336**	**37.430**	**35.351**	**20.746**	**32.394**	**28.394**	**20.769**
Profit (loss) for the period attributable to non-controlling interests	308	(137)	403	353	536	184	648
Profit for the period attributable to the Parent company	**33.028**	**37.567**	**34.948**	**20.393**	**31.858**	**28.210**	**20.121**

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)	30.09.2022	30.09.2021	30.09.2020	30.09.2019	30.09.2018
Financial assets measured at fair value through other comprehensive income	587.986	611.256	1.162.008	996.048	428.253
Receivables due from customers measured at amortised cost	9.664.486	9.751.356	7.957.357	7.118.150	6.919.486
Payables due to banks	2.535.252	2.513.546	2.245.825	913.855	837.565
Payables due to customers	5.240.473	5.729.912	4.915.588	5.257.047	4.985.206
Debt securities issued	2.432.270	2.291.824	1.991.481	2.061.600	2.094.785
Consolidated Equity	1.610.585	1.605.707	1.512.276	1.501.444	1.397.430
Net banking income	488.692	445.925	321.513	391.243	401.642
Profit for the period attributable to the Parent company	105.543	80.190	52.346	83.996	88.994

Contribution of business Segments to Group results

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 unit, 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 30 September 2022.

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**154.514**	**141.398**	**13.116**	**9,3%**
Net commission income	**64.006**	**61.767**	**2.239**	**3,6%**
Other components of net banking income	6.656	9.567	(2.911)	(30,4)%
Net banking income	**225.176**	**212.732**	**12.444**	**5,8%**
Net credit risk losses/reversals	(41.883)	(30.941)	(10.942)	35,4%
Net profit (loss) from financial activities	**183.293**	**181.791**	**1.502**	**0,8%**
Operating costs	**(116.387)**	**(114.547)**	**(1.840)**	**1,6%**
Net allocations to provisions for risks and charges	(1.805)	(1.436)	(369)	25,7%
Value adjustments of goodwill	(762)	-	(762)	n.a.
Gains (Losses) on disposal of investments	405	-	405	n.a.
Pre-tax profit from continuing operations	**64.744**	**65.808**	**(1.064)**	**(1,6)%**
Income taxes for the period relating to continuing operations	(20.790)	(20.786)	(4)	0,0%
Profit for the period	**43.954**	**45.022**	**(1.068)**	**(2,4)%**

RECLASSIFIED QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**54.946**	**50.829**	**4.117**	**8,1%**
Net commission income	**22.555**	**21.163**	**1.392**	**6,6%**
Other components of net banking income	5.447	790	4.657	n.s.
Net banking income	**82.948**	**72.782**	**10.166**	**14,0%**
Net credit risk losses/reversals	(13.737)	(8.988)	(4.749)	52,8%
Net profit (loss) from financial activities	**69.211**	**63.794**	**5.417**	**8,5%**
Operating costs	**(39.138)**	**(41.781)**	**2.643**	**(6,3)%**
Net allocations to provisions for risks and charges	(1.389)	(33)	(1.356)	n.s.
Gains (Losses) on disposal of investments	169	-	169	n.a.
Pre-tax profit from continuing operations	**28.853**	**21.980**	**6.873**	**31,3%**
Income taxes for the period relating to continuing operations	(9.265)	(6.942)	(2.323)	33,5%
Profit for the period	**19.588**	**15.038**	**4.550**	**30,3%**

Net profit of the Commercial & Corporate Banking Segment comes to 44,0 million Euro, down 1,1 million Euro on the results of the first nine months of last year (-2,4%). As explained in more detail below, this result was driven by the growth in net interest income of 13,1 million Euro (+9,3%) and net commissions (+2,2 million Euro, or +3,6%), offset by the reduction in other components of net banking income of 2,9 million Euro (-30,4% on the first nine months of 2021, where the figure had in any case been positively impacted by the write-back for around 5,0 million Euro of an individually significant investment) and higher net adjustments of 10,9 million Euro (+35,4%).

The 1,8 million Euro increase in operating expenses on 30 September 2021 was mainly due to the increase in personnel expenses due to an overall increase in remuneration, which was attributable to both the different Group scope, linked to the acquisition of the former Aigis Banca business unit at the end of May 2021, and to higher variable remuneration, which had been reduced in 2021 due to the Covid-19 pandemic context.

It should be noted that in the second quarter of 2022, when updating the impairment testing, the goodwill of 0,8 million Euro allocated to the Polish subsidiary Ifis Finance Sp z o.o. was fully written down.

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 30.09.2022						
Nominal amount	119.484	148.759	186.690	**454.933**	5.954.060	**6.408.993**
Impairment losses	(92.408)	(64.659)	(11.825)	**(168.892)**	(85.518)	**(254.410)**
Carrying amount	27.076	84.100	174.865	**286.041**	5.868.542	**6.154.583**
Coverage ratio	*77,3%*	*43,5%*	*6,3%*	***37,1%***	*1,4%*	***4,0%***
Gross ratio	*1,9%*	*2,3%*	*2,9%*	***7,1%***	*92,9%*	***100,0%***
Net ratio	*0,4%*	*1,4%*	*2,8%*	***4,6%***	*95,4%*	***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%***

Net non-performing exposures in the Commercial & Corporate Banking Segment stood at 286,0 million Euro at 30 September 2022, up 48,1 million Euro on the figure at 31 December 2021 (237,9 million Euro). While bad loans reduced by 4,5 million Euro and unlikely to pay by 7,5 million Euro, there was an increase of 60,1 million Euro in past-due exposures, mainly due to the application of the criteria for calculating past due loans also to exposures to the National Health Service (NHS), resulting in the classification under impaired loans for a nominal amount totalling 145,0 million Euro (63,4 million Euro at 31 December 2021).

The change in the coverage ratio of non-performing exposures, which went from 40,7% at 31 December 2021 to 37,1% at 30 September 2022, was mainly due to the relative increase in the net value of past-due exposures characterised by a more limited coverage ratio.

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 14,6 million Euro at 30 September 2022, as compared with the 22,7 million Euro recorded at 31 December 2021, of which 7,2 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		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Cost of credit (1)	0,88%	0,73%	n.a.	0,15%
Net Npe ratio	4,6%	3,6%	n.a.	1,0%
Gross Npe ratio	7,1%	5,9%	n.a.	1,2%
RWA (2)	5.215.423	5.233.458	(18.035)	(0,3)%

(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

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**78.185**	**65.868**	**12.317**	**18,7%**
Net commission income	**45.443**	**41.490**	**3.953**	**9,5%**
Other components of net banking income	(416)	285	(701)	(246,0)%
Net banking income	**123.212**	**107.643**	**15.569**	**14,5%**
Net credit risk losses/reversals	(14.525)	(9.206)	(5.319)	57,8%
Net profit (loss) from financial activities	**108.687**	**98.437**	**10.250**	**10,4%**
Operating costs	**(65.281)**	**(60.269)**	**(5.012)**	**8,3%**
Net allocations to provisions for risks and charges	(2.495)	(1.401)	(1.094)	78,1%
Value adjustments of goodwill	(762)	-	(762)	n.a.
Pre-tax profit from continuing operations	**40.149**	**36.767**	**3.382**	**9,2%**
Income taxes for the period relating to continuing operations	(12.892)	(11.491)	(1.401)	12,2%
Profit for the period	**27.257**	**25.276**	**1.981**	**7,8%**

RECLASSIFIED QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**28.461**	**24.309**	**4.152**	**17,1%**
Net commission income	**15.855**	**14.236**	**1.619**	**11,4%**
Other components of net banking income	(18)	(99)	81	(81,8)%
Net banking income	**44.298**	**38.446**	**5.852**	**15,2%**
Net credit risk losses/reversals	(4.166)	(478)	(3.688)	n.s.
Net profit (loss) from financial activities	**40.132**	**37.968**	**2.164**	**5,7%**
Operating costs	**(22.964)**	**(22.413)**	**(551)**	**2,5%**
Net allocations to provisions for risks and charges	(1.350)	43	(1.393)	n.s.
Pre-tax profit from continuing operations	**15.818**	**15.598**	**220**	**1,4%**
Income taxes for the period relating to continuing operations	(5.079)	(4.926)	(153)	3,1%
Profit for the period	**10.739**	**10.672**	**67**	**0,6%**

The contribution made by the Factoring Area towards net banking income booked by the Commercial & Corporate Banking Segment came to 123,2 million Euro, up 14,5% on the first nine months of last year. This result was due to the greater contribution both of net interest income (up by 12,3 million Euro) and net commission income (up by 4,0 million Euro). The positive change in net interest income and net commission income was mainly due to the trend of loans managed: period turnover amounted to 9,7 billion Euro, up by 1,3 billion Euro compared to the same period of the previous year, while total loans amounted to 3,6 billion Euro at 30 September 2022, up on the 3,1 billion Euro recorded in September 2021.

In the first nine months of 2022, net value adjustments for credit risk amounted to 14,5 million Euro, an increase of 5,3 million Euro compared to the same period of the previous year and mainly attributable to additional write-downs on trade exposures with higher vintage. This increase was only partially offset by a revision of the lump-sum write-downs on performing loans following the revision of the prudential adjustments applied to the models to take into account the evolution of the pandemic environment and the new potential impacts on the economic environment arising from the conflict between Russia and Ukraine, the inflationary scenario and slowing to economic growth. The change with respect to the same period of last year is also accentuated by the fact that the first nine months of 2021 were positively impacted by the update of the valuation models.

The increase in operating costs of 5,0 million Euro was mainly due to higher personnel expenses due to an overall increase in remuneration. As mentioned previously, this was due both to the different Group scope, linked to the acquisition of the former Aigis Banca business unit at the end of May 2021, and to higher variable remuneration, which had been reduced in 2021 due to the Covid-19 pandemic context.

We also note the previously mentioned full write-down of goodwill of 0,8 million Euro allocated to the Polish subsidiary Ifis Finance Sp z o.o.

With regard to the main balance sheet aspects, at 30 September 2022 total net loans of the Area amounted to 2,5 billion Euro, a decrease of 16,1% compared to the figure at 31 December 2021, influenced by the seasonality of the business and a revision of the Area's strategic approach, and in particular of the DPA product towards the NHS, which, for the Pharma BU alone, led to a decrease in loans of approximately 210 million Euro.

The following table shows the gross and net amounts as well as the relevant coverage ratios for each supervisory risk category of receivables due 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 30.09.2022						
Nominal amount	88.317	85.734	160.698	**334.749**	2.272.699	**2.607.448**
Impairment losses	(71.708)	(41.166)	(5.895)	**(118.769)**	(20.990)	**(139.759)**
Carrying amount	16.609	44.568	154.803	**215.980**	2.251.709	**2.467.689**
Coverage ratio	*81,2%*	*48,0%*	*3,7%*	***35,5%***	*0,9%*	***5,4%***
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%***

As illustrated above, net impaired loans increased by 48,5 million Euro during the period, mainly due to the increase in past due exposures to the NHS as indicated previously, which was partially offset by the reduction in non-performing exposures for 7,3 million Euro.

Leasing Area

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**33.538**	**33.745**	**(207)**	**(0,6)%**
Net commission income	**9.110**	**9.495**	**(385)**	**(4,1)%**
Net banking income	**42.648**	**43.240**	**(592)**	**(1,4)%**
Net credit risk losses/reversals	(1.709)	(5.201)	3.492	(67,1)%
Net profit (loss) from financial activities	**40.939**	**38.039**	**2.900**	**7,6%**
Operating costs	**(22.390)**	**(22.251)**	**(139)**	**0,6%**
Net allocations to provisions for risks and charges	1.052	477	575	120,9%
Pre-tax profit from continuing operations	**19.601**	**16.265**	**3.336**	**20,5%**
Income taxes for the period relating to continuing operations	(6.294)	(5.138)	(1.156)	22,5%
Profit for the period	**13.307**	**11.127**	**2.180**	**19,6%**

RECLASSIFIED QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**11.030**	**11.105**	**(75)**	**(0,7)%**
Net commission income	**2.643**	**3.464**	**(821)**	**(23,7)%**
Net banking income	**13.673**	**14.569**	**(896)**	**(6,1)%**
Net credit risk losses/reversals	(2.180)	(781)	(1.399)	179,1%
Net profit (loss) from financial activities	**11.493**	**13.788**	**(2.295)**	**(16,6)%**
Operating costs	**(7.882)**	**(7.183)**	**(699)**	**9,7%**
Net allocations to provisions for risks and charges	-	42	(42)	(100,0)%
Pre-tax profit from continuing operations	**3.611**	**6.647**	**(3.036)**	**(45,7)%**
Income taxes for the period relating to continuing operations	(1.160)	(2.100)	940	(44,8)%
Profit for the period	**2.451**	**4.547**	**(2.096)**	**(46,1)%**

The Leasing Area's net banking income amounted to 42,6 million Euro, down slightly compared to 30 September 2021 (-0,6 million Euro, or -1,4%), due for 0,4 million Euro to lower net commissions and for 0,2 million Euro to lower net interest income.

Net credit risk losses amounted to 1,7 million Euro, an improvement of 3,5 million Euro compared to the same period of the previous year. The figure for the first nine months of 2021 was influenced by the introduction of counterparty rating models to determine the significant increase in credit risk (SICR), which had increased the incidence of Stage 2 loans. Moreover, during the first nine months of 2022, there was a reduction in lump-sum write-downs on performing exposures as a result of, on the one hand, an improvement in the composition of the portfolio, and on the other, a review of the prudential adjustments applied to the models to take into account the evolution of the pandemic environment and the new potential impacts on the economic environment arising from the conflict between Russia and Ukraine, the inflationary scenario and the slowing of economic growth.

Operating costs of the Leasing Area amounted to 22,4 million Euro and were substantially in line with the figures at 30 September 2021.

As shown in the table below, at 30 September 2022, the Area's total net loans amounted to 1.395,8 million Euro, in line with 31 December 2021.

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 30.09.2022						
Nominal amount	13.479	14.917	13.334	**41.730**	1.396.513	**1.438.243**
Impairment losses	(12.792)	(9.406)	(3.850)	**(26.048)**	(16.430)	**(42.478)**
Carrying amount	687	5.511	9.484	**15.682**	1.380.083	**1.395.765**
Coverage ratio	*94,9%*	*63,1%*	*28,9%*	***62,4%***	*1,2%*	***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%***

Corporate Banking & Lending Area

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**42.791**	**41.785**	**1.006**	**2,4%**
Net commission income	**9.453**	**10.782**	**(1.329)**	**(12,3)%**
Other components of net banking income	7.072	9.282	(2.210)	(23,8)%
Net banking income	**59.316**	**61.849**	**(2.533)**	**(4,1)%**
Net credit risk losses/reversals	(25.649)	(16.534)	(9.115)	55,1%
Net profit (loss) from financial activities	**33.667**	**45.315**	**(11.648)**	**(25,7)%**
Operating costs	**(28.716)**	**(32.027)**	**3.311**	**(10,3)%**
Net allocations to provisions for risks and charges	(362)	(512)	150	(29,3)%
Gains (Losses) on disposal of investments	405	-	405	n.a.
Pre-tax profit from continuing operations	**4.994**	**12.776**	**(7.782)**	**(60,9)%**
Income taxes for the period relating to continuing operations	(1.604)	(4.157)	2.553	(61,4)%
Profit for the period	**3.390**	**8.619**	**(5.229)**	**(60,7)%**

QUARTERLY INCOME STATEMENT DATA RECLASSIFIED (in thousands of Euro)	3RD QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**15.455**	**15.415**	**40**	**0,3%**
Net commission income	**4.057**	**3.463**	**594**	**17,2%**
Other components of net banking income	5.465	889	4.576	n.s.
Net banking income	**24.977**	**19.767**	**5.210**	**26,4%**
Net credit risk losses/reversals	(7.391)	(7.729)	338	(4,4)%
Net profit (loss) from financial activities	**17.586**	**12.038**	**5.548**	**46,1%**
Operating costs	**(8.292)**	**(12.185)**	**3.893**	**(31,9)%**
Net allocations to provisions for risks and charges	(39)	(118)	79	(66,9)%
Gains (Losses) on disposal of investments	169	-	169	n.a.
Pre-tax profit (loss) for the period from continuing operations	**9.424**	**(265)**	**9.689**	**n.s.**
Income taxes for the period relating to continuing operations	(3.026)	84	(3.110)	n.s.
Profit (loss) for the period	**6.398**	**(181)**	**6.579**	**n.s.**

Net banking income of the Corporate Banking & Lending Area came to 59,3 million Euro at 30 September 2022, down 2,5 million Euro on 30 September 2021 (-4,1%). The negative change is a result of the combined effect of the following factors:

- growth of 1,0 million Euro in net interest income, thanks to the positive contribution of Lending to SMEs, which more than offset the reduction in Corporate Banking, which, among other things, was affected by the physiological lower contribution of PPA issuance;
- lower net commissions of 1,3 million Euro, mainly stemming from the Corporate Banking Area, which recorded lower profitability in the first nine months of the year;
- a 2,2 million Euro decrease in other net banking income components attributable to the Corporate Banking Area. The figure for the first nine months of 2021 had benefited from the contribution of 5,0 million Euro from the revaluation of the investment in a minority shareholding.

Net credit risk losses amounted to 25,6 million Euro, up 9,1 million Euro compared to the same period of the previous year and mainly due to the Lending unit. These adjustments were the effect for 4,7 million Euro of the revision of the lump-sum write-downs on performing exposures following the revision of the prudential adjustments applied to the models to take into account the evolution of the pandemic environment and the new potential impacts on the macroeconomic scenario arising from the conflict between Russia and Ukraine, the inflationary scenario and the slowing of economic growth. In addition, provisions have been made on individual impaired positions belonging to the SME segment that are most affected by the current macroeconomic environment.

The 3,3 million Euro decrease in operating costs of the Corporate Banking & Lending Area compared to the same period of the previous year is mainly attributable to higher expenses incurred in the first nine months of 2021 for project and integration consulting in the ICT area related to the acquisition of the former Aigis Banca business unit.

At 30 September 2022, the Area's total net receivables due from customers amounted to 2.291,1 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 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 30.09.2022						
Nominal amount	17.688	48.108	12.658	**78.454**	2.284.848	**2.363.302**
Impairment losses	(7.908)	(14.087)	(2.080)	**(24.075)**	(48.098)	**(72.173)**
Carrying amount	9.780	34.021	10.578	**54.379**	2.236.750	**2.291.129**
Coverage ratio	*44,7%*	*29,3%*	*16,4%*	***30,7%***	*2,1%*	***3,1%***
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 amount of net impaired exposures at 30 September 2022, 54,4 million Euro, is substantially in line with the value at year-end 2021. This was due to the combined effect of an increase in net non-performing past-due exposures on positions with public guarantees, almost entirely offset by the positive restructuring of two individually significant positions previously classified as probable defaults.

