EMARKET SDIR CERTIFIED

Banca Ifis

1983 | 2023

Consolidated Interim Report at 31 march 2023

Summary

Corporate Bodies

Consolidated Interim Report at 31 March 2023

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

Chairman	Ernesto Fürstenberg Fassio
Honorary Chairman and Director	Sebastien Egon Fürstenberg
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	PricewaterhouseCoopers S.p.A.
Designated Manager Charged with preparing the Company's financial reports	Massimo Luigi Zanaboni

Parent company name - Banca Ifis S.p.A.
Fully paid-up share capital: 53.811.095 Euro
Name of reporting party - Banca Ifis S.p.A.
Ultimate Parent company name - La Scogliera S.A.
Reason for change of name - none
Reporting office - Venice
Legal form - S.p.A.
Country of registration - Italy
Main place of business - Mestre Venice
Legal and administrative headquarters - Via Terraglio, 63 30174 Mestre Venice
Nature of reporting activity - Credit activity
ABI 3205.2
Tax Code and Venice Companies Register Number - 02505630109
VAT number - 04570150278
Enrolment in the Register of Banks No - 5508
Website - www.bancaifis.it

Member of FCI

Banca Ifis
1983 | 2023

Interim Directors' report on the Group

Consolidated Interim Report at 31 March 2023

General aspects

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

Analytical details of the restatements and reclassifications made with respect to the financial statements envisaged by 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 credit risk 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 credit risk losses/reversals”:
    - net credit risk losses/reversals relating to financial assets measured at amortised cost (with the exception of those relating to the Npl Segment mentioned above) 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 granted;
    - profits (losses) from the sale/repurchase of loans at amortised cost other than those of the Npl Segment.

The balance sheet components were aggregated without reclassification.

Results and Strategy

Comment by the CEO

The first quarter of 2023 confirmed the further acceleration of Banca Ifis's profitability, driven by favourable revenue and low credit cost trends. The strategy identified in the 2022-2024 Business Plan and focused on enhancing our business model has led us to further strengthen the risk/return ratio also in relation to the current uncertain global macroeconomic context. Our portfolio mainly consists of short-term assets, quality loans, to a large extent secured, and deposits diversified both by maturity and by funding channel: this is why we look positively at the continuation of the current year in which we are resolutely aiming to achieve the profit targets already revised upwards with respect to the targets announced in the Business Plan. We want to position ourselves increasingly as the point of reference for small and medium-sized Italian companies, assisting them through the challenges that the market places before them. All this will further strengthen our already high capacity to remunerate shareholders, which already in 2022 made us the first bank in Italy by dividend-yield.

Highlights

Net banking income totals 175,8 million Euro, up 7,7% from 163,3 million Euro at 31 March 2022. Contributing to this result is the growth of the Factoring Area, with 42,8 million Euro and an increase of 7,3%, thanks to the increase in net interest income and net commissions, the good performance of the Leasing Area (15,3 million Euro, a figure essentially stable compared to 31 March 2022) and the better performance of the Corporate Banking & Lending Area (29,8 million Euro, +58,7% compared to the figure of 31 March 2022).

The Npl Segment's net banking income amounts to 69,5 million Euro and remains stable compared to the same period last year, mainly due to higher interest income (related to the increase in the average value of the underlying loans) and the good performance of legal collection mainly attributable to the higher number of foreclosures and repossessions produced. These changes were offset by lower out-of-court collections and lower gains on disposals.

The Governance & Services and Non-Core Segment's net banking income amounts to 18,5 million Euro, down 1,2 million Euro compared to the first quarter of 2022, and is driven by an increase in the Non-Core Area of 1,4 million Euro, mainly due to the collection of late payment interest on an impaired position, offset by the lower contribution of the Governance & Services Area of 2,6 million Euro.

Net credit risk losses of 10,0 million Euro are down 7,0 million Euro compared to Q1 2022. In the first quarter of 2022 this item included prudential adjustments on commercial positions with higher vintage, mainly related to positions with the NHS.

Operating costs total 91,1 million Euro, showing an increase on 31 March 2022 (+3,7%).

The reclassified cost/income ratio totals 51,8%, compared to 53,8% in March 2022.

Below are details of the item's main components:

- Personnel expenses, amounting to 39,7 million Euro, are up by 8,6%, a figure attributable both to an increase in the number of employees at the reporting date and to higher variable remuneration;

- Other administrative expenses at 31 March 2023 are 53,8 million Euro, essentially stable on 31 March 2022;
- Other net operating income, amounting to 6,6 million Euro at 31 March 2023, records an increase of 3,9% on the figure for the equivalent period last year.

At 31 March 2023, net allocations to provisions for risks and charges amount to 6,4 million Euro, substantially unchanged from 31 March 2022, and are almost entirely represented by the provision for the Single Resolution Fund.

The net profit attributable to the Parent company amounts to 45,9 million Euro, up 31,4% on the same period of 2022.

Below are the main dynamics recorded in the individual Segments that go towards forming the financial results at 31 March 2023.

Net profit of the Commercial & Corporate Banking Segment comes to 23,7 million Euro, 9,5 million Euro higher (+66,7%) than at 31 March 2022. This result is driven by the growth in net interest income of 5,0 million Euro (+9,5%), net commissions (+3,1 million Euro, or +15,3%) and other components of net banking income of 5,9 million Euro, as well as by net adjustments of 2,4 million Euro (-16,4%).

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

- the contribution of the Factoring Area amounts to 42,8 million Euro, an increase of 7,3% compared to the same period of last year. This result is due to the greater contribution both of net interest income (up by 1,2 million Euro) and net commission income (up by 2,3 million Euro), as a consequence of the increase in the returns on the receivables under management;
- net banking income from the Leasing Area amounts to 15,3 million Euro, essentially in line with the same figure at 31 March 2022;
- net banking income of the Corporate Banking & Lending Area comes to 29,8 million Euro at 31 March 2023, up 11,0 million Euro on 31 March 2022 (+58,7%). The positive change is due to the combined effect of the 3,6 million Euro increase in net interest income (+24,8%), due in particular to the positive contribution of the Lending to SMEs segment, which grew by 2,9 million Euro, a 1,0 million Euro increase in net commissions (+34,0%), mainly stemming from the Corporate Banking unit, and from the 6,5 million Euro increase in other net banking income components attributable to the Corporate Banking unit due to the higher contribution generated by the items measured at fair value, including UCITS funds and minority investments.

Net credit risk losses on receivables amount to 12,1 million Euro, an improvement of 2,4 million Euro compared to 31 March 2022, despite including 5 million Euro in prudent adjustments