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 119,4 million Euro and other components of the net interest income from cash flow changes for 91,7 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	1.571.421	76.664	4,9%	-	192.982	Acquisition cost
Non-judicial	13.385.538	463.945	3,5%	76.661	805.769	
of which: Collective (curves)	*12.914.472*	*236.602*	*1,8%*	*4.017*	*411.352*	*Cost = NPV of flows from model*
of which: Plans	*471.066*	*227.343*	*48,3%*	*72.644*	*394.417*	*Cost = NPV of flows from model*
Judicial	7.497.894	928.569	12,4%	134.461	1.913.196	
of which: Other positions undergoing judicial processing	*1.725.163*	*229.446*	*13,3%*	*-*	*467.770*	*Acquisition cost*
of which: Writs, Property Attachments, Garnishment Orders	*1.711.209*	*535.194*	*31,3%*	*117.606*	*1.235.523*	*Cost = NPV of flows from model*
of which: Secured and Corporate	*4.061.522*	*163.929*	*4,0%*	*16.855*	*209.903*	*Cost = NPV of flows from model*
Total	**22.454.853**	**1.469.178**	**6,5%**	**211.122**	**2.911.947**	

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 (76,7 million Euro at 30 September 2022, compared to 135,8 million Euro at 31 December 2021) with no contribution to profit or loss in terms of margin. 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 30 September 2022 come to 236,6 million Euro as compared with 201,6 million Euro at 31 December 2021 (up 17,3%). Practices on which a realignment plan has been agreed and formalised record an increase (1,8%), coming in at 227,3 million Euro at 30 September 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 229,4 million Euro at 30 September 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 11,1%, coming in at 535,2 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 163,9 million Euro at 30 September 2022, essentially in line with the figure 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.

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Interest income from amortised cost	119.381	111.566	7.815	7,0%
Interest income notes and other minority components	2.478	1.210	1.268	104,8%
Other components of net interest income from change in cash flow	91.741	87.660	4.081	4,7%
Funding costs	(20.487)	(19.809)	(678)	3,4%
Net interest income	**193.113**	**180.628**	**12.485**	**6,9%**
Net commission income	**2.583**	**1.693**	**890**	**52,6%**
Other components of net banking income	(1.353)	(336)	(1.017)	302,7%
Gains (losses) on the disposal of financial assets	6.517	2.267	4.250	187,5%
Net banking income	**200.860**	**184.251**	**16.609**	**9,0%**
Net credit risk losses/reversals	-	(16.973)	16.973	(100,0)%
Net profit (loss) from financial activities	**200.860**	**167.278**	**33.582**	**20,1%**
Operating costs	**(134.755)**	**(119.786)**	**(14.969)**	**12,5%**
Net allocations to provisions for risks and charges	(889)	(510)	(379)	74,3%
Gains (Losses) on disposal of investments	(101)	-	(101)	n.a.
Pre-tax profit from continuing operations	**65.114**	**46.982**	**18.132**	**38,6%**
Income taxes for the period relating to continuing operations	(20.910)	(14.842)	(6.068)	40,9%
Profit for the period	**44.204**	**32.140**	**12.064**	**37,5%**

RECLASSIFIED QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Interest income from amortised cost	41.279	38.271	3.008	7,9%
Interest income notes and other minority components	989	685	304	44,4%
Other components of net interest income from change in cash flow	25.363	27.591	(2.228)	(8,1)%
Funding costs	(6.886)	(6.631)	(255)	3,8%
Net interest income	**60.745**	**59.916**	**829**	**1,4%**
Net commission income	**738**	**609**	**129**	**22,2%**
Other components of net banking income	(158)	(89)	(69)	77,5%
Gains (losses) on the disposal of financial assets	4.542	587	3.955	n.s.
Net banking income	**65.867**	**61.023**	**4.844**	**7,9%**
Net credit risk losses/reversals	-	(8.139)	8.139	(100,0)%
Net profit (loss) from financial activities	**65.867**	**52.884**	**12.983**	**24,5%**
Operating costs	(47.976)	(37.571)	(10.405)	27,7%
Net allocations to provisions for risks and charges	(667)	(84)	(583)	n.s.
Pre-tax profit from continuing operations	**17.224**	**15.229**	**1.995**	**13,1%**
Income taxes for the period relating to continuing operations	(5.531)	(4.811)	(720)	15,0%
Profit for the period	**11.693**	**10.418**	**1.275**	**12,2%**

“Interest income from amortised cost”, referring to the interest accruing at the original effective rate, went from 111,6 million Euro to 119,4 million Euro at 30 September 2022, due to an increase in the average value of underlying assets.

The item “Other components of net interest income from change in cash flow”, which goes from 87,7 million Euro in the first nine months of 2021 to 91,7 million Euro at 30 September 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 32,8 million Euro, to which recovery plans contributed 49,4 million Euro, partly offset by the negative effect of curve models totalling 16,6 million Euro;
- legal expenses of 58,9 million Euro, due to the contribution of actions for injunction, attachment and garnishment orders.

The growth is supported above all by the good performance of legal collection, which is mainly attributable to the higher number of injunctions and foreclosures produced. This growth was partially offset by the performance of out-of-court deposits, which showed a reduction in the margin contribution compared to the same period of the previous year, mainly due to the reduction in the collection of payment agreements (plans). The dynamics of legal and amicable collection led to an increase in the stock of so-called 'paying' receivables, bringing collections to 283,4 million Euro, up 12,7% from the 251,6 million Euro realised in the same period of 2021.

The increase in the cost of funding is due to higher imputed interest expense attributed by the Governance & Services and Non-Core Segment 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.

During the first nine months of 2022, disposals of NPL portfolios were realised, in line with the Group's policy, from which net gains on disposal amounted to 6,5 million Euro.

In view of the above, the Npl Segment's net banking income came to a total of 200,9 million Euro, up 9,0% on the same period of the previous year.

Operating costs of 134,8 million Euro at 30 September 2022 showed an increase of 12,5% on the first nine months of 2021. Without taking into account expenses strictly related to business dynamics (first and foremost Npl legal and collection expenses), the most significant change is related to the growth in the share of consulting costs on the Group's strategic activities and pertaining to the Segment.

It is recalled that the item "Net adjustments/reversals for credit risk" included, in the first nine months of 2021, a write-down of receivables for 17,0 million Euro, applied following a detailed analysis, still in progress at the time and thereafter concluded at end 2021, carried out also in response to the Covid-19 pandemic, in terms of greater collection times, mainly on higher vintage positions.

As a consequence of the foregoing, period profit of the Npl Segment is 44,2 million Euro, up 37,5% 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		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Net bad loans	1.097.247	1.106.996	(9.749)	(0,9)%
Net unlikely to pay	348.461	343.143	5.318	1,5%
Net non-performing past due exposures	4.293	4.025	268	6,7%
Total net non-performing exposures to customers (stage 3)	**1.450.001**	**1.454.164**	**(4.163)**	**(0,3)%**
Total net performing exposures (stages 1 and 2)	36.964	69.464	(32.500)	(46,8)%
- of which: proprietary loans	*19.177*	*23.517*	*(4.340)*	*(18,5)%*
- of which: debt securities	*16.870*	*44.563*	*(27.693)*	*(62,1)%*
- of which: receivables related to servicer activities	*917*	*1.384*	*(467)*	*(33,7)%*
Total on-balance-sheet receivables due from customers	**1.486.965**	**1.523.628**	**(36.663)**	**(2,4)%**
- of which: owned receivables measured at amortised cost	***1.469.178***	***1.477.681***	***(8.503)***	***(0,6)%***

The period reduction of 27,7 million Euro in debt securities of the Npl Segment refers to the collections received as partial repayment of principal and liquidation of interest, in compliance with the repayment plans, on the senior tranches connected with the third-party securitisation transactions, all of which had NPLs as underlying assets.

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		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Nominal amount of receivables managed	22.454.853	21.830.994	623.859	2,9%
RWA [1]	1.881.464	2.339.110	(457.646)	(19,6)%

(1) Risk Weighted Assets; the amount only relates to the credit risk. It includes the positive effects of the application of EU Delegated Regulation 954/2022, effective from July 2022, which allows a reduction in the weighting on loans acquired from the Npl business.

Total Estimated Remaining Collections (ERC) amounted to 2,9 billion Euro.

NPL SEGMENT NON-PERFORMING LOAN PORTFOLIO PERFORMANCE	30.09.2022	31.12.2021
Opening loan portfolio	**1.477.681**	**1.403.711**
Purchases	70.152	177.306
Sales	(12.848)	(18.440)
Gains (losses) on disposals	6.516	6.461
Interest income from amortised cost	119.381	150.368
Other components of interest from change in cash flow	91.741	122.502
Net credit risk losses/reversals	-	(17.997)
Collections	(283.445)	(346.230)
Closing loan portfolio	**1.469.178**	**1.477.681**

Total purchases in the first nine months of 2022 came to 70,2 million Euro, up on the 47,1 million Euro of the same period of the previous year. During the first nine months of 2022, sales of NPLs were completed for a total price of approximately 12,9 million Euro, which generated profits of 6,5 million Euro.

The item “Collections”, equal to 283,5 million Euro, includes the instalments collected during the period from re-entry plans, from garnishment orders and transactions carried out rises by 12,7% on the collections of 251,6 million Euro made in the same period of 2021.

At the end of the period, the portfolio managed by the Npl Segment included 2.119.672 positions, for a nominal amount of 22.454,9 million 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.

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**44.878**	**40.589**	**4.289**	**10,6%**
Net commission income	**(1.379)**	**(600)**	**(779)**	**129,8%**
Other components of net banking income	19.158	8.953	10.205	114,0%
Net banking income	**62.657**	**48.942**	**13.715**	**28,0%**
Net credit risk losses/reversals	(6.991)	(12.429)	5.438	(43,8)%
Net profit (loss) from financial activities	**55.666**	**36.513**	**19.153**	**52,5%**
Operating costs	**(27.396)**	**(23.887)**	**(3.509)**	**14,7%**
Net allocations to provisions for risks and charges	(1.821)	(6.196)	4.375	(70,6)%
Pre-tax profit from continuing operations	**26.449**	**6.430**	**20.019**	**311,3%**
Income taxes for the period relating to continuing operations	(8.490)	(2.034)	(6.456)	317,4%
Profit for the period	**17.959**	**4.396**	**13.563**	**308,5%**

RECLASSIFIED QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	3RD QUARTER		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	**12.462**	**18.835**	**(6.373)**	**(33,8)%**
Net commission income	**(295)**	**237**	**(532)**	**(224,5)%**
Other components of net banking income	3.756	2.671	1.085	40,6%
Net banking income	**15.923**	**21.743**	**(5.820)**	**(26,8)%**
Net credit risk losses/reversals	(1.463)	328	(1.791)	n.s.
Net profit (loss) from financial activities	**14.460**	**22.071**	**(7.611)**	**(34,5)%**
Operating costs	**(5.914)**	**(6.328)**	**414**	**(6,5)%**
Net allocations to provisions for risks and charges	(5.520)	(5.598)	78	(1,4)%
Pre-tax profit from continuing operations	**3.026**	**10.145**	**(7.119)**	**(70,2)%**
Income taxes for the period relating to continuing operations	(971)	(3.207)	2.236	(69,7)%
Profit for the period	**2.055**	**6.938**	**(4.883)**	**(70,4)%**

The Segment's net banking income amounts to 62,7 million Euro, up 13,7 million Euro on the same period of the previous year and is due to growth of 22,2 million Euro in the Governance & Services Area, offset by a lower contribution of 8,5 million Euro from the run-off activities of the Non-Core Area. In particular:

- the net interest income has increased by 4,3 million Euro on the same period of 2021. The increase is due to the growth of 5,8 million Euro in the Treasury Funding unit, for 9,3 million Euro to the Capital Markets unit, only partially offset by a negative effect of 11,4 million Euro related to both the physiological lower contribution of the PPA (for 10,3 million Euro) and to the reversal of the Non-Core Area's run-off portfolio (for 1,1 million Euro);
- other components of net banking income grew by 10,2 million Euro. This overall effect depends predominantly on:
  - the higher contribution of the proprietary portfolio business in the amount of 7,1 million Euro, of which 2,8 million Euro from higher dividends, 4,2 million Euro from trading activities (of which 0,7 million Euro linked to exchange differences);
  - the greater contribution of the Non-Core Area for 3,1 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 38,3 million Euro, lower than the same period of last year (44,0 million Euro) due to the decrease in average assets under management and average rates falling below the same period of the previous year (1,22% at 30 September 2022, compared to 1,36% at 30 September 2021). At 30 September 2022, the carrying amount the bonds issued by Banca Ifis was 1.053,3 million Euro, essentially in line with the figure at 31 December 2021. In economic terms, interest expense accrued on all issues dropped by 0,5 million Euro, coming in at a total of 23,1 million Euro.

Funding through securitisation, amounting to 1.378,9 million Euro at 30 September 2022, was down on the figure at 31 December 2021 (1.447,9 million Euro). By contrast, accrued interest expense decreased from 7,0 million Euro at 30 September 2021 to 6,7 million Euro at 30 September 2022 due to the restructuring of transactions that occurred during H2 2021.

Also worth mentioning is the access to funding through TLTRO operations with a nominal amount of 2,0 billion Euro; interest accrued at 30 September 2022 amounted to 14,6 million Euro.

As regards the cost of credit, there is an improvement in net adjustments by 5,4 million Euro, coming to 7,0 million Euro compared with 12,4 million Euro in the same period of the previous year, which was influenced by provisions on two singularly significant positions.

Operating costs come to 27,4 million Euro, up 3,5 million Euro on 30 September 2021. This increase is mainly related to the increased activities in both ICT and Marketing & Communication in the first nine months of the year. Added to this effect is the contribution in terms of higher expenses incurred in the first nine months of 2022 for strategic and management consulting.

Net allocations to provisions for risks and charges amounted to 1,8 million Euro at 30 September 2022, an improvement of 4,4 million Euro compared to the same period last year. This result is mainly due to: the release of the provision related to guarantees granted against a GACS sale of loans for 5,7 million Euro, only partially offset by higher provisions for systemic resolution funds.

At 30 September 2022, total net receivables for the Segment amounted to 2.022,9 million Euro, down 10,0% on the figure at 31 December 2021. The decrease of 223,8 million Euro is due for 161 million Euro to the securities business of the Proprietary Finance and Securitisation & Structured Solutions units and for the remaining 63 million Euro to the natural run-off of the Non-Core portfolio.

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: 12,0 million Euro at 30 September 2022, down on the 18,2 million Euro of 31 December 2021;
- net performing exposures: 20,1 million Euro at 30 September 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 & SERVICES AND NON-CORE 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 30.09.2022						
Nominal amount	14.568	48.138	3.595	**66.301**	1.992.194	**2.058.495**
Impairment losses	(7.330)	(21.647)	(830)	**(29.807)**	(5.750)	**(35.557)**
Carrying amount	7.238	26.491	2.765	**36.494**	1.986.444	**2.022.938**
Coverage ratio	*50,3%*	*45,0%*	*23,1%*	***45,0%***	*0,3%*	***1,7%***
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 30 September 2022, there were government securities amounting to 1.433,9 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 30 September 2022 was up from the figure at 31 December 2021, mainly related to the Non-Core Area portfolio.

Reclassified Consolidated Financial Statements

Reclassified Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	30.09.2022	31.12.2021
Cash and cash equivalents	268.735	355.381
Financial assets held for trading	34.251	8.478
Financial assets mandatorily measured at fair value through profit or loss	140.964	144.660
Financial assets measured at fair value through other comprehensive income	587.986	614.013
Receivables due from banks measured at amortised cost	743.127	524.991
Receivables due from customers measured at amortised cost	9.664.486	10.331.804
Property, plant and equipment	128.499	120.256
Intangible assets	61.426	61.607
of which:		
- goodwill	*38.020*	*38.794*
Tax assets:	336.981	329.674
a) current	37.810	45.548
b) deferred	299.171	284.126
Other assets	466.946	487.027
Total assets	**12.433.401**	**12.977.891**

LIABILITIES AND EQUITY (in thousands of Euro)	30.09.2022	31.12.2021
Payables due to banks	2.535.252	2.597.965
Payables due to customers	5.240.473	5.683.745
Debt securities issued	2.432.270	2.504.878
Financial liabilities held for trading	25.670	5.992
Tax liabilities:	52.275	49.154
a) current	18.735	16.699
b) deferred	33.540	32.455
Other liabilities	465.604	436.107
Post-employment benefits	8.090	9.337
Provisions for risks and charges	63.182	66.825
Valuation reserves	(64.434)	(25.435)
Reserves	1.443.378	1.367.019
Share premiums	82.187	102.972
Share capital	53.811	53.811
Treasury shares (-)	(22.104)	(2.847)
Equity attributable to non-controlling interests (+/-)	12.204	27.786
Profit (loss) for the period (+/-)	105.543	100.582
Total liabilities and equity	**12.433.401**	**12.977.891**

Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	30.09.2022	30.09.2021
Net interest income	**392.504**	**362.614**
Net commission income	**65.210**	**62.860**
Other components of net banking income	30.978	20.451
Net banking income	**488.692**	**445.925**
Net credit risk losses/reversals	(48.874)	(60.343)
Net profit (loss) from financial activities	**439.818**	**385.582**
Administrative expenses:	(282.769)	(265.384)
a) personnel expenses	(111.244)	(103.711)
b) other administrative expenses	(171.525)	(161.673)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(12.320)	(14.269)
Other operating income/expenses	16.551	21.433
Operating costs	**(278.538)**	**(258.220)**
Net allocations to provisions for risks and charges	(4.515)	(8.142)
Value adjustments of goodwill	(762)	-
Gains (losses) on disposal of investments	304	-
Pre-tax profit from continuing operations	**156.307**	**119.220**
Income taxes for the period relating to continuing operations	(50.190)	(37.662)
Profit for the period	**106.117**	**81.558**
Profit for the period attributable to non-controlling interests	574	1.368
Profit for the period attributable to the Parent company	**105.543**	**80.190**

Consolidated Statement of Comprehensive Income

ITEMS (in thousands of Euro)	30.09.2022	30.09.2021
Profit for the period	**106.117**	**81.558**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**(1.894)**	**2.461**
Equity securities measured at fair value through other comprehensive income	(2.688)	2.290
Defined benefit plans	794	171
Other comprehensive income, net of taxes, to be reclassified to profit or loss	**(36.606)**	**(3.634)**
Exchange differences	(2.124)	(541)
Financial assets (other than equity securities) measured at fair value through other comprehensive income	(34.482)	(3.093)
Total other comprehensive income, net of taxes	**(38.500)**	**(1.173)**
Comprehensive Income	**67.617**	**80.385**
Total consolidated comprehensive income attributable to non-controlling interests	569	1.371
Total consolidated comprehensive income attributable to the Parent company	**67.048**	**79.014**

Notes

Accounting Policies

Statement of compliance with IFRS

This Consolidated Interim Report of the Banca Ifis Group at 30 September 2022 has been drawn up according to the provisions of art. 154-ter of Italian Legislative Decree no. 58 of 24 February 1998 and in application of the general principles of IAS 1, also referring to IASB's "Framework for the preparation and presentation of financial statements", with particular attention to the fundamental principles of substance over legal form, the concepts of relevance and materiality of information, and the accruals and going concern accounting concepts.

The currency of account is the Euro and, if not indicated otherwise, amounts are expressed in thousands of Euro. The tables in the notes may include rounded amounts; any inconsistencies and/or discrepancies in the data presented in the different tables are due to these rounding differences.

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 recognition, measurement and derecognition criteria for assets and liabilities, and the procedures for recognising revenues and costs, adopted in the Consolidated Interim Report of the Banca Ifis Group at 30 September 2022 have remained substantially unchanged from those adopted for the preparation of the 2021 financial statements of the Banca Ifis Group. The Group has not exercised the option to apply early any standards, interpretations or amendments issued but not yet effective. Various amendments and interpretations are applicable for the first time in the first nine months of 2022, but do not have an impact on the Consolidated Interim Report of the Banca Ifis Group at 30 September 2022.

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 30 September 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.

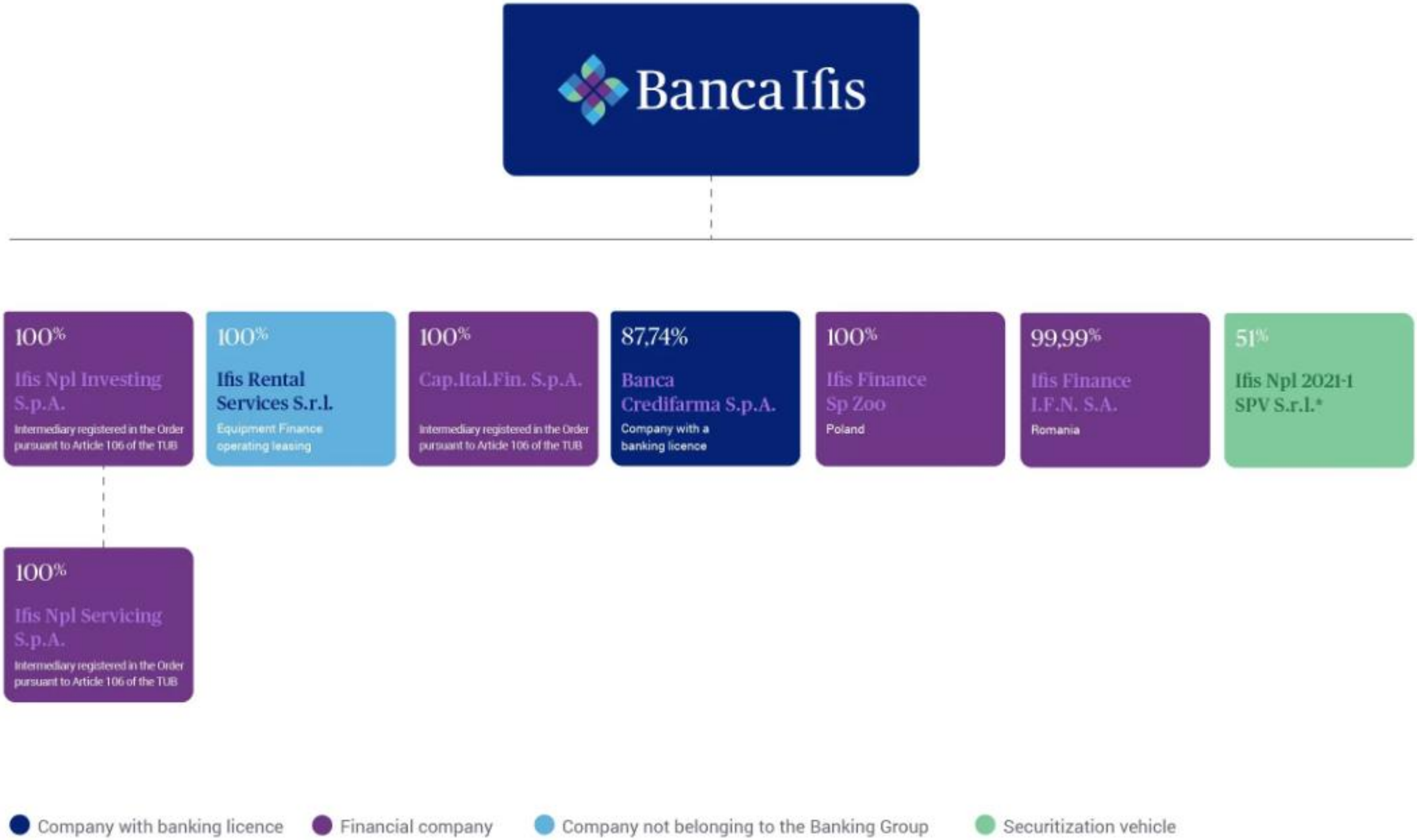
Unlike in the past, present conditions on financial markets and in the real economy, together with the negative short-term forecasts, require particularly accurate assessments of the going concern assumption, as records of the company's profitability and easy access to financial resources may no longer 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 more extensive macroeconomic implications connected with 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 30 September 2022 are 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.

Consolidation scope and methods

The Consolidated Interim Report of the Banca Ifis Group has been drawn up on the basis of the accounts at 30 September 2022 prepared by the directors of the companies included in the consolidation scope.



* SPV set up in accordance with Law no. 130 of 1999 for the purposes of securing a loan

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 (Province of Venice)	Mestre (Province of Venice)	1	Banca Ifis 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 (Province of Venice)	Mestre (Province of Venice)	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%
Banca Credifarma S.p.A. (3)	Rome	Rome	1	Banca Ifis S.p.A.	87,74%	87,74%
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
(3) Company resulting from the merger of the subsidiary Credifarma S.p.A. into the company, also a subsidiary, Farbanca S.p.A.

With regard to the companies included in the scope of consolidation at 30 September 2022, the following changes were recorded in the list of companies in the table above compared to the situation at 31 December 2021:

- following the merger by incorporation of Credifarma into Farbanca, which took place on 11 April 2022, these two companies were replaced by Banca Credifarma, the new company name of the merging company post-merger (for more details on the transaction in question, please refer to section "Significant events occurred in the period" of this document);

- Ifis Real Estate is no longer present, whose 100% stake held by Ifis Npl Servicing was fully sold to Resolute Asset Management Italy S.r.l. on 11 May 2022 with the consequent loss of control, for a price of 50 thousand Euro and transferring losses for 101 thousand Euro entered under "profit (loss) from sale of investments" (again, see section "Significant events occurred in the period" for more information).

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.

Business combinations 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 0,8 million Euro at period end exchange rates for the Polish subsidiary Ifis Finance Sp. z.o.o., acquired in 2006. At 31 December 2021, this 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.

The goodwill in question was also subject to an impairment test at 30 June 2022, as at that date the presence of loss indicators was identified (the “Trigger Events”) which, on the basis of IAS 36, require such a test to be performed. The outcome of this test was positive for the goodwill associated with the former Fbs Group while, with reference to the goodwill relating to the Polish company Ifis Finance Sp. z o.o., the analyses conducted determined the need to proceed, on a prudential basis, with its full write-down. Therefore, impairment of 0,8 million Euro was allocated to the item “Value adjustments of goodwill” in the Income Statement. For more details, please refer to the Banca Ifis Group's Consolidated Half-Year Financial Report at 30 June 2022, and specifically to the 'Other Aspects' section within “4.1 Accounting Policies”.

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 controlled by means of holding the majority of voting rights (companies with relationship type "1" in the table above), 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, are not companies legally belonging to the Banca Ifis Group.

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 on operations, 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 30 September 2022, as per the international 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 30 September 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 Bank'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 addition to the above, judicial operations involve also collection efforts, i.e. foreclosure proceedings, which consist of several stages and apply to portfolios originated in corporate, banking, or real estate segments where cash flows are measured by means of the manager's analytical forecasts.

In order to take into account the current context, still marked by the pandemic, and incorporate the effects linked to the temporary difficulties with 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.

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 (NHS) 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.

The health emergency at the beginning of March 2020 and the outbreak of war in Ukraine at the end of February 2022 generated a slowdown in global economic growth that prompted institutions to consider a significant increase in credit risk. This has led the Group to make prudent corrections in respect of relations with counterparties belonging to certain economic segments considered to be at higher risk of impact from COVID-19 and the risk deriving from the Russia-Ukraine conflict, the inflation scenario and the slow to economic growth.

In particular, during the first nine months of 2022, the prudential adjustments applied to define the additional provisions previously accounted for as a result of the pandemic context were revised, also in light of the fact that the deterioration of the portfolio was, on the whole, less pronounced than assumed. At the same time, certain prudential adjustments were introduced to take into account the macroeconomic implications of the Russia-Ukraine conflict (countries to which, among others, the Group has marginal exposures), the inflation scenario, the rise in rates and the slowing of the Italian and European economy. Any identified surpluses related to Covid-19 risk provisions were not released and were therefore reclassified to cover the risk arising from the ongoing conflict.

With regard to Forward Looking information, the same scenarios were used at 31 December 2021, which are considered prudent as they factor in the negative effects of the pandemic crisis on the economy. It was decided not to update the macroeconomic scenarios, which influence the estimates of the risk parameters, as the changing context related to the developments in the Russian-Ukrainian conflict and the evolution of the sanctions packages towards Russia confer considerable uncertainty and therefore low reliability on the scenarios.

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 and other intangible assets

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).

At 31 December 2021, this 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.

The goodwill in question was also subject to an impairment test at 30 June 2022, as at that date the presence of loss indicators was identified (the "Trigger Events") which, on the basis of IAS 36, require such a test to be performed. The outcome of this test was positive for the goodwill associated with the former Fbs Group while, with reference to the goodwill relating to the Polish company Ifis Finance Sp. z o.o., the analyses conducted determined the need to proceed, on a prudential basis, with its full write-down. Therefore, impairment of 0,8 million Euro was allocated to the item "Value adjustments of goodwill" in the Income Statement. For further information, please refer to the Consolidated Half-Yearly Financial Report of the Banca Ifis Group at 30 June 2022, and specifically to the paragraph "Other Aspects" contained in section "4.1 Accounting Policies".

Information on the Russia-Ukraine conflict

As already highlighted in the survey sent out by the Bank of Italy at the end of March 2022 and having as its object an initial assessment of the impacts that unfavourable scenarios linked to the crisis situation generated by the conflict has on the Bank, at the level of the Banca Ifis Group a series of in-depth studies were conducted in order to assess the exposures (direct and indirect) to counterparties resident in Russia, Belarus and Ukraine, as well as to estimate the related impacts and risk containment measures.

Furthermore, the Risk Management function, in addition to the risk factors usually considered, deemed it reasonable to include the current geopolitical tense situation as an additional risk factor.

In particular, this situation has been considered within the institutional documentation (RAF, Recovery Plan and ICAAP/ILAAP Report) from a twofold point of view: on the one hand as a worsening of severities and inclusion of new stress assumptions in the stress test framework, and on the other hand as an extra capital requirement against the Strategic and Sovereign Risks assumed by the Group.

More specifically, from the point of view of the assumptions directly considered in the stress tests, the following were considered:

- an increase in the conversion to impaired of factoring customers exposed to Ukraine and Russia;
- the use of further worsened transition matrices for factoring customers in the stress test pro Recovery Plan.

On the assumptions that have an impact on the levels of internal capital allocated to individual risks, it should be noted that:

- a further worsened interest rate scenario was used as a consequence of a hypothetical continuation of the current high inflation environment (resulting from the commodity shortage caused by the conflict), which led to a higher estimate of internal capital for sovereign risk;
- additional internal capital was allocated to cover strategic risk, assuming an uncertain economic environment resulting from the current geopolitical situation.

The analyses conducted so far have revealed a limited number of counterparties present in the countries affected by the current conflict to which modest direct credit exposures correspond. Similarly, no particular critical issues have been noted with regard to the trade receivables portfolio.

With reference to the impact of inflation and the consequent reduction in purchasing power, which affects economically more fragile debtors more significantly, the out-of-court management of Ifis Npl Investing's positions may perform differently from their historical performance, which is factored into the current statistical curves, causing a decrease in payments. While recovery activities continued, it was decided to take into account the macroeconomic scenario described above in the cash flow simulation, and discussions are underway with the business as to what actions will be taken to address the contingent macroeconomic situation. For judicially managed debtors (either by wage/pension garnishment or by enforcement of collateral), the increase in inflation has no effect on the collection of their debt. Therefore, it was decided not to make any changes to the models involving judicial recovery. Fort the future, it will be assessed whether a prolonged rise in rates could lead to an economic recession that could cause job losses, which will then have to be factored in.

Group financials and income results

Statement of financial positions items

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Cash and cash equivalents	268.735	355.381	(86.646)	(24,4)%
Financial assets mandatorily measured at fair value through profit or loss	140.964	144.660	(3.696)	(2,6)%
Financial assets measured at fair value through other comprehensive income	587.986	614.013	(26.027)	(4,2)%
Receivables due from banks measured at amortised cost	743.127	524.991	218.136	41,6%
Receivables due from customers measured at amortised cost	9.664.486	10.331.804	(667.318)	(6,5)%
Property, plant and equipment and intangible assets	189.925	181.863	8.062	4,4%
Tax assets	336.981	329.674	7.307	2,2%
Other assets	501.197	495.505	5.692	1,1%
Total assets	**12.433.401**	**12.977.891**	**(544.490)**	**(4,2)%**
Payables due to banks	2.535.252	2.597.965	(62.713)	(2,4)%
Payables due to customers	5.240.473	5.683.745	(443.272)	(7,8)%
Debt securities issued	2.432.270	2.504.878	(72.608)	(2,9)%
Tax liabilities	52.275	49.154	3.121	6,3%
Provisions for risks and charges	63.182	66.825	(3.643)	(5,5)%
Other liabilities	499.364	451.436	47.928	10,6%
Consolidated Equity	1.610.585	1.623.888	(13.303)	(0,8)%
Total liabilities and equity	**12.433.401**	**12.977.891**	**(544.490)**	**(4,2)%**

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 at 30 September 2022 amounts to 268,7 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 141,0 million Euro at 30 September 2022. This item consists of loans and debt securities that did not pass the SPPI test, equity securities from minority shares and CIU units. Without taking into account the proceeds for the period, the 2,6% decrease compared to 31 December 2021 is mainly due to the closing of loans at fair value in the period for 5,7 million Euro and debt securities for 2,3 million Euro, the effect of which was partially offset by new transactions in the period (mainly on equity securities and CIU units).

Below is the breakdown of this line item.

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Debt securities	16.722	15.889	833	5,2%
Equity securities	33.519	26.490	7.029	26,5%
CIU units	73.365	79.052	(5.687)	(7,2)%
Loans	17.358	23.229	(5.871)	(25,3)%
Total	**140.964**	**144.660**	**(3.696)**	**(2,6)%**

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income amounted to 588,0 million Euro at 30 September 2022, down 4,2% from December 2021. They include debt securities characterised by a Held to Collect & Sell (HTC&S) type business model, 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		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Debt securities	484.749	515.277	(30.528)	(5,9)%
of which: government securities	*391.362*	*469.647*	*(78.285)*	*(16,7)%*
Equity securities	103.237	98.736	4.501	4,6%
Total	**587.986**	**614.013**	**(26.027)**	**(4,2)%**

Debt securities held in the portfolio at 30 September 2022 amounted to 484,7 million Euro, down 5,9% compared to the balance at 31 December 2021, mainly 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, which has also been impacted by the recent interventions of the European Central Bank. The net fair value reserve associated with debt securities is negative by 38,2 million Euro, of which 33,2 million Euro associated with government securities.

A breakdown by maturity of debt securities measured to fair value through comprehensive income is provided below.

Issuer/Maturity	1 year	2 years	3 years	5 years	Over 5 years	Total
Government bonds	13.432	161.506	4.353	34.594	177.477	391.362
% of total	*2,8%*	*33,3%*	*0,9%*	*7,1%*	*36,6%*	*80,7%*
Banks	492	5.140	12.826	-	-	18.458
% of total	*0,1%*	*1,1%*	*2,6%*	-	-	*3,8%*
Other issuers	3.272	4.618	22.792	23.898	20.349	74.929
% of total	*0,7%*	*1,0%*	*4,7%*	*4,9%*	*4,2%*	*15,5%*
Total	**17.196**	**171.264**	**39.971**	**58.492**	**197.826**	**484.749**
% of total	***3,5%***	***35,3%***	***8,2%***	***12,1%***	***40,8%***	***100,0%***

This item includes also equity securities relating to minority interests, amounting to 103,2 million Euro, up 4,6% compared to 31 December 2021, mainly due to investments made in the first nine months of 2022, in order to establish a portfolio that guarantees stable dividends. The net fair value reserve associated with this portfolio at 30 September 2022 had a negative value of 15,7 million Euro.

Receivables due from banks measured at amortised cost

Total receivables due from banks measured at amortised cost amounted to 743,1 million Euro at 30 September 2022, up on the figure booked at 31 December 2021 (525,0 million Euro). This item mainly refers to Receivables due from central banks (533,4 million Euro at 30 September 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 loans to banks increased by 14,9% in the first nine months of 2022, mainly due to the increase in the Group's liquid funds held at central banks (+182,2 million Euro) and the increase in bank debt securities held in the Held to Collect portfolio during the period (+40,0 million Euro), mainly as a result of new investments made.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amounted to 9.664,5 million Euro, a reduction on 31 December 2021 (10.331,8 million Euro). The item includes debt securities for 1,8 billion Euro (2,0 billion at 31 December 2021). The Commercial & Corporate Banking Segment recorded a slowdown (-6,2%) concentrated in the Factoring Area (-16,1%), against the substantial stability of the Leasing and Corporate Banking Areas. The decrease in the Factoring Area is in fact related both to the seasonality of the business and to the revision of the strategic approach of the Area, and in particular of the ATD product to the NHS. The Governance & Services and Non-Core Segment decreased by 223,8 million Euro, mainly due to the movement in the period of the customer debt securities portfolio at amortised cost, following the sale and redemption due to reaching maturity of certain government bonds, the decrease in which was not entirely offset by new investments. Npl Segment loans are essentially stable compared to 31 December 2021.

RECEIVABLES DUE FROM CUSTOMERS BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Commercial & Corporate Banking Segment	6.154.583	6.561.414	(406.831)	(6,2)%
- of which non-performing	*286.041*	*237.921*	*48.120*	*20,2%*
Factoring Area	2.467.689	2.940.072	(472.383)	(16,1)%
- of which non-performing	*215.980*	*167.496*	*48.484*	*28,9%*
Leasing Area	1.395.765	1.390.223	5.542	0,4%
- of which non-performing	*15.682*	*16.745*	*(1.063)*	*(6,3)%*
Corporate Banking & Lending Area	2.291.129	2.231.118	60.011	2,7%
- of which non-performing	*54.379*	*53.680*	*699*	*1,3%*
Npl Segment	1.486.965	1.523.628	(36.663)	(2,4)%
- of which non-performing	*1.450.001*	*1.454.164*	*(4.163)*	*(0,3)%*
Governance & Services and Non-Core Segment(1)	2.022.938	2.246.762	(223.824)	(10,0)%
- of which non-performing	*36.494*	*44.807*	*(8.313)*	*(18,6)%*
Total receivables due from customers	**9.664.486**	**10.331.804**	**(667.318)**	**(6,5)%**
- of which non-performing	***1.772.536***	***1.736.892***	***35.644***	***2,1%***

(1) In the Governance & Services and Non-Core Segment, at 30 September 2022, there were government securities amounting to 1.433,9 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 1.772,5 million Euro at 30 September 2022, compared to 1.736,9 million Euro at 31 December 2021 (+2,1%).

Net of these receivables, non-performing loans come to 322,5 million Euro, as compared with the 282,7 million Euro recorded at 31 December 2021.

The Banca Ifis Group's gross and net Npe ratios for its receivables due from customers are shown below. These ratios are calculated excluding Npl Segment loans and government bonds measured at amortised cost. As previously mentioned, the growth of these ratios in the reference period was closely linked to the classification as non-performing past due exposures of exposures to the NHS for a nominal amount of 145,0 million Euro (63,4 million Euro at 31 December 2021).

KPI	AMOUNTS		CHANGE
	30.09.2022	31.12.2021	%
Net Npe ratio	4,77%	3,93%	0,85%
Gross Npe ratio	7,39%	6,37%	1,03%

For a detailed analysis of receivables due from customers measured at amortised cost, please see the section "Contribution of operating Segments to Group results" of this document.

Intangible assets and property, plant and equipment

Intangible assets came to 61,4 million Euro, basically in line with those at 31 December 2021.

The item refers to software (23,4 million Euro) and goodwill (38,0 million Euro) arising from the acquisition of the former Fbs Group. With regard to the Group's evaluations of the goodwill impairment test carried out at 31 December 2021 and 30 June 2022, please refer to what was previously reported in section "Risks and Uncertainties Related to the Use of Estimates".

Property, plant and equipment amounted to 128,5 million Euro, compared to 120,3 million Euro as of 31 December 2021, up 6,9% mainly due to the signing in the first nine months of 2022 of new lease agreements relating to real estate for the Group's various offices (which fall within the scope of application of IFRS 16 and therefore result in the recognition of assets in the balance sheet).

At the end of September 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 totalled 337,0 million Euro, slightly up from 31 December 2021, when they were 329,7 million Euro.

Current tax assets amounted to 37,8 million Euro, a slight decrease compared to the figure at 31 December 2021 (-17,0%) due to the utilisation of advance payments when settling the balance of taxes for the previous year.

Prepaid tax assets come to 299,2 million Euro as compared with 284,1 million Euro at 31 December 2021 and mainly comprise 205,3 million Euro in assets entered for impairment of loans, potentially able to be transformed into tax credits, and 39,5 million Euro assets entered on previous tax losses and the ACE benefit (39,4 million Euro at 31 December 2021).

Tax liabilities totalled 52,3 million Euro, up 6,3% from 31 December 2021, equal to 49,2 million Euro.

Current tax liabilities, amounting to 18,7 million Euro, represent the tax liability for the period, higher than the liabilities of 16,7 million Euro as of 31 December 2021, which were fully settled in the first half of 2022, when paying the balance on the tax relative to the previous year.

Deferred tax liabilities, totalling 33,6 million Euro, are down by 1,1 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, 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 30 September 2022:

- the deferred tax assets that rely on future profitability and do not arise from temporary differences are subject to deduction from CET1; at 30 September 2022, the deduction is 39,6 million Euro. It should also be noted that the amount of DTA deducted from CET1, as provided for by Art. 38 par. 5 pursuant to CRR, is offset for an amount of 10,7 million Euro 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 30 September 2022, these assets

amounted to 48,6 million Euro. The amount weighted according to a factor of 250%, as provided for by art. 38 par 5 pursuant to CRR, is shown net of the offsetting with the corresponding deferred tax liabilities for an amount of 22,8 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 30 September 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 30 September 2022 and deducted from equity at 100% result in an expense of 0,02% in terms of CET1.

Other assets and liabilities

Other assets, of 501,2 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 34,3 million Euro (up on the figure of 8,5 million Euro at 31 December 2021), referring for 29,6 million Euro to derivative transactions (up 22,6 million Euro on 31 December 2021 mainly due to write-backs recorded during the period on derivatives connected with the securitisation of Npl Segment loans) mainly hedged by specular positions recorded under financial liabilities held for trading and 4,6 million Euro from securities included in the Group's trading portfolio (up on the balance of 1,5 million Euro at 31 December 2021 mainly due to the investments made during the period on equity securities in the banking segment);
- other assets for 466,9 million Euro (487,0 million Euro at 31 December 2021, -4,1%), of which 261,5 million Euro relate to tax credits for superbonuses and other construction tax bonuses (with a nominal amount of 298,5 million Euro). It should be noted that the balance at 31 December 2021 included a receivable from the tax consolidating company La Scogliera in the amount of 22,9 million Euro, most of which was collected in the first half of 2022 upon settlement of taxes for the previous year within the tax consolidation regime.

Other liabilities come to 499,4 million Euro as compared with 451,4 million Euro at 31 December 2021, and consist of:

- trading derivatives for 25,7 million Euro, mainly referring to transactions hedged by specular positions entered amongst financial assets held for trading;
- employee severance indemnity liability of 8,1 million Euro, down from the 9,3 million Euro figure at 31 December 2021, mainly due to the significant change in the assumptions underlying the actuarial calculations with reference to the inflation rate and discount rates (which were affected by the change in the macroeconomic scenario during the first nine months of 2022);
- 465,6 million Euro for other liabilities (436,1 million Euro at 31 December 2021, +6,8%), largely referred to amounts due to customers that have not yet been credited, to operating payables for 99,7 million Euro and to payables due to the Parent company La Scogliera for 29,3 million Euro. In particular, it should be noted that the debt exposure at 31 December 2021 towards La Scogliera, amounting to 26,1 million Euro, was entirely paid off during the first half of 2022 and, therefore, the balances towards the tax consolidating company at 30 September 2022 refer exclusively to tax items pertaining to the first nine months of 2022.

Funding

FUNDING (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Payables due to banks	**2.535.252**	**2.597.965**	**(62.713)**	**(2,4)%**
- Payables due to Central banks	2.070.533	2.236.942	(166.409)	(7,4)%
of which: TLTRO	*2.019.241*	*2.033.870*	*(14.629)*	*(0,7)%*
of which: Other deposits	*51.293*	*203.073*	*(151.780)*	*(74,7)%*
- Repurchase agreements	301.040	217.512	83.528	38,4%
- Other payables	163.679	143.511	20.168	14,1%
Payables due to customers	**5.240.473**	**5.683.745**	**(443.272)**	**(7,8)%**
- Retail	4.306.357	4.517.172	(210.815)	(4,7)%
- Other term deposits	182.817	239.986	(57.169)	(23,8)%
- Lease payables	20.773	16.127	4.646	28,8%
- Other payables	730.526	910.460	(179.934)	(19,8)%
Debt securities issued	**2.432.270**	**2.504.878**	**(72.608)**	**(2,9)%**
Total funding	**10.207.995**	**10.786.588**	**(578.593)**	**(5,4)%**

Total funding amounted to 10.208,0 million Euro at 30 September 2022 (-5,4% compared to 31 December 2021) and is represented for 51,3% by payables due to customers (52,7% at 31 December 2021), for 24,8% by payables due to banks (24,1% at 31 December 2021), and for 23,8% by debt securities issued (23,2% at 31 December 2021).

Amounts due to customers were 5.240,5 million Euro at 30 September 2022, down by 7,8% compared to 31 December 2021, also as a result of the optimisation of deposits undertaken in the retail sector against the seasonal decrease in average loans.

RETAIL FUNDING (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Short-term funding (within 18 months)	3.096.469	3.114.532	(18.063)	(0,6)%
of which: DEREGULATED	*827.268*	*785.004*	*42.264*	*5,4%*
of which: LIKE/ONE	*897.421*	*1.033.539*	*(136.118)*	*(13,2)%*
of which: RESTRICTED	*1.326.402*	*1.217.976*	*108.426*	*8,9%*
of which: GERMAN DEPOSIT	*45.378*	*78.013*	*(32.635)*	*(41,8)%*
Long-term funding (beyond 18 months)	1.209.888	1.402.640	(192.752)	(13,7)%
Total retail funding	**4.306.357**	**4.517.172**	**(210.815)**	**(4,7)%**

Payables due to banks amounted to 2.535,3 million Euro at 30 September 2022, down 2,4% compared to the December 2021 figure.

Securities in issue amounted to 2.432,3 million Euro at 30 September 2022, down 2,9% from 2.504,9 million Euro at 31 December 2021.

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	9.479	11.938	(2.459)	(20,6)%
FITD and Single Resolution Fund	8.368	-	8.368	n.a.
Legal and tax disputes	35.462	36.832	(1.370)	(3,7)%
Personnel expenses	3.153	4.319	(1.166)	(27,0)%
Other provisions	6.720	13.736	(7.016)	(51,1)%
Total provisions for risks and charges	**63.182**	**66.825**	**(3.643)**	**(5,5)%**

Below is the breakdown of the provision for risks and charges at 30 September 2022 by type of dispute compared with the amounts for the end of the prior year.

Provisions for credit risk related to commitments and financial guarantees granted

At 30 September 2022 the balance of 9,5 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.

FITD and Single Resolution Fund

The item at 30 September 2022 includes an estimate of 8,4 million Euro for the annual contribution to the Interbank Deposit Protection Fund (FITD) due at the end of the year.

Legal and tax disputes

At 30 September 2022, provisions had been made for 35,5 million Euro for legal and tax disputes. This amount breaks down as follows:

- 11,3 million Euro (the plaintiffs seek 16,9 million Euro in damages) for 20 disputes deriving from the business unit acquired from the former Aigis Banca and mainly the Corporate Banking & Lending Area of the Commercial and Corporate Banking Segment;
- 14,0 million Euro for 27 disputes concerning the Factoring Area (the plaintiffs seek 33,0 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;
- 3,3 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;
- 2,5 million Euro (the plaintiffs seek 3,0 million Euro in damages) for 22 disputes concerning the Leasing Area;
- 2,8 million Euro (the plaintiffs seek 7,5 million Euro in damages) for 68 disputes concerning receivables of Ifis Npl Investing;
- 858 thousand Euro relating to various disputes concerning Banca Credifarma (formerly Farbanca), the plaintiffs seek 4,4 million Euro in damages);
- 660 thousand Euro (the plaintiffs seek 3,8 million Euro) for disputes with customers and agents relating to Cap.Ital.Fin.;
- 30 thousand Euro (the plaintiffs seek the same amount in damages) for disputes concerning the investee Ifis Rental Services.

Personnel expenses

At 30 September 2022, provisions are entered for staff for 3,2 million Euro (4,3 million Euro at 31 December 2021) to be attributed for 2,9 million Euro to the Solidarity Fund established in 2020.

Other provisions for risks and charges

At 30 September 2022 "Other provisions" were in place for 6,7 million Euro, down on the 13,7 million Euro recorded at 31 December 2021, mainly due to the 5,7 million Euro reversal recorded in the first half of 2022 on the provision for risks related to the GACS credit sale transactions, the balance of which was reduced to 2,1 million Euro at 30 September 2022 following contractual expiry of the warranty period. In addition to the aforementioned provision, the item is mainly made up of 3,6 million Euro for Supplementary Agents Indemnity in connection with the operations of the Leasing Area and 0,5 million Euro for the provision for complaints.

Contingent liabilities

In addition to the foregoing, here below are the most significant contingent liabilities outstanding at 30 September 2022. Based on the opinion of the legal advisers assisting the subsidiaries, they are considered possible, and therefore they are only disclosed.

Tax dispute

Regarding all the tax disputes reported below, the Banca Ifis 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.

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 and 2016 (this latter notified on 16 June 2022). 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 1,4 million Euro in additional taxes and administrative penalties amounting to 100%. In holding the Financial Administration's claim to be unfounded, the Group filed 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 for 2013/2015 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 30 September 2022 totalled 1.610,6 million Euro, down 0,8% on the 1.623,9 million Euro booked at end 2021. The main changes in consolidated shareholders' equity are summarised in the following tables.

EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Share capital	53.811	53.811	-	0,0%
Share premiums	82.187	102.972	(20.785)	(20,2)%
Valuation reserves:	(64.434)	(25.435)	(38.999)	153,3%
- Securities	*(53.902)*	*(16.233)*	*(37.669)*	*232,1%*
- Post-employment benefits	*121*	*(673)*	*794*	*(118,0)%*
- Exchange differences	*(10.653)*	*(8.529)*	*(2.124)*	*24,9%*
Reserves	1.443.378	1.367.019	76.359	5,6%
Treasury shares	(22.104)	(2.847)	(19.257)	n.s.
Equity attributable to non-controlling interests	12.204	27.786	(15.582)	(56,1)%
Net profit attributable to the Parent company	105.543	100.582	4.961	4,9%
Consolidated Equity	**1.610.585**	**1.623.888**	**(13.303)**	**(0,8)%**

CONSOLIDATED EQUITY: CHANGES	(in thousands of Euro)
Consolidated equity at 31.12.2021	**1.623.888**
Increases:	**110.684**
Net profit attributable to the Parent company	105.543
Sale/assignment of treasury shares	43
Change in valuation reserve:	794
- Post-employment benefits	*794*
Stock Options	463
Changes in equity interests	2.796
Other changes	1.045
Decreases:	**123.987**
Dividends distributed	49.811
Buyback of treasury shares	19.300
Change in valuation reserve:	39.294
- Securities (net of realisations)	*37.170*
- Exchange differences	*2.124*
Equity attributable to non-controlling interests	15.582
Consolidated equity at 30.09.2022	**1.610.585**

With reference to the purchase of treasury shares carried out during the period for 19,3 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 events occurred in the period”).

The lines “Changes in equity interests” and “Equity attributable to non-controlling interests” refer to the effects generated by the reorganisation of the ownership structures of the subsidiary Banca Credifarma resulting from the merger by incorporation of the former Credifarma in Farbanca, at the end of which Banca Ifis’s controlling interest increased to 87,74% (while at the beginning of 2022 Banca Ifis held 70% of the former Credifarma and 71,06% of Farbanca). For more details on the merger in question, see section “Significant events occurred in the period”.

Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS	
	30.09.2022	31.12.2021
Common Equity Tier 1 Capital (CET1)	1.509.850	1.486.880
Tier 1 Capital (T1)	1.510.777	1.488.624
Total Own Funds	**1.912.012**	**1.891.346**
Total RWAs	**9.331.009**	**9.633.003**
CET1 ratio	16,18%	15,44%
Tier 1 Ratio	16,19%	15,45%
Total Capital Ratio	**20,49%**	**19,63%**

CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated by the Banking Group in the first nine months of 2022, net of the interim dividend. The generated profits allocated to Own funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

Consolidated own funds, risk-weighted assets and prudential ratios at 30 September 2022 were calculated based on the regulatory changes introduced by Directive 2019/878/EU (CRD V) and Regulation (EU) 876/2019 (CRR2), which amended 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 30 September 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").

It should be noted that Delegated Regulation (EU) no. 954/2022 will enter into force in the third quarter of 2022 for banks with regard to the specification of how specific and general loan impairments of defaulted exposures are to be calculated. In particular, for the purposes of the application of Article 127, paragraph 1, letters a) and b) of Regulation (EU) no. 575/2013, the discount in the price of a defaulted exposure that the acquiring institution did not recognise by increasing CET1 is considered a specific adjustment.

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 CET1 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.

Said portion will be included in CET1 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 will be 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 30 September 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 1.912,0 million Euro.

The 20,7 million Euro increase in Own Funds compared to 31 December 2021 was largely attributable to the following components:

- accrued profit at 30 September 2022 of 100,3 million Euro, net of the foreseeable dividend in accordance with Article 2 of EU Regulation no. 241/2014; the positive change amounts to 47,5 million Euro;
- the transitional filter for exposures to central governments classified as FVOCI, introduced by EU Regulation no. 873/2020, in the amount of 13,3 million Euro, resulting in a positive change of 11 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 30 September the portion not deducted amounted to 13,4 million Euro and determines a lesser reduction of the portion deducted from the CET1, of 5,2 million Euro;
- the negative impact of the application of Calendar Provisioning of 4 million Euro: the increase in the shortfall resulted in a negative change of 2 million Euro;
- 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 39 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 28,9 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 change in own funds due to the above-described phenomena has meant that at 30 September 2022, the Total capital ratio is 20,49%, up from the results achieved at 31 December 2021 of 19,63%; this trend was also reported for the CET1 ratio, 16,18% at end March 2022, compared to the figure at 31 December 2021, of 15,44%.

At 30 September 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 1.868,7 million Euro and consequently the RWA when fully applied, come to 9.318,6 million Euro.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS WITHOUT IFRS 9 TRANSITIONAL ARRANGEMENTS (in thousands of Euro)	AMOUNTS	
	30.09.2022	31.12.2021
Common Equity Tier 1 Capital (CET1)	1.466.539	1.452.393
Tier 1 capital	1.467.465	1.454.137
Total Own Funds	**1.868.701**	**1.856.859**
Total RWAs	**9.318.620**	**9.615.465**
CET1 ratio	15,74%	15,10%
Tier 1 Ratio	15,75%	15,12%
Total Capital Ratio	**20,05%**	**19,31%**

CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated by the Banking Group in the first nine months of 2022, net of the interim dividend. The generated profits allocated to Own funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

At 30 September 2022, taking into account the transitional treatment adopted to mitigate the impact of IFRS 9, risk-weighted assets (RWAs) amounted to 9.331,0 million Euro, arising from credit and counterparty risk of 8.261,2 million Euro, operational risk of 878,0 million Euro, market risk of 101,8 million Euro and credit valuation adjustment risk of 90,0 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	**5.215.423**	***2.355.411***	***1.242.215***	***1.617.797***	**1.881.464**	**1.164.322**	**8.261.209**
RWA for market risk	X	*X*	*X*	*X*	X	X	101.759
RWA for operational risk	X	*X*	*X*	*X*	X	X	877.996
RWA for credit valuation adjustment risk	X	*X*	*X*	*X*	X	X	90.045
Total RWAs	**X**	***X***	***X***	***X***	**X**	**X**	**9.331.009**

With reference to the data underlying the calculation of the RWA, a 302 million Euro reduction is noted in impaired loans compared to the December 2021 figure, and is mainly attributable to a 359 million Euro reduction in credit risk components and a 54 million Euro increase in credit valuation adjustment (CVA).

In particular, the reduction in credit risk components is attributable to the following factors:

- the application of the aforementioned EU Regulation 954/2022, which came into force during the third quarter of 2022, allowing the application of the purchase price discount as a specific value adjustment for impaired exposures. The reduction in weighted assets amounted to 336 million Euro;
- the completion of the administrative process related to the recognition of the significant transfer of risk, related to an assignment of receivables due from the Public Administration, which mitigated the effects of the default of exposures to the Public Administration following the full application of the new definition of default. The reduction in weighted assets amounted to 88 million Euro;
- the increase of weighted commitments for 65 million Euro.

When comparing the results, please note that the Bank of Italy, following the Supervisory Review and Evaluation Process (SREP) to review the capitalisation targets of the system's largest intermediaries, on 19 May 2022 notified the Banca Ifis Group to adopt the following consolidated capital requirements in 2022, including a 2,5% capital conservation buffer:

- CET1 Ratio of 7,90%, with a required minimum of 5,40%;
- Tier 1 Ratio of 9,75%, with a required minimum of 7,25%;
- Total Capital Ratio of 12,15%, with a required minimum of 9,65%.

In order to ensure a level of capital that can absorb any losses arising from stress scenarios, as referred to in Article 104 ter of EU Directive 36/2013, the Bank of Italy has set the following capital levels for the Banca Ifis Group, to which the specific countercyclical coefficient is added:

- CET1 Ratio of 8,65%, consisting of an OCR CET1 Ratio of 7,90% and a target component (Pillar 2 Guidance) of 0,75%;
- Tier 1 Ratio of 10,50%, consisting of an OCR Tier 1 Ratio of 9,75% and a target component of 0,75%;
- Total Capital Ratio of 12,90%, consisting of an OCR Total Capital Ratio of 12,15% and a target component of 0,75%.

Overall Capital Requirement (OCR)						Pillar 2 Guidance	Total
	Art. 92 CRR	SREP	TSCR	RCC [(1)]	OCR Ratio	P2G	OCR and P2G
CET1	4,50%	0,90%	5,40%	2,50%	7,90%	0,75%	8,65%
Tier 1	6,00%	1,25%	7,25%	2,50%	9,75%	0,75%	10,50%
Total Capital	8,00%	1,65%	9,65%	2,50%	12,15%	0,75%	12,90%

(1) RCC: capital conservation buffer.

At 30 September 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 (now renamed Banca Credifarma) 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	BANCA CREDIFARMA (FORMERLY FARBANCA)
9,65% of the Total Risk Exposure Amount	8% of the Total Risk Exposure Amount
3% of Leverage Ratio Exposure	3% of Leverage Ratio Exposure

At 30 September 2022, following the monitoring process, both indicators were met above the predefined limit.

It should be noted that the transfer of the registered office of the Parent company La Scogliera to the Canton of Vaud (Lausanne - CH) with effect from 27 December 2021 allowed for the elimination of La Scogliera from the Group's regulatory consolidation at 31 December 2021 and consequently also from the consolidation at 30 September 2022.

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 30 September 2022 the exposures to sovereign debt entirely consisted of Italian government bonds; their carrying amount totalled 1.874 million Euro, net of the negative 33,4 million Euro valuation reserve.

These securities, with a nominal amount of approximately 1.899 million Euro have a weighted residual average life of approximately 52 months.

The fair values used to measure the exposures to sovereign debt securities at 30 September 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 30 September 2022 amounted to 261 million Euro, of which 94 million Euro related to tax credits.

Income statements items

Formation of net banking income

Net banking income totalled 488,7 million Euro, up 9,6% from 445,9 million Euro at 30 September 2021.

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

NET BANKING INCOME (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	392.504	362.614	29.890	8,2%
Net commission income	65.210	62.860	2.350	3,7%
Other components of net banking income	30.978	20.451	10.527	51,5%
Net banking income	**488.692**	**445.925**	**42.767**	**9,6%**

Net interest income increased by 8,2%, going from 362,6 million Euro at 30 September 2021 to 392,5 million Euro at 30 September 2022. The main growth factors can be summarised as follows:

- the increase of 12,5 million Euro in the Npl Segment's net interest income compared to the same period of the previous year, following growth of average commitments managed;
- the increase in net interest income for a total of 12,3 million Euro from which the Factoring Area benefited, following an increase in average underlying loans;
- higher contribution of 9,3 million Euro to net interest income from the Capital Markets business compared to the first nine months of 2021, mainly due to the "Inflation Linked" component of the securities in the portfolio;

The positive effects mentioned above more than offset the lower contribution of the PPA, the effect of which in the reference period amounted to 9,3 million Euro, down sharply compared to the balance of 21,5 million Euro in the first nine months 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 commissions amounted to 65,2 million Euro, up 3,7% compared to the figure at 30 September 2021: this performance was driven both by a lower incidence of commission expenses, as a result of the reduction in commissions paid for collection and payment services in the Npl Segment compared to the first nine months of 2021 and by the improvement in the contribution made by commission income, which came to 75,0 million Euro at 30 September 2022 (+3,6% on the same period of 2021) and benefited from the growth trend in loans managed in the Factoring Area. Commission expense, totalling 9,8 million Euro compared to 9,5 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 10,5 million Euro compared with the first nine months of 2021, break down as follows:

- 9,0 million Euro for dividends generated by shares held in the Group-owned portfolio (6,8 million Euro in the first nine months of 2021);
- 4,7 million Euro the net positive result of trading, mainly generated by trading of the Proprietary Finance segment (net loss of 0,3 million Euro during the first nine months of 2021);
- 11,3 million Euro in net gains from the sale or repurchase of financial assets and liabilities, an increase (+59,9%) on the figure of 7,0 million Euro recorded at 30 September 2021, comprising 4,8 million Euro related to transactions on securities in the proprietary portfolio, as well as 6,5 million Euro from the sale of loans in the Npl Segment;
- 6,0 million Euro from the net positive result of other financial assets and liabilities at fair value through profit or loss (down 0,9 million Euro on the figure of 30 September 2021, also due to the changed macroeconomic context of the first nine months of 2022 in terms of market rates), primarily represented by the net positive change in the fair value of CIU fund units for 7,3 million Euro.

Formation of net profit (loss) from financial activities

The Group's net profit from financial activities totalled 439,8 million Euro, compared to 385,6 million Euro at 30 September 2021 (+14,1%).

FORMATION OF NET PROFIT (LOSS) FROM FINANCIAL ACTIVITIES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net banking income	**488.692**	**445.925**	**42.767**	**9,6%**
Net credit risk losses/reversals	(48.874)	(60.343)	11.469	(19,0)%
Net profit (loss) from financial activities	**439.818**	**385.582**	**54.236**	**14,1%**

Net value adjustments for credit risk amounted to 48,9 million Euro at 30 September 2022, an improvement of 11,5 million Euro compared to the figure of 60,3 million Euro at 30 September 2021, which included adjustments of 17,0 million Euro on the Npl Segment recorded following a detailed analysis, at the time of the report, thereafter concluded at end 2021, also carried out in response to the Covid-19 pandemic, in terms of longer collection times mainly on positions characterised by higher vintage. This item includes the impact of the changes in estimated cash flows from the Npl Segment's receivables, which, pursuant to IFRS 9, are included within POCI ("Purchased or originated credit-impaired") loans. Further details of the different trends connected with the cost of reclassified loans are given in the section "Contribution of Segments to Group results".

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)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net profit (loss) from financial activities	**439.818**	**385.582**	**54.236**	**14,1%**
Operating costs	**(278.538)**	**(258.220)**	**(20.318)**	**7,9%**
Net allocations to provisions for risks and charges	(4.515)	(8.142)	3.627	(44,6)%
Value adjustments of goodwill	(762)	-	(762)	n.a.
Gains (Losses) on disposal of investments	304	-	304	n.a.
Pre-tax profit from continuing operations	**156.307**	**119.220**	**37.087**	**31,1%**
Income taxes for the period relating to continuing operations	(50.190)	(37.662)	(12.528)	33,3%
Profit for the period attributable to non-controlling interests	574	1.368	(794)	(58,0)%
Profit for the period attributable to the Parent company	**105.543**	**80.190**	**25.353**	**31,6%**

Operating costs totalled 278,5 million Euro, showing an increase on 30 September 2021 (+7,9%). The breakdown of these costs and their dynamics are shown in the table below.

OPERATING COSTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Administrative expenses:	282.769	265.384	17.385	6,6%
a) personnel expenses	*111.244*	*103.711*	*7.533*	*7,3%*
b) other administrative expenses	*171.525*	*161.673*	*9.852*	*6,1%*
Net impairment losses/reversals on property, plant and equipment and intangible assets	12.320	14.269	(1.949)	(13,7)%
Other operating income/expenses	(16.551)	(21.432)	4.881	(22,8)%
Operating costs	**278.538**	**258.220**	**20.318**	**7,9%**

Personnel expenses at 30 September 2022 amounted to 111,2 million Euro. The 7,3% increase compared to the figure at 30 September 2021 (of 103,7 million Euro) is attributable both to the different Group scope, linked to the acquisition of the former Aigis Banca business unit at the end of May 2021, and to higher variable remuneration, which had been reduced in 2021 due to the Covid-19 pandemic context.

Other administrative expenses, at 30 September 2022, which come to 171,5 million Euro rise by 6,1% on 30 September 2021. The increase is mainly attributable to consultancy costs, mainly related to the Group's various strategic projects launched during the year.

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Expenses for professional services	**88.251**	**78.674**	**9.577**	**12,2%**
Legal and consulting services	59.611	53.315	6.296	11,8%
Fees to auditing firms	847	650	197	30,3%
Outsourced services	27.793	24.709	3.084	12,5%
Direct and indirect taxes	**30.738**	**28.995**	**1.743**	**6,0%**
Expenses for purchasing goods and other services	**52.536**	**54.004**	**(1.468)**	**(2,7)%**
Software assistance and hire	14.096	13.288	808	6,1%
Advertising and inserts	7.295	5.851	1.444	24,7%
Customer information	6.380	11.299	(4.919)	(43,5)%
FITD and Single Resolution Fund	4.650	4.423	227	5,1%
Property expenses	4.573	4.613	(40)	(0,9)%
Postage and archiving of documents	3.489	2.904	585	20,1%
Securitisation costs	3.059	2.859	200	7,0%
Telephone and data transmission expenses	2.796	2.909	(113)	(3,9)%
Car fleet management and maintenance	1.912	1.637	275	16,8%
Business trips and transfers	1.040	735	305	41,5%
Other sundry expenses	3.245	3.486	(241)	(6,9)%
Total other administrative expenses	**171.525**	**161.673**	**9.852**	**6,1%**

The sub-item “Legal and consulting services” comes to 59,6 million Euro during the first nine months of 2022, up 11,8% 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, completed in April 2022, please refer to section “Significant events occurred in the period”).

“Direct and indirect taxes” come to 30,7 million Euro as compared with 29,0 million Euro at 30 September 2021, rising by 6,0%. The item mainly consists of the registration tax incurred for the judicial recovery of receivables belonging to the Npl Segment for an amount of 20,8 million Euro at 30 September 2022 up on the figure for the same period of last year (+10,1%), and also includes costs for stamp duty for 9,1 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 52,5 million Euro, down 2,7% from the 54,0 million Euro at 30 September 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 13,3 million Euro at 30 September 2021 to 14,1 million Euro at 30 September 2022 (+6,1%) mainly following the projects for the digitisation and technological innovation of the Banca Ifis Group;
- costs for advertising and inserts, up from the figure of 5,9 million Euro for 30 September 2021 to 7,3 million Euro for the first nine months of 2022, mainly due to the Group's increased promotional and event

organisation activities, in respect of which FY 2021 was still characterised by limitations related to the particular social and health context;
- contribution to the FITD and Single Resolution FITD Fund that at 30 September 2022 amounted to 4,7 million Euro, essentially in line with the September 2021 figure;
- customer information expenses, amounting to 6,4 million Euro, decreased by 43,5% due to a review of the underlying contracts with the main suppliers and 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;
- document shipping and archiving expenses, which are up 20,2% compared to September 2021 mainly due to the start of archiving activities for the Npl portfolio acquired from Cerberus at the end of November 2021;
- securitisation expenses of 3,1 million Euro at 30 September 2022 and substantially in line with the figure for the same period last year.

Other net operating income amounted to 16,5 million Euro at 30 September 2022, a decrease compared to the figure of 21,4 million Euro for the same period of the previous year, which included the positive difference of 3,4 million Euro that emerged when provisionally allocating the purchase price of the former Aigis Banca business unit. 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 provisions for risks and charges came to 4,5 million Euro, an improvement compared to the negative balance of 8,1 million Euro at 30 September 2021, mainly due to the 5,7 million Euro reversal recorded in the first nine months of 2022 on the provisions for risks related to the GACS credit sale transaction.

The following are also pointed out:

- the complete write-down of 762 thousand Euro of the goodwill allocated to the Polish subsidiary Ifis Finance Sp z o.o., recorded in the item “Value adjustments of goodwill” (for more details see the paragraph “Risks and uncertainties linked to the use of estimates” in the section “Accounting Policies”);
- the net effects of the sale of the subsidiary Ifis Real Estate and the reorganisation of the ownership structure of Banca Credifarma, which impacted the item “Gains (losses) on disposal of investments”.

Pre-tax profit from continuing operations amounted to 156,3 million Euro, up 31,1% compared to 30 September 2021.

Income tax at 30 September 2022 comes to 50,2 million Euro and the tax rate is 32,11%, essentially in line with the 31,59% of the same period of last year.

The profit attributable to the Parent company amounted to 105,5 million Euro, up 25,4 million Euro on the same period of 2021.

Significant events occurred in the period

The Banca Ifis Group transparently and promptly discloses information to the market, constantly publishing information on significant events through press releases. Please visit the “Press Releases” subsection of the “Investor Relations” section 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.

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 Liquidity Funding Plan 2022 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.

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).

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.

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., for which authorisation had been received from the Bank of Italy on 21 February 2022, was completed. Thanks to this operation, Banca Credifarma was born: the first specialised pole leader in financial services to pharmacies. The integration represented 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.

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 19,3 million 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.

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 Remuneration Policy and compensation 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.

Sale of Ifis Real Estate S.p.A.

On 11 May 2022, Ifis Npl Servicing S.p.A.'s 100% stake in Ifis Real Estate S.p.A. was sold in its entirety to Resolute Asset Management Italy S.r.l. and, on the same date, Ifis Real Estate S.p.A. changed its name to Rebuild S.p.A, leaving the perimeter of the Banca Ifis Group's investee companies.

Conclusion of the Supervisory Review and Evaluation Process (SREP) by the Bank of Italy

On 23 May 2022, the Bank of Italy received notification of the conclusion of the periodic prudential review process ('SREP decision') conducted on the Banca Ifis Group. The Bank of Italy has identified the following capital requirements (equal to the sum of the Overall Capital Requirement and Pillar 2 Guidance) for 2022 on a consolidated basis:

- CET1 Ratio: 8,65%;
- Tier 1 Ratio: 10,50%;
- Total Capital Ratio: 12,90%.

The above capital requirements include the Target component of the Pillar 2 Guidance of 0,75%.

Subsequent events

No significant events occurred between the end of the reporting period and the preparation of the Consolidated Interim Report, other than those already considered in preparing them.

It should be noted that the macroeconomic and geopolitical trend recorded in the first nine months of 2022 is continuing. In October 2022, the national consumer price index rose by 3,5% on a monthly basis and 11,9% year-on-year (from +8,9% in the previous month) due to the strong increase in energy commodities but also the food component, which accelerated to +5,3% year-on-year.

To stop inflationary growth, the European Central Bank (ECB) decided on 27 October to raise interest rates on refinancing operations by 75 basis points to 2%.

Geopolitical tensions in Russia and Ukraine remain high, with the constant risk of further escalation. To date, there have been no negotiations that would presage an end to the war in the short term.

It is very likely that high inflation, the turnaround in monetary policy, the effects of the continuing conflict in Ukraine and the slowdown of the Chinese economy will lead to a further economic slowdown in the coming quarters.

Venice - Mestre, 10 November 2022

For the Board of Directors

The CEO

Frederik Herman Geertman

2022 Interim Dividend Distribution Report

Directors’ Report on the distribution of an interim dividend pursuant to Article 2433-bis of the Italian Civil Code

Considerations on the distribution of dividends

This report is presented in order to approve the distribution of interim dividends on 2022 pursuant to art. 2433-bis of the Italian Civil Code.

Article 2433-bis of the Italian Civil Code provides that the distribution of interim dividends is permitted to companies whose financial statements are subject to statutory audits, if such distribution is provided for by the Articles of Association and in the presence of a positive opinion on the previous year’s financial statements by the entity entrusted with the statutory audit and its approval by the competent bodies. It is also established that the distribution of interim dividends is not permitted when the last approved financial statements show losses for the year or previous years.

In addition, the distribution must be approved by the Board of Directors on the basis of a statement of accounts and a directors' report showing that the company's equity, economic and financial situation permits the distribution. The opinion of the statutory auditor must be obtained on these documents.

With regard to the quantification of the amount of the interim dividend, the legislation provides that the distribution may not exceed the lesser of the amount of profits earned since the end of the previous financial year, less the portions that must be allocated to reserves by legal or statutory obligation, and the amount of available reserves.

The Banca Ifis Group, in compliance with these provisions of the Supervisory Authority and in line with the 2022-2024 Business Plan, approved by the board of directors on 10 February 2022, envisages the payment, out of the 2022 results, of an amount of cash dividends corresponding to a payout ratio of approximately 50% of consolidated net profit.

Banca Ifis S.p.A meets all the requirements of the aforementioned article of the Italian Civil Code for the exercise of the right to pay an interim dividend for the current year.

In particular, it should be noted that the financial statements of Banca Ifis at 31 December 2021:

- did not show any losses for the year or previous years;
- were audited by EY S.p.A., which issued a positive opinion on 31 March 2022;
- were approved by the Shareholders’ Meeting on 28 April 2022.

In addition, Article 24 of Banca Ifis' Articles of Association establishes that the Board of Directors may approve the distribution of interim dividends.

Banca Ifis has determined the distribution of the interim dividend on the basis of the financial statements at 30 September 2022 prepared in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards - IFRS endorsed by the European Union (IFRS-EU) used in the preparation of the financial statements at 31 December 2021, to which we refer for a more complete presentation.

The Statements consist of the Balance Sheet at 30 September 2022, the Income Statement for the period from 1 January 2022 to 30 September 2022, the Statement of Comprehensive Income for the same period, the

Statement of Changes in Equity for the period from 1 January 2022 to 30 September 2022 and the Statement of Cash Flows for the period from 1 January 2022 to 30 September 2022.

In determining the available profit for the period, and thus the distributable retainer, all items that, in accordance with the regulations in force, contribute to this determination have been taken into account.

A summary of the relevant data for determining the distributable advance is shown in the following table:

Banca Ifis S.p.A. - Item description	30.09.2022
Period profit (1 January 2022 - 30 September 2022)	64.302
Share of profit for the period to be allocated to the legal reserve (1)	-
Available period profit	64.302
Available reserves	1.178.009
Distributable interim dividend (Art. 2433-bis, para. 4, Italian Civil Code)	64.302
Proposed interim dividend (2)	52.433
Proposed interim dividend per outstanding share (net of treasury shares)	1

(1) The legal reserve, amounting to 10,8 million Euro at 30 September 2022, represents 20,0% of the share capital.
(2) The amount of the proposed advance payment was defined on the basis of a pay-out ratio of approximately 50% of the consolidated profit for the period, pertaining to the Parent Company.

Therefore, pursuant to Article 2433-bis, paragraph 4 of the Italian Civil Code, the maximum amount distributable as an interim dividend would be 64,3 million Euro.

The amount of the proposed 2022 interim dividend is 52.433.114 Euro and was determined based on a pay out ratio of approximately 50% of consolidated profit as defined in the 2022-2024 Business Plan approved on 10 February 2022 by the Board of Directors of Banca Ifis.

The interim payment of 1 Euro (gross of legal withholdings) per share shall be allocated to each of the 52.433.114 issued and outstanding shares constituting the share capital of Banca Ifis net of treasury shares amounting to 1.377.981 shares. Naturally, should the total number of outstanding Banca Ifis shares change, the total amount of the interim dividend will remain unchanged and the unit amount will be automatically adjusted to the new number of outstanding shares. The interim dividend 2022 will be paid with ex-dividend no. 26 dated 21 November 2022, record date of 22 November and payment date of 23 November 2022.

Against the distribution of the above interim dividend, the capital ratios of both the Bank and the Group remain well above the required minimum levels. The ratios at the reporting date are shown below.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	BALANCES 30.09.2022	
	Banca Ifis Group	Banca Ifis
Common Equity Tier 1 Capital (CET1)	1.509.850	1.262.277
Tier 1 Capital (T1)	1.510.777	1.262.277
Total Own funds	**1.912.012**	**1.662.277**
Total RWAs	**9.331.009**	**7.558.955**
CET1 Ratio	16,18%	16,70%
Tier 1 Ratio	16,19%	16,70%
Total Capital Ratio	**20,49%**	**21,99%**

CET1, Tier 1 and Total Capital at 30 September 2022 include the profits generated in the first nine months of 2022, net of the interim dividend. The generated profits allocated to Own funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

General aspects

To allow a more immediate reading of the results, a condensed reclassified income statement is prepared within this document. To allow for a homogeneous comparison, economic data referring to previous periods are normally restated, where necessary and material. Reclassifications and aggregations of the income statement concern the following:

- net provisions for risks and charges are excluded from the calculation of “Operating costs”;
- the following is included under the single item “Net write-offs/write-backs for credit risk”:
    - net adjustments/reversals for credit risk relating to financial assets measured at amortised cost and to financial assets measured at fair value through other comprehensive income;
    - net provisions for risks and charges for credit risk relating to commitments and guarantees issued;

The balance sheet components were aggregated without reclassification.

Balance sheet aggregates of Banca Ifis S.p.A.

Pursuant to Article 2433-bis, paragraph 5, of the Italian Civil Code, an accounting statement was prepared at 30 September 2022 showing a net profit of 64,3 million Euro. The main balance sheet aggregates of Banca Ifis at 30 September 2022 are set out below.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Cash and cash equivalents	58.383	86.518	(28.135)	(32,5)%
Financial assets mandatorily measured at fair value through profit or loss	133.306	135.760	(2.454)	(1,8)%
Financial assets measured at fair value through other comprehensive income	587.981	614.008	(26.027)	(4,2)%
Receivables due from banks measured at amortised cost	739.366	560.254	179.112	32,0%
Receivables due from customers measured at amortised cost	8.239.614	9.012.107	(772.493)	(8,6)%
Equity investments	664.009	650.540	13.469	2,1%
Property, plant and equipment and intangible assets	144.570	136.051	8.519	6,3%
Tax assets	322.430	304.727	17.703	5,8%
Other assets	460.347	508.912	(48.565)	(9,5)%
Total assets	**11.350.006**	**12.008.877**	**(658.871)**	**(5,5)%**
Payables due to banks	2.547.661	2.736.860	(189.199)	(6,9)%
Payables due to customers	5.973.551	6.420.164	(446.613)	(7,0)%
Debt securities issued	1.053.381	1.056.987	(3.606)	(0,3)%
Tax liabilities	37.974	36.084	1.890	5,2%
Provisions for risks and charges	57.589	62.191	(4.602)	(7,4)%
Other liabilities	355.134	332.029	23.105	7,0%
Equity	1.324.716	1.364.562	(39.846)	(2,9)%
Total liabilities and equity	**11.350.006**	**12.008.877**	**(658.871)**	**(5,5)%**

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 at 30 September 2022 amounts to 58,4 million Euro. However, considering this, in an overall view, cash and cash equivalents and loans to banks increased by 23,3% in relation to the seasonality of the factoring component.

Financial assets mandatorily measured at fair value through profit or loss

Other financial assets mandatorily measured at fair value through profit or loss total 133,3 million Euro at 30 September 2022. This item consists of loans and debt securities that did not pass the SPPI test, equity securities from minority shares and CIU units. The item remains substantially in line with the figure at 31 December 2021 (-1,8%) as a result of the combined effect recorded on the one hand from the closure of loans at fair value during the period, offset by new transactions in both equity and debt securities during the period.

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Debt securities	14.765	13.550	1.215	9,0%
Equity securities	33.495	26.466	7.029	26,6%
CIU units	67.688	72.515	(4.827)	(6,7)%
Loans	17.358	23.229	(5.871)	(25,3)%
Total	**133.306**	**135.760**	**(2.454)**	**(1,8)%**

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income amounted to 588,0 million Euro at 30 September 2022, down 4,2% compared to the figure at December 2021, mainly as a result of the rise in interest rates, which, for the same coupon yield, reduced the fair value of debt securities. They include debt securities characterised by a Held to Collect & Sell (HTC&S) type business model, 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		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Debt securities	484.749	515.277	(30.528)	(5,9)%
Equity securities	103.232	98.731	4.501	4,6%
Total	**587.981**	**614.008**	**(26.027)**	**(4,2)%**

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amounted to 8.239,6 million Euro, down by 8,6% on 31 December 2021. The item includes debt securities for 1,8 billion Euro (2,0 billion at 31 December 2021). In particular, the component referring to government bonds records a decrease of 216,3 million Euro, due to the normal reaching of maturity, in the amount of 592,9 million Euro, only partially offset by new investments in the amount of 376,6 million Euro. In addition, loans to customers recorded a decrease of 7,4% compared to 31 December 2021, mainly concentrated in the Factoring Area influenced by the seasonality of the business and by a revision of the strategic approach of the area, particularly of the DPA product towards the National Health System (NHS) with a view to optimising the non-performing past due exposures arising from this segment. Finally, while the Corporate Banking & Lending Segment grew slightly, Leasing remained broadly in line with the 31 December 2021 figure.

Credit quality item 40 customers

(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 30.09.2022						
Nominal amount	127.657	188.275	182.562	**498.494**	8.014.598	**8.513.092**
Impairment losses	(97.063)	(81.392)	(9.679)	**(188.134)**	(85.344)	**(273.478)**
Carrying amount	30.594	106.883	172.883	**310.360**	7.929.254	**8.239.614**
Coverage ratio	*(76,0)%*	*(43,2)%*	*(5,3)%*	***(37,7)%***	*(1,1)%*	***(3,2)%***
POSITION AT 31.12.2021						
Nominal amount	128.116	204.546	120.240	**452.902**	8.817.116	**9.270.018**
Impairment losses	(90.242)	(87.714)	(5.864)	**(183.820)**	(74.091)	**(257.911)**
Carrying amount	37.874	116.832	114.376	**269.082**	8.743.025	**9.012.107**
Coverage ratio	*(70,4)%*	*(42,9)%*	*(4,9)%*	***(40,6)%***	*(0,8)%*	***(2,8)%***

Impaired loans recorded an increase of 15,3% compared to 31 December 2021 as a result of an increase of approximately 58,4 million Euro in the non-performing past due exposures component mainly concerning the ATD factoring unit and in particular concentrated in exposures to the National Health System (NHS). It should also be recalled that during the first half of 2022, in-depth studies and analyses were completed on issues related to the assessment of the new rules on the "Classification in Default of Counterparties" ("New DoD") and the impact of the ruling that had declared the extension of the execution freeze against the NHS to be constitutionally unlawful. As from 30 June 2022, the New DoD's day-counting-only criterion for the identification of exposures in default was also applied to exposures to NHS entities.

Intangible assets and property, plant and equipment

Intangible assets came to 19,9 million Euro, slightly up (+2,4%) on the figure recorded at 31 December 2021. The item refers entirely to software.

Property, plant and equipment amounted to 124,6 million Euro, up 6,9% from 116,6 million Euro at 31 December 2021. This increase is attributable to the signing of new lease agreements in the first nine months of 2022 and relating to buildings of Group headquarters (which, falling within the scope of IFRS 16, resulted in the asset being recognised as a balance sheet asset).

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Tax assets totalled 322,4 million Euro, up 5,8% from 31 December 2021.

Current tax assets amounted to 31,9 million Euro, down on the figure at 31 December 2021 (-5,9%).

Prepaid tax assets come to 290,5 million Euro as compared with 270,8 million Euro at 31 December 2021 and mainly comprise 199,6 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 (39,1 million Euro at 31 December 2021).

Tax liabilities totalled 38,0 million Euro, up 5,2% from 31 December 2021, equal to 36,1 million Euro.

Current tax liabilities, amounting to 4,6 million Euro, represent the tax liability for the period, an increase of 803 thousand Euro on the 3,8 million Euro as of 31 December 2021 (fully settled in the first half of 2022).

Deferred tax liabilities, totalling 33,4 million Euro, are up by 1,1 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, 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).

Other assets

Other assets, of 460,3 million Euro as compared to a balance of 508,9 million Euro at 31 December 2021, mainly include:

- financial assets held for trading amounting to 9,2 million Euro (an increase compared to the figure of 4,3 million Euro at 31 December 2021), referring for 4,5 million Euro to derivative transactions mainly hedged by specular positions recorded under financial liabilities held for trading and 4,6 million Euro from securities included in the Bank's trading portfolio (up from the balance of 1,5 million Euro at 31 December 2021 mainly due to the investments made during the period on equity securities in the banking segment);
- other assets for 451,2 million Euro (504,6 million Euro at 31 December 2021, -10,6%), of which 261,5 million Euro relate to tax credits for superbonuses and other construction tax bonuses (with a nominal amount of 298,5 million Euro). It should be noted that the balance at 31 December 2021 included a receivable from the tax consolidating company La Scogliera in the amount of 20,6 million Euro, almost fully collected in the first half of 2022.

Funding

Total funding at 30 September 2022 was 9.574,6 million Euro, down (-6,3%) from 31 December 2021. Amounts due to customers continue to represent the majority of funding at 62,4% (62,9% at 31 December 2021), followed by amounts due to banks at 26,6% (26,8% at 31 December 2021), and securities issued at 11,0% (10,3% at 31 December 2021).

Amounts due to customers were 5.973,6 million Euro at 30 September 2022, down by 7,0% compared to 31 December 2021, in connection with certain action taken to optimise the position, particularly in retail funding (-4,7%) against the seasonal decrease in average loans.

Payables to banks amounted to 2.547,7 million Euro, down 6,9% compared to the figure for December 2021 due to less recourse to short-term payables both to Central Banks and via repurchase agreements.

Debt securities issued were stable, amounting to 1.053,4 million Euro at 30 September 2022.

Provisions for risks and charges

Provisions for liabilities and charges amounted to 57,6 million Euro at 30 September 2022 and were broken down as follows:

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2022	31.12.2021	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	17.362	11.632	5.730	49,3%
Legal disputes	31.081	33.542	(2.461)	(7,3)%
Personnel charges	2.565	3.659	(1.094)	(29,9)%
Other provisions	6.581	13.358	(6.777)	(50,7)%
Total provisions for risks and charges	**57.589**	**62.191**	**(4.602)**	**(7,4)%**

The reduction of 4,6 million Euro on the figure at 31 December 2021 is attributable, on the one hand, to the release of 5,6 million Euro of the component related to the GACS implemented in November 2020, due to the expiry (May 2022) of the deadline for the submission of claims related to the transaction, and on the other hand, to an individually significant release that occurred as a result of a legal settlement, only partially offset by the provision to the FITD (Fondo Interbancario di Tutela dei Depositi).

Other liabilities

Other liabilities amounted to 355,1 million Euro at 30 September 2022, up 7,0% from 332,0 million Euro at 31 December 2021. They are made up of:

- trading derivatives in the amount of 25,7 million Euro (6,0 million Euro at 31 December 2021); these are essentially mirror transactions of those on the assets side, and also in this case the growth compared to 31 December 2021 is attributable to interest rate trends;
- 5,6 million Euro liabilities for post-employment benefits (6,4 million Euro at 31 December 2021);
- 323,8 million Euro for other liabilities (319,6 million Euro at 31 December 2021), largely referred to amounts due to customers that have not yet been credited (140,6 million Euro) as well as operating payables for 84,4 million Euro.

Economic aggregates of Banca Ifis S.p.A.

For ease of reading, a reclassified income statement is presented below.

(in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	164.729	148.864	15.865	10,7%
Net commission income	58.417	56.334	2.083	3,7%
Other components of net banking income	44.070	18.405	25.665	139,4%
Net banking income	**267.216**	**223.603**	**43.613**	**19,5%**
Net credit risk losses/reversals	(46.198)	(41.188)	(5.010)	12,2%
Net profit (loss) from financial activities	**221.018**	**182.415**	**38.603**	**21,2%**
Administrative expenses:	(164.463)	(153.319)	(11.144)	7,3%
a) personnel expenses	(83.603)	(77.546)	(6.057)	7,8%
b) other administrative expenses	(80.860)	(75.773)	(5.087)	6,7%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(10.740)	(12.484)	1.744	(14,0)%
Other operating income/expenses	25.818	26.675	(857)	(3,2)%
Operating costs	**(149.385)**	**(139.128)**	**(10.257)**	**7,4%**
Net allocations to provisions for risks and charges	(2.978)	(7.589)	4.611	(60,8)%
Profit (loss) on equity investments	(1.451)	-	(1.451)	n.a.
Pre-tax profit (loss) for the period from continuing operations	**67.204**	**35.698**	**31.506**	**88,3%**
Income taxes for the period relating to continuing operations	(2.902)	2.726	(5.628)	(206,5)%
Profit (loss) for the period	**64.302**	**38.424**	**25.878**	**67,3%**

Formation of net banking income

Net banking income totalled 267,2 million Euro, up 19,5% from 223,6 million Euro at 30 September 2021.

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

NET BANKING INCOME (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net interest income	164.729	148.864	15.865	10,7%
Net commission income	58.417	56.334	2.083	3,7%
Other components of net banking income	44.070	18.405	25.665	139,4%
Net banking income	**267.216**	**223.603**	**43.613**	**19,5%**

Net interest income increased by 10,7%, going from 148,9 million Euro at 30 September 2021 to 164,7 million Euro at 30 September 2022. Net interest income increased compared to September 2021 by a total of 15,9 million Euro, mainly due to the contribution of the Factoring Area, following a growth in average underlying loans, and to the contribution of the Proprietary Finance unit due to the "Inflation Linked" component of securities in the portfolio. This margin also benefited from a reduction in the cost of funding of around 9,8 million Euro, mainly due to the effect of the reduction in the average assets under management of retail funding and lower average rates compared to the same period last year (1,22% at 30 September 2022 compared to 1,36% at 30 September 2021), as well as the lower cost of securitisations following their renegotiation in the second half of 2021.

The positive effects mentioned above more than offset the lower contribution of the PPA, the effect of which in the first nine months amounted to 9,3 million Euro, down sharply compared to the balance of 21,5 million Euro in the first nine months 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 commissions amounted to 58,4 million Euro, up 3,7% compared to the figure at 30 September 2021: an improvement in the contribution from commission income, which benefited from the upward trend in receivables managed within the Factoring Area.

Commission income amounted to 66,3 million Euro, up from 62,9 million Euro on 30 September 2021 due to the contribution from the factoring area.

Commission expense, totalling 7,9 million Euro compared to 6,6 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 increase of 25,7 million Euro compared to the first 9 months of 2021 in the other components of net banking income was mainly attributable to the receipt of the 40 million Euro dividend from the subsidiary Ifis Npl Investing S.p.A., and partially offset by higher net trading losses of 16,1 million Euro. The latter are essentially related to derivative financial instruments used for management hedging of speculative transactions carried out by subsidiaries.

Formation of net profit (loss) from financial activities

The net profit from financial activities totalled 221,0 million Euro, compared to 182,4 million Euro at 30 September 2021 (+21,2%).

FORMATION OF NET PROFIT (LOSS) FROM FINANCIAL ACTIVITIES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net banking income	**267.216**	**223.603**	**43.613**	**19,5%**
Net credit risk losses/reversals	(46.198)	(41.188)	(5.010)	12,2%
Net profit (loss) from financial activities	**221.018**	**182.415**	**38.603**	**21,2%**

Net credit risk losses totalled 46,2 million Euro at 30 September 2022, up 5,0 million Euro on the 41,2 million Euro at 30 September 2021. The change in adjustments was mainly due to additional write-downs on commercial exposures with a higher vintage, as well as to provisions made on individual impaired positions belonging to the SME segment that are most affected by the current macroeconomic context.

Formation of net profit for the period

Operating costs totalled 149,4 million Euro at 30 September 2022, showing an increase on 30 September 2021 (+7,4%).

OPERATING COSTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Administrative expenses:	(164.463)	(153.319)	(11.144)	7,3%
a) personnel expenses	*(83.603)*	*(77.546)*	*(6.057)*	*7,8%*
b) other administrative expenses	*(80.860)*	*(75.773)*	*(5.087)*	*6,7%*
Net impairment losses/reversals on property, plant and equipment and intangible assets	(10.740)	(12.484)	1.744	(14,0)%
Other operating income/expenses	25.818	26.675	(857)	(3,2)%
Operating costs	**(149.385)**	**(139.128)**	**(10.257)**	**7,4%**

Personnel expenses at 30 September 2022 amounted to 83,6 million Euro. The increase compared to the figure at 30 September 2021 is attributable to both higher variable remuneration, which had been reduced in 2021 due to the Covid-19 pandemic context, and to the increase in resources in force at the reporting date (2021 saw the consolidation of the former Aigis Banca business unit only as of May 2021).

Other administrative expenses, at 30 September 2022, which come to 80,9 million Euro, rise by 6,7% on 30 September 2021. The increase is attributable to consultancy and advertising and marketing costs, related to the Group's various strategic projects.

Other net operating expense amounted to 25,8 million Euro at 30 September 2022, a decrease compared to the figure of 26,7 million Euro for the same period of the previous year, which included the positive difference of 3,4 million Euro that emerged when provisionally allocating the purchase price of the former Aigis Banca business unit. The item referred mainly to revenue from the recovery of expenses charged to third parties and Group companies. 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.

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

FORMATION OF NET PROFIT (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2022	2021	ABSOLUTE	%
Net profit (loss) from financial activities	**221.018**	**182.415**	**38.603**	**21,2%**
Operating costs	**(149.385)**	**(139.128)**	**(10.257)**	**7,4%**
Net allocations to provisions for risks and charges	(2.978)	(7.589)	4.611	(60,8)%
Profit (loss) on equity investments	(1.451)	-	(1.451)	n.a.
Pre-tax profit from continuing operations	**67.204**	**35.698**	**31.506**	**88,3%**
Income taxes for the period relating to continuing operations	(2.902)	2.726	(5.628)	(206,5)%
Profit for the period	**64.302**	**38.424**	**25.878**	**67,3%**

Net provisions for risks and charges showed a balance of 3,0 million Euro at end September 2022, down on the 7,6 million Euro at 30 September 2021, mainly due to the 5,6 million Euro reversal recorded in the first half of 2022 on the provisions for risks related to the GACS credit sale transaction.

Risk control

Information on the role played by Banca Ifis in ensuring effective and efficient risk management at Group level can be found in the corresponding section of the Notes to the Condensed Half-Year Financial Statements, to which reference is made.

With regard to credit risk, some prudential adjustments were introduced in 2022 to take into account the macroeconomic implications of the Russia-Ukraine conflict, the inflationary scenario and the slowdown in economic growth, which were not captured by the current modelling.

With reference to operational and reputational risks, please refer to the information published in the Condensed Half-Year Financial Statements in which the management, measurement and control processes in force at the Parent company and the other Group companies are illustrated, as well as the main projects underway.

With regard to market risks, and in particular the trading portfolio, the activity is constantly monitored by the risk control function. It should be noted, however, that the associated risks, measured in terms of RWA, are quite marginal compared to other first-pillar risks. The controls carried out for management monitoring purposes are also extended to part of the banking book, in order to have a complete and prudent view of the Bank's risks.

Finally, with regard to liquidity risk, the frequency of technical committees was increased in 2022 in order to intercept and monitor changes in the reference scenario in a timely manner.

Significant events after 30 September 2022

Subsequent to 30 September 2022, no events occurred that would negatively affect the Bank's Statement of Financial Position at 30 September 2022 or the Group's Consolidated Interim Report at 30 September 2022.

As also indicated in the previous section "Subsequent events" of the Consolidated Interim Report on Operations for the nine months ended 30 September 2022, the macroeconomic and geopolitical trends recorded in the first nine months of 2022 are continuing. In October 2022, the national consumer price index rose by 3,5% on a monthly basis and 11,9% year-on-year (from +8,9% in the previous month) due to the strong increase in energy commodity prices but also the food component, which accelerated to +5,3% year-on-year.

To stop inflationary growth, the European Central Bank decided on 27 October 2022 to raise interest rates on refinancing operations by 75 basis points to 2%.

Geopolitical tensions in Russia and Ukraine remain high, with the constant risk of further escalation. To date, there have been no negotiations that would presage an end to the war in the short term.

It is very likely that high inflation, the turnaround in monetary policy, the effects of the continuing conflict in Ukraine, and the slowdown of the Chinese economy will lead to a further economic slowdown in the coming quarters.

In light of the above, Banca Ifis is deemed to be able to close FY 2022 with a result in line with the target set for the first year in the 2022-2024 Business Plan and with capital requirements well above the minimum requirements.

Information on the economic outlook and business outlook

On the basis of the information in our possession at the date of this Report and given the current macroeconomic situation of the markets, both national and supranational, we believe that the Banca Ifis Group is able to close FY 2022 with a net result of approximately 120 million Euro, in line with the target for the first year of the 2022-2024 Business Plan, approved by the Banca Ifis S.p.A. Board of Directors on 10 February 2022.

As far as the Bank is concerned, the net result for FY 2022 is expected to be higher than in the first nine months of the year.

In terms of the potential achievement of the consolidated net result expected in the first year of the above-mentioned 2022-2024 Business Plan, the main implications arising from the current macroeconomic context were also considered, both as regards rising interest rates and the possible effects of rising inflation and the economic slowdown experienced in Europe and the potential implications related to the Npl business arising from the regulatory change related to the raising of the minimum threshold for the attachment of pensions. There is no evidence to suggest any significant changes in the Group's main economic figures such as to alter the trends that have occurred to date and to an extent that would not allow the Banca Ifis Group to achieve the net result at the end of the year.

In consideration of the foregoing, subject to the effects of any exceptional events or dependent on variables essentially beyond the Bank's control (which cannot be hypothesised to date), it is expected at year-end, both at a consolidated and individual level, that own funds shall be well in excess of the minimum capital requirements imposed by current regulations and by the Supervisory Authority.

With regard to the Group's dividend distribution based on the 2022 results, in line with the 2022-2024 Business Plan, the distribution of an amount of cash dividends corresponding to a payout ratio of approximately 50% of the consolidated net profit is envisaged, in respect of which the Board of Directors today resolved to pay an interim dividend of 52,4 million Euro on 23 November 2022.

Venice - Mestre, 10 November 2022

For the Board of Directors

The CEO

Frederik Herman Geertman

It should be noted that during the meeting of the Board of Directors held on 10 November 2022, after the approval of this document, the auditing firm EY S.p.A. issued its regulatory opinion.

Financial statements of Banca Ifis prepared in accordance with Article 2433-bis of the Italian Civil Code

Statement of financial position

	ASSETS (in Euro)	30.09.2022	31.12.2021
10.	Cash and cash equivalents	58.382.582	86.518.994
20.	Financial assets measured at fair value through profit or loss	142.475.548	140.052.074
	a) financial assets held for trading	9.169.610	4.291.497
	c) other financial assets mandatorily measured at fair value	133.305.938	135.760.577
30.	Financial assets measured at fair value through other comprehensive income	587.980.900	614.008.209
40.	Financial assets measured at amortised cost	8.978.979.775	9.572.361.034
	a) receivables due from banks	739.365.654	560.254.428
	b) receivables due from customers	8.239.614.120	9.012.106.606
70.	Equity investments	664.008.572	650.539.927
80.	Property, plant and equipment	124.629.690	116.577.830
90.	Intangible assets	19.940.119	19.474.531
	of which:		
	- goodwill	-	-
100.	Tax assets:	322.430.807	304.727.188
	a) current	31.882.344	33.884.484
	b) prepaid	290.548.463	270.842.704
120.	Other assets	451.176.905	504.617.526
	Total assets	**11.350.004.898**	**12.008.877.313**

	LIABILITIES AND EQUITY (in Euro)	30.09.2022	31.12.2021
10.	Financial liabilities measured at amortised cost	9.574.592.849	10.214.011.441
	a) payables due to banks	2.547.661.190	2.736.859.474
	b) payables due to customers	5.973.550.796	6.420.164.639
	c) debt securities issued	1.053.380.864	1.056.987.328
20.	Financial liabilities held for trading	25.670.290	5.991.887
60.	Tax liabilities:	37.974.805	36.083.717
	a) current	4.607.368	3.803.952
	b) deferred	33.367.437	32.279.765
80.	Other liabilities	323.811.814	319.617.294
90.	Post-employment benefits	5.649.434	6.419.009
100.	Provisions for risks and charges:	57.589.290	62.191.161
	a) commitments and guarantees granted	17.362.107	11.632.319
	c) other provisions for risks and charges	40.227.183	50.558.842
110.	Valuation reserves	(53.913.712)	(16.581.115)
140.	Reserves	1.200.433.625	1.170.739.247
150.	Share premiums	82.187.024	102.972.388
160.	Share capital	53.811.095	53.811.095
170.	Treasury shares (-)	(22.104.058)	(2.846.521)
180.	Profit (loss) for the period (+/-)	64.302.442	56.467.710
	Total liabilities and equity	**11.350.004.898**	**12.008.877.313**

Income Statement

	ITEMS (in Euro)	30.09.2022	30.09.2021
10.	Interest receivable and similar income	239.506.886	233.435.103
	of which: interest income calculated using the effective interest	*236.543.386*	*229.663.933*
20.	Interest due and similar expenses	(74.777.611)	(84.572.420)
30.	**Net interest income**	**164.729.275**	**148.862.683**
40.	Commission income	66.285.332	62.937.711
50.	Commission expense	(7.868.151)	(6.604.484)
60.	**Net commission income**	**58.417.181**	**56.333.227**
70.	Dividends and similar income	49.040.340	6.781.993
80.	Net profit (loss) from trading	(16.994.868)	(887.636)
100.	Profit (loss) from sale or buyback of:	4.756.148	8.079.310
	a) financial assets measured at amortised cost	4.849.933	4.135.694
	b) financial assets measured at fair value through comprehensive income	(87.666)	3.957.643
	c) financial liabilities	(6.120)	(14.027)
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	7.269.396	7.737.344
	b) other financial assets mandatorily measured at fair value	7.269.396	7.737.344
120.	**Net banking income**	**267.217.471**	**226.906.921**
130.	Net credit risk losses/reversals on:	(46.912.354)	(43.148.952)
	a) financial assets measured at amortised cost	(46.225.865)	(43.173.835)
	b) financial assets measured at fair value through comprehensive income	(686.489)	24.883
150.	**Net profit (loss) from financial activities**	**220.305.118**	**183.757.969**
160.	Administrative expenses:	(164.463.150)	(153.318.401)
	a) personnel expenses	(83.603.656)	(77.545.585)
	b) other administrative expenses	(80.859.494)	(75.772.816)
170.	Net allocations to provisions for risks and charges	(2.263.304)	(8.934.723)
	a) commitments and guarantees granted	(7.348.777)	(6.845.348)
	b) other net allocations	5.085.473	(2.089.375)
180.	Net impairment losses/reversals on property, plant and	(5.879.508)	(6.649.213)
190.	Net impairment losses/reversals on intangible assets	(4.860.322)	(5.834.815)
200.	Other operating income/expenses	25.816.483	26.676.452
210.	**Operating costs**	**(151.649.801)**	**(148.060.700)**
220.	Profit (loss) on equity investments	(1.450.914)	100
260.	**Pre-tax profit (loss) for the period from continuing operations**	**67.204.402**	**35.697.370**
270.	Income taxes for the period relating to continuing operations	(2.901.960)	2.726.000
280.	**Profit (loss) from continuing operations, net of taxes**	**64.302.442**	**38.423.370**
300.	**Profit (loss) for the period**	**64.302.442**	**38.423.370**

Statement of Comprehensive Income

	ITEMS (in Euro)	30.09.2022	30.09.2021
10.	**Profit (Loss) for the period**	**64.302.442**	**38.423.370**
	Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**(2.158.510)**	**2.420.100**
20.	Equity securities measured at fair value through other comprehensive income	(2.687.458)	2.290.333
30.	Financial liabilities measured at fair value through profit or loss (changes in own credit risk)	-	-
40.	Hedging of equity securities measured at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	528.948	129.768
80.	Non-current assets and disposal groups	-	-
90.	Share of valuation reserves of equity accounted investments	-	-
	Other comprehensive income, net of taxes, to be reclassified to profit or loss	**(34.674.646)**	**(3.093.739)**
100.	Foreign investment hedges	-	-
110.	Exchange differences	(192.719)	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated items)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(34.481.926)	(3.093.739)
150.	Non-current assets and disposal groups	-	-
160.	Share of valuation reserves of equity accounted investments	-	-
170.	**Total other comprehensive income, net of taxes**	**(36.833.156)**	**(673.639)**
180.	**Total comprehensive income (Item 10 + 170)**	**27.469.286**	**37.749.731**

Statement of Changes in Equity at 30 September 2022

(in units of Euro)	Balance at 31.12.2021	Change in opening balances	Balance at 01.01.2022	Allocation of profit from previous year		Changes in the period								Equity at 30.09.2022
							Equity transactions							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Comprehensive income for the period at 30.09.2022	
Share capital:														
a) ordinary shares	53.811.095	-	53.811.095	-	-	-	-	-	-	-	-	-	-	53.811.095
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premiums	102.972.388	-	102.972.388	-	-	(20.785.364)	-	-	-	-	-	-	-	82.187.024
Reserves:														
a) retained earnings	1.165.429.600	-	1.165.429.600	6.656.251	-	23.841.991	-	-	-	-	-	-	-	1.195.927.842
b) other	5.309.648	-	5.309.648	-	-	(1.266.961)	-	-	-	-	-	463.097	-	4.505.783
Valuation reserves:	(16.581.115)	-	(16.581.115)	-	-	(499.441)	-	-	-	-	-	-	(36.833.156)	(53.913.712)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2.846.521)	-	(2.846.521)	-	-	-	-	-	-	-	-	-	-	(22.104.058)
Profit (loss) for the period	56.467.709	-	56.467.709	(6.656.251)	(49.811.458)	-	-	(19.257.537)	-	-	-	-	64.302.442	64.302.442
Equity	**1.364.562.804**	**-**	**1.364.562.804**	**-**	**(49.811.458)**	**1.290.225**	**-**	**(19.257.537)**	-		-	**463.097**	**27.469.286**	**1.324.716.417**

Statement of Changes in Equity at 30 September 2021

(in units of Euro)	Balance at 31.12.2020	Change in opening balances	Balance at 01.01.2021	Allocation of profit from previous year		Changes in the period								Equity at 30.09.2021
							Equity transactions							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Buyback of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Comprehensive income for the period at 30.09.2021	
Share capital:														
a) ordinary shares	53.811.095	-	53.811.095	-	-	-	-	-	-	-	-	-	-	53.811.095
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premiums	102.490.510	-	102.490.510	-	-	481.878	-	-	-	-	-	-	-	102.972.388
Reserves:														
a) retained earnings	1.128.725.103	-	1.128.725.103	34.372.166	-	2.786.550	-	-	-	-	-	-	-	1.165.883.819
b) other	5.280.491	-	5.280.491	-	-	(165.343)	-	-	-	-	-	77.545	-	5.192.693
Valuation reserves:	(10.933.882)	-	(10.933.882)	-	-	(2.821.742)	-	-	-	-	-	-	(673.639)	(14.429.263)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	(2.947.500)	-	(2.947.500)	-	-	-	-	100.979	-	-	-	-	-	(2.846.521)
Profit (loss) for the period	59.503.986	-	59.503.986	(34.372.166)	(25.131.820)	-	-	-	-	-	-	-	38.423.370	38.423.370
Equity	**1.335.929.803**	**-**	**1.335.929.803**	**-**	**(25.131.820)**	**281.343**	**-**	**100.979**	**-**	**-**	**-**	**77.545**	**37.749.731**	**1.349.007.581**

Statement of Cash Flows

ITEMS (in Euro)	30.09.2022	30.09.2021
A. OPERATING ACTIVITIES		
1. Operations	**101.633.038**	**235.153.194**
- profit (loss) for the period (+/-)	64.302.442	38.423.370
- profit/loss on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	9.725.473	(6.849.708)
- net credit risk losses/reversals (+/-)	46.912.354	43.148.952
- net impairment losses/reversals on property, plant and equipment and intangible assets (+/-)	10.739.830	12.484.028
- net allocations to provisions for risks and charges and other expenses/income (+/-)	4.526.608	17.869.445
- unpaid taxes, duties and tax credits (+/-)	2.901.960	(2.726.000)
- other adjustments (+/-)	(37.475.629)	132.803.107
2. Cash flows generated/absorbed by financial assets	**555.849.712**	**(17.952.534)**
- financial assets held for trading	(21.872.981)	15.982.801
- other assets mandatorily measured at fair value	9.724.035	(4.265.903)
- financial assets measured at fair value through other comprehensive income	(11.991.777)	315.517.221
- financial assets measured at amortised cost	547.155.395	(290.688.210)
- other assets	32.835.040	(54.498.443)
3. Cash flows generated/absorbed by financial liabilities	**(628.981.304)**	**(155.144.779)**
- financial liabilities measured at amortised cost	(644.847.261)	(165.771.902)
- financial liabilities held for trading	19.678.403	(13.934.590)
- other liabilities	(3.812.446)	24.561.713
Net cash flows generated/absorbed by operating activities A (+/-)	**28.501.446**	**62.055.881**
B. INVESTING ACTIVITIES		
1. Cash flows generated by	**41.147.382**	**-**
- sale of property, plant and equipment	1.147.422	-
- sales of subsidiaries and business units	39.999.960	-
2. Cash flows absorbed by	**(28.751.158)**	**(34.430.127)**
- purchases of property, plant and equipment	(14.922.549)	(5.000)
- purchases of intangible assets	(8.502.699)	(29.249.496)
- purchases of subsidiaries and business units	(5.325.910)	(5.175.631)
Net cash flows generated/absorbed by investing activities B (+/-)	**12.396.224**	**(34.430.127)**
C. FINANCING ACTIVITIES		
- issues/buyback of treasury shares	(19.300.440)	-
- distribution of dividends and other	(49.733.642)	(25.065.404)
- sale/purchase of minority control	-	-
Net cash flows generated/absorbed by financing activities C (+/-)	**(69.034.082)**	**(25.065.404)**
NET CASH GENERATED/USED DURING THE PERIOD D=A+/-B+/-C	**(28.136.412)**	**2.560.350**

Reconciliation of the Statement of Cash Flows

ITEMS (in Euro)	30.09.2022	30.09.2021
OPENING CASH AND CASH EQUIVALENTS E	86.518.994	35.050
TOTAL NET CASH GENERATED/USED DURING THE PERIOD D	(28.136.412)	2.560.350
CASH AND CASH EQUIVALENTS: EFFECT OF CHANGES IN EXCHANGE RATES F	-	-
CLOSING CASH AND CASH EQUIVALENTS G=E+/-D+/-F	58.382.582	2.595.400

Basis of preparation and accounting policies

These financial statements at 30 September 2022, prepared in accordance with Article 2433-bis of the Italian Civil Code, consist of the financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows) and these Notes. The aforementioned statements were prepared by applying the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS-IC) endorsed by the European Commission in accordance with the procedure set forth in Article 6 of European Regulation no. 1606/2002. This regulation was implemented in Italy with Italian Legislative Decree no. 38 of 28 February 2005.

This document does not include the explanatory notes that would be required to give a true and fair view of the financial position and results of operations of Banca Ifis S.p.A. in accordance with the applicable international accounting standard for interim financial reporting (IAS 34) adopted by the European Union.

The accounting standards used in preparing the accounting statements at 30 September 2022, as far as the classification, recognition, measurement, and derecognition of financial assets and liabilities as well as the methods for recognising revenue and costs are concerned, are unchanged compared to the ones used in preparing the individual Banca Ifis 2021 financial statements, to which specific reference is made.

The Individual Financial Statements have been prepared in accordance with IAS 1 and the Instructions contained in Bank of Italy Circular no. 262 of 22 December 2005 and subsequent updates.

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 more extensive macroeconomic implications connected with the military conflict involving Russia and the Ukraine, Banca Ifis can indeed be considered as a going concern, in that it can be reasonably expected to continue operating in the foreseeable future. Therefore, this document relating to the distribution of an interim dividend of Banca Ifis, pursuant to Article 2433-bis of the Italian Civil Code, 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 Bank has consistently achieved, to the quality of its loans, and to its current access to financial resources.

Other aspects

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 these accounting statements, as well as any other factor deemed reasonable for this purpose, also as a consequence of the current macroeconomic scenario.

Specifically, it made estimates on the carrying amounts of some items recognised in this document at 30 September 2022, as per the international 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 30 September 2022.

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 managed by the Pharma BU, and specifically the interest on arrears considered recoverable;
- measurement of the expected credit loss;
- provisions for risks and charges;
- post-employment benefits (TFR);
- other intangible assets and gain on bargain purchase;
- equity investments

For the types of assets listed above (with the exception of provisions for risks and charges, employee severance indemnities and equity investments), 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, severance indemnities and equity investments, reference should be made to the valuation criteria described in paragraph A.2 - Part relating to the main items of the individual 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.

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

As for the receivables of the Pharma BU, the Bank estimates the cash flows from receivables due from Italy’s National Health Service (NHS) using a proprietary model, calculating the interest on arrears considered recoverable based on the Group’s 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

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.

The health emergency at the beginning of March 2020 and the outbreak of war in Ukraine at the end of February 2022 generated a slowdown in global economic growth that prompted institutions to consider a significant increase in credit risk. This has led the Bank to make prudent corrections in respect of relations with counterparties belonging to certain economic segments considered to be at higher risk of impact from COVID-19 and the risk deriving from the Russia-Ukraine conflict, the inflation scenario and the slow to economic growth.

In particular, during the first nine months of 2022, the prudential adjustments applied to define the additional provisions previously accounted for as a result of the pandemic context were revised, also in light of the fact that the deterioration of the portfolio was, on the whole, less pronounced than assumed. At the same time, certain prudential adjustments were introduced to take into account the macroeconomic implications of the Russia-Ukraine conflict (countries to which, among others, the Bank has marginal exposures), the inflation scenario, the rise in rates and the slowing of the Italian and European economy. Any identified surpluses related to Covid-19 risk provisions were not released and were therefore reclassified to cover the risk arising from the ongoing conflict.

With regard to Forward Looking information, the same scenarios were used at 31 December 2021, which are considered prudent as they factor in the negative effects of the pandemic crisis on the economy. However, in view of the changing context linked to developments in the Russian-Ukrainian conflict and the evolution of the sanctions packages towards Russia, which are leading to a sharp rise in interest rates and a marked increase in inflation (in this regard, the EU is expected to take a stance on the definition of a price cap on gas), it was deemed necessary to update the macroeconomic scenarios, which influence the estimates of the risk parameters within the satellite models, with effect on the fourth quarter of the financial year.

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 exceeds the total amount paid, the Bank again verifies whether it correctly identified all the assets acquired and all the liabilities assumed and revises the procedures used to determine 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".

Information on the Russia-Ukraine conflict

As already highlighted in the survey sent out by the Bank of Italy at the end of March 2022 and having as its object an initial assessment of the impacts that unfavourable scenarios linked to the crisis situation generated by the conflict has on the Bank, a series of in-depth studies were conducted in order to assess the exposures (direct and indirect) to counterparties resident in Russia, Belarus and Ukraine, as well as to estimate the related impacts and risk containment measures.

Furthermore, the Risk Management function, in addition to the risk factors usually considered, deemed it reasonable to include the current geopolitical tense situation as an additional risk factor.

In particular, this situation has been considered within the institutional documentation (RAF, Recovery Plan and ICAAP/ILAAP Report) from a twofold point of view: on the one hand as a worsening of severities and inclusion of new stress assumptions in the stress test framework, and on the other hand as an extra capital requirement against the Strategic and Sovereign Risks assumed by the Bank.

More specifically, from the point of view of the assumptions directly considered in the stress tests, the following were considered:

- an increase in the conversion to impaired of factoring customers exposed to Ukraine and Russia;
- the use of further worsened transition matrices for factoring customers in the stress test pro Recovery Plan.

On the assumptions that have an impact on the levels of internal capital allocated to individual risks, it should be noted that:

- a further worsened interest rate scenario was used as a consequence of a hypothetical continuation of the current high inflation environment (resulting from the commodity shortage caused by the conflict), which led to a higher estimate of internal capital for sovereign risk;

- additional internal capital was allocated to cover strategic risk, assuming an uncertain economic environment resulting from the current geopolitical situation.

The analyses conducted so far have revealed a limited number of counterparties present in the countries affected by the current conflict to which modest direct credit exposures correspond. Similarly, no particular critical issues have been noted with regard to the trade receivables portfolio.

For more detailed information on the impact generated by the Russia-Ukraine conflict on the various types of risk inherent in Banca Ifis (credit risk, interest rate risk, price risk, exchange rate risk, liquidity risk and operational risk), please refer to the specific sections prepared in the Notes to the Financial Statements under section "4.3.3 Risks of the Consolidated Prudential Framework" of the Consolidated Half-Year Financial Report at 30 June 2022.

Declaration of the Manager Charged

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

The Manager Charged with preparing the Company's financial reports, in the person of Mariacristina Taormina, hereby

DECLARES

pursuant to Article 154-bis, paragraph 2, of Italian Legislative Decree no. 58 of 24 February 1998, "Consolidated Law on Financial Intermediation", that the accounting information contained in this Consolidated Interim Report at 30 September 2022 and the 2022 Interim Dividend Distribution Report of Banca Ifis coincides with the documented results, books and accounting records.

Venice - Mestre, 10 November 2022

The 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.

Annexes

Reconciliation between reclassified Consolidated financial statements and consolidated financial statements

RECONCILIATION BETWEEN ASSETS ITEMS AND RECLASSIFIED ASSETS ITEMS (in thousands of euros)			30.09.2022	31.12.2021
Cash and cash equivalents			268.735	355.381
+	*10.*	*Cash and cash equivalents*	*268.735*	*355.381*
Financial assets held for trading			34.251	8.478
+	*20.a*	*Financial assets measured at fair value through profit or loss: a) financial assets held for trading*	*34.251*	*8.478*
Financial assets mandatorily measured at fair value through profit or loss			140.964	144.660
+	*20.c*	*Financial assets measured at fair value through profit or loss: c) other financial assets mandatorily measured at fair value*	*140.964*	*144.660*
Financial assets measured at fair value through other comprehensive income			587.986	614.013
+	*30.*	*Financial assets measured at fair value through other comprehensive income*	*587.986*	*614.013*
Receivables due from banks measured at amortised cost			743.127	524.991
+	*40.a*	*Financial assets measured at amortised cost: a) receivables due from banks*	*743.127*	*524.991*
Receivables due from customers measured at amortised cost			9.664.486	10.331.804
+	*40.b*	*Financial assets measured at amortised cost: b) receivables due from customers*	*9.664.486*	*10.331.804*
Property, plant and equipment			128.499	120.256
+	*90.*	*Property, plant and equipment*	*128.499*	*120.256*
Intangible assets			61.426	61.607
+	*100.*	*Intangible assets*	*61.426*	*61.607*
of which: - goodwill			*38.020*	*38.794*
Tax assets			336.981	329.674
a) current			37.810	45.548
+	*110.a*	*Tax assets: a) current*	*37.810*	*45.548*
b) prepaid			299.171	284.126
+	*110.b*	*Tax assets: b) prepaid*	*299.171*	*284.126*
Other assets			466.946	487.027
+	*130.*	*Other assets*	*466.946*	*487.027*
Total assets			**12.433.401**	**12.977.891**

RECONCILIATION BETWEEN ASSETS AND LIABILITIES ITEMS AND RECLASSIFIED ASSETS AND LIABILITIES ITEMS (in thousands of euros)		30.09.2022	31.12.2021
Payables due to banks		2.535.252	2.597.965
+ 10.a	*Financial liabilities measured at amortised cost: a) payables due from banks*	*2.535.252*	*2.597.965*
Payables due to customers		5.240.473	5.683.745
+ 10.b	*Financial liabilities measured at amortised cost: b) payables due from customers*	*5.240.473*	*5.683.745*
Debt securities issued		2.432.270	2.504.878
+ 10.c	*Financial liabilities measured at amortised cost: c) issued securities*	*2.432.270*	*2.504.878*
Financial liabilities held for trading		25.670	5.992
+ 20.	*Financial liabilities held for trading*	*25.670*	*5.992*
Tax liabilities		52.275	49.154
a) current		18.735	16.699
+ 60.a	*Tax liabilities: a) current*	*18.735*	*16.699*
b) deferred		33.540	32.455
+ 60.b	*Deferred tax: b) liabilities*	*33.540*	*32.455*
Other liabilities		465.604	436.107
+ 80.	*Other liabilities*	*465.604*	*436.107*
Post-employment benefits		8.090	9.337
+ 90.	*Post-employment benefits*	*8.090*	*9.337*
Provisions for risks and charges		63.182	66.825
+ 100.a	*Provisions for risks and charges: a) commitments and guarantees granted*	*17.847*	*11.938*
+ 100.c	*Provisions for risks and charges: c) other provisions for risks and charges*	*45.335*	*54.887*
Valuation reserves		(64.434)	(25.435)
+ 120.	*Valuation reserves*	*(64.434)*	*(25.435)*
Reserves		1.443.378	1.367.019
+ 150.	*Reserves*	*1.443.378*	*1.367.019*
Share premiums		82.187	102.972
+ 160.	*Share premiums*	*82.187*	*102.972*
Share capital		53.811	53.811
+ 170.	*Share capital*	*53.811*	*53.811*
Treasury shares (-)		(22.104)	(2.847)
+ 180.	*Treasury shares (-)*	*(22.104)*	*(2.847)*
Equity attributable to non-controlling interests (+/-)		12.204	27.786
+ 190.	*Equity attributable to non-controlling interests (+/-)*	*12.204*	*27.786*
Profit (loss) for the period (+/-)		105.543	100.582
Total liabilities and equity		**12.433.401**	**12.977.891**

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of euros)			30.09.2022	30.09.2021
Net interest income			**392.504**	**362.614**
+	*30.*	*Net interest income*	*300.770*	*274.940*
+	*130.a (Partial)*	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*91.734*	*87.673*
Net commission income			**65.210**	**62.860**
+	*60.*	*Net commission income*	*65.210*	*62.860*
Other components of net banking income			**30.978**	**20.451**
+	*70.*	*Dividends and similar income*	*9.040*	*6.782*
+	*80.*	*Net profit (loss) from trading*	*4.654*	*(300)*
+	*100.a*	*Gains (losses) on sale/buyback of: a) financial assets measured at amortised cost*	*11.351*	*6.403*
-	*100.a (partial)*	*Profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment*	*-*	*(3.306)*
+	*100.b*	*Gains (losses) on sale/buyback of: b) financial assets measured at fair value through other comprehensive income*	*(88)*	*3.958*
+	*100.c*	*Gains (losses) on sale/buyback of: c) financial liabilities*	*(6)*	*(14)*
+	*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*	*6.027*	*6.928*
Net banking income			**488.692**	**445.925**
Net credit risk losses/reversals			**(48.874)**	**(60.343)**
+	*130.a*	*Net impairments/reversals of impairment for credit risk related to: a) financial assets measured at amortised cost*	*42.712*	*25.210*
-	*130.a (Partial)*	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*(91.734)*	*(87.673)*
+	*130.b*	*Net impairments/reversals of impairment for credit risk related to: b) financial assets measured at fair value through other comprehensive income*	*(686)*	*25*
+	*100.a (partial)*	*Profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment*	*-*	*3.306*
+	*200.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*834*	*(1.211)*
Net profit (loss) from financial activities			**439.818**	**385.581**
Administrative expenses			**(282.769)**	**(265.384)**
+	*190.a*	*a) personnel expenses*	*(111.244)*	*(103.711)*
+	*190.b*	*b) other administrative expenses*	*(171.525)*	*(161.673)*
Net impairment losses/reversals on property, plant and equipment and intangible assets			**(12.320)**	**(14.269)**
+	*210.*	*Net impairment losses/reversals on property, plant and equipment*	*(6.645)*	*(7.697)*
+	*220.*	*Net impairment losses/reversals on intangible assets*	*(5.675)*	*(6.572)*
Other operating income/expenses			**16.551**	**21.433**
+	*230.*	*Other operating income/expenses*	*16.551*	*21.433*

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of euros)			30.09.2022	30.09.2021
Operating costs			**(278.538)**	**(258.219)**
+	*240.*	*Operating costs*	*(282.219)*	*(267.572)*
-	*200.*	*Net allocations to provisions for risks and charges*	*3.681*	*9.353*
Net allocations to provisions for risks and charges			**(4.515)**	**(8.142)**
+	*200.a*	*Net allocations to provisions for risks and charges: a) commitments and guarantees granted*	*(7.534)*	*(6.831)*
-	*200.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*(834)*	*1.211*
+	*200.b*	*Net allocations to provisions for risks and charges: b) other net allocations*	*3.853*	*(2.522)*
Value adjustments of goodwill			**(762)**	**-**
+	*270.*	*Value adjustments of goodwill*	*(762)*	*-*
Gains (Losses) on disposal of investments			**304**	**-**
+	*280.*	*Gains (Losses) on disposal of investments*	*304*	*-*
Pre-tax profit from continuing operations			**156.307**	**119.220**
Income taxes for the period relating to continuing operations			**(50.190)**	**(37.662)**
+	*300.*	*Income taxes for the period relating to continuing operations*	*(50.190)*	*(37.662)*
Profit for the period			**106.117**	**81.558**
Profit (loss) for the period attributable to non-controlling interests			**574**	**1.368**
+	*340.*	*Profit (loss) for the period attributable to non-controlling interests*	*574*	*1.368*
Profit (loss) for the period attributable to the Parent company			**105.543**	**80.190**

Reconciliation between reclassified financial statements and individual financial statements

RECONCILIATION BETWEEN ASSETS ITEMS AND RECLASSIFIED ASSETS ITEMS (in thousands of euros)			30.09.2022	31.12.2021
Cash and cash equivalents			**58.383**	**86.518**
+	*10.*	*Cash and cash equivalents*	*58.383*	*86.518*
Financial assets held for trading			**9.170**	**4.291**
+	*20.a*	*Financial assets measured at fair value through profit or loss: a) financial assets held for trading*	*9.170*	*4.291*
Financial assets mandatorily measured at fair value through profit or loss			**133.306**	**135.760**
+	*20.c*	*Financial assets measured at fair value through profit or loss: c) other financial assets mandatorily measured at fair value*	*133.306*	*135.760*
Financial assets measured at fair value through other comprehensive income			**587.981**	**614.008**
+	*30.*	*Financial assets measured at fair value through other comprehensive income*	*587.981*	*614.008*
Receivables due from banks measured at amortised cost			**739.366**	**560.254**
+	*40.a*	*Financial assets measured at amortised cost: a) receivables due from banks*	*739.366*	*560.254*
Receivables due from customers measured at amortised cost			**8.239.614**	**9.012.107**
+	*40.b*	*Financial assets measured at amortised cost: b) receivables due from customers*	*8.239.614*	*9.012.107*
Equity investments			**664.009**	**650.540**
+	*70*	*Equity investments*	*664.009*	*650.540*
Property, plant and equipment			**124.630**	**116.576**
+	*80.*	*Property, plant and equipment*	*124.630*	*116.576*
Intangible assets			**19.940**	**19.475**
+	*90.*	*Intangible assets*	*19.940*	*19.475*
of which: - goodwill			**-**	**-**
Tax assets			**322.430**	**304.727**
a) current			**31.882**	**33.884**
+	*100.a*	*Tax assets: a) current*	*31.882*	*33.884*
b) prepaid			**290.548**	**270.843**
+	*110.b*	*Tax assets: b) prepaid*	*290.548*	*270.843*
Non-current assets and disposal groups			**-**	**-**
+	*110.*	*Non-current assets and disposal groups*	*-*	*-*
Other assets			**451.177**	**504.621**
+	*120.*	*Other assets*	*451.177*	*504.621*
Total assets			**11.350.006**	**12.008.877**

RECONCILIATION BETWEEN ASSETS AND LIABILITIES ITEMS AND RECLASSIFIED ASSETS AND LIABILITIES ITEMS (in thousands of euros)			30.09.2022	31.12.2021
Payables due to banks			**2.547.661**	**2.736.860**
+	*10.a*	*Financial liabilities measured at amortised cost: a) payables due from banks*	*2.547.661*	*2.736.860*
Payables due to customers			**5.973.551**	**6.420.164**
+	*10.b*	*Financial liabilities measured at amortised cost: b) payables due from customers*	*5.973.551*	*6.420.164*
Debt securities issued			**1.053.381**	**1.056.987**
+	*10.c*	*Financial liabilities measured at amortised cost: c) issued securities*	*1.053.381*	*1.056.987*
Financial liabilities held for trading			**25.670**	**5.992**
+	*20.*	*Financial liabilities held for trading*	*25.670*	*5.992*
Tax liabilities			**37974**	**36084**
a) current			**4.607**	**3.804**
+	*60.a*	*Tax liabilities: a) current*	*4.607*	*3.804*
b) deferred			**33.367**	**32.280**
+	*60.b*	*Deferred tax: b) liabilities*	*33.367*	*32.280*
Other liabilities			**323.815**	**319.618**
+	*80.*	*Other liabilities*	*323.815*	*319.618*
Post-employment benefits			**5.649**	**6.419**
+	*90.*	*Post-employment benefits*	*5.649*	*6.419*
Provisions for risks and charges			**57.589**	**62.191**
+	*100.a*	*Provisions for risks and charges: a) commitments and guarantees granted*	*17.362*	*11.632*
+	*100.b*	*Provisions for risks and charges: b) pensions and similar obligations*	-	-
+	*100.c*	*Provisions for risks and charges: c) other provisions for risks and charges*	*40.227*	*50.559*
Valuation reserves			**(53.914)**	**(16.581)**
+	*110.*	*Valuation reserves*	*(53.914)*	*(16.581)*
Reserves			**1.200.434**	**1.170.739**
+	*140.*	*Reserves*	*1.200.434*	*1.170.739*
Share premiums			**82.187**	**102.972**
+	*150.*	*Share premiums*	*82.187*	*102.972*
Share capital			**53.811**	**53.811**
+	*160.*	*Share capital*	*53.811*	*53.811*
Treasury shares (-)			**(22.104)**	**(2.847)**
+	*170.*	*Treasury shares (-)*	*(22.104)*	*(2.847)*
Profit (loss) for the period (+/-)			**64.302**	**56.468**
Total liabilities and equity			**11.350.006**	**12.008.877**

RECONCILIATION BETWEEN THE INDIVIDUAL INCOME STATEMENT AND THE RECLASSIFIED INDIVIDUAL INCOME STATEMENT (in thousands of Euro)			30.09.2022	31.12.2021
Net interest income			**164.729**	**148.863**
+	*30.*	*Net interest income*	*164.729*	*148.863*
Net commission income			**58.417**	**56.334**
+	*60.*	*Net commission income*	*58.417*	*56.334*
Other components of net banking income			**44.070**	**18.405**
+	*70.*	*Dividends and similar income*	*49.040*	*6.782*
+	*80.*	*Net profit (loss) from trading*	*(16.995)*	*(888)*
+	*100.a*	*Gains (losses) on sale/buyback of: a) financial assets measured at amortised cost*	*4.850*	*4.136*
-	*100.a (partial)*	*Gains (losses) on sale/buyback of loans at amortised cost*	*-*	*(3.306)*
+	*100.b*	*Gains (losses) on sale/buyback of: b) financial assets measured at fair value through other comprehensive income*	*(88)*	*3.958*
+	*100.c*	*Gains (losses) on sale/buyback of: c) financial liabilities*	*(6)*	*(14)*
+	*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*	*7.269*	*7.737*
Net banking income			**267.216**	**223.602**
Net credit risk losses/reversals			**(46.198)**	**(41.188)**
+	*130.a*	*Net impairments/reversals of impairment for credit risk related to: a) financial assets measured at amortised cost*	*(46.226)*	*(43.174)*
+	*130.b*	*Net impairments/reversals of impairment for credit risk related to: b) financial assets measured at fair value through other comprehensive income*	*(686)*	*25*
+	*100.a (partial)*	*Gains (losses) on sale/buyback of loans at amortised cost*	*-*	*3.306*
+	*170.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*714*	*(1.345)*
Net profit (loss) from financial activities			**221.018**	**182.414**
Administrative expenses			**(164.463)**	**(153.319)**
+	*160.a*	*a) personnel expenses*	*(83.603)*	*(77.546)*
+	*160.b*	*b) other administrative expenses*	*(80.860)*	*(75.773)*
Net impairment losses/reversals on property, plant and equipment and intangible assets			**(10.740)**	**(12.484)**
+	*180.*	*Net impairment losses/reversals on property, plant and equipment*	*(5.880)*	*(6.649)*
+	*190.*	*Net impairment losses/reversals on intangible assets*	*(4.860)*	*(5.835)*
Other operating income/expenses			**25.818**	**26.675**
+	*200.*	*Other operating income/expenses*	*25.818*	*26.676*
Operating costs			**(149.385)**	**(139.128)**
+	*210.*	*Operating costs*	*(151.649)*	*(148.061)*
-	*170.*	*Net allocations to provisions for risks and charges*	*2.264*	*8.934*
Net allocations to provisions for risks and charges			**(2.978)**	**(7.589)**
+	*170.a*	*Net allocations to provisions for risks and charges: a) commitments and guarantees granted*	*(7.349)*	*(6.845)*
-	*170.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*(714)*	*1.345*

RECONCILIATION BETWEEN THE INDIVIDUAL INCOME STATEMENT AND THE RECLASSIFIED INDIVIDUAL INCOME STATEMENT (in thousands of Euro)	30.09.2022	31.12.2021
+ *170.b Net allocations to provisions for risks and charges: b) other net allocations*	*5.085*	*(2.089)*
Profit (loss) on equity investments	**(1.451)**	**-**
+ *220. Profit (loss) on equity investments*	*(1.451)*	*-*
Pre-tax profit (Loss) for the period from continuing operations	**67.204**	**35.697**
Income taxes for the period relating to continuing operations	**(2.902)**	**2.727**
+ *270. Income taxes for the period relating to continuing operations*	*(2.902)*	*2.727*
Profit for the period	**64.302**	**38.424**

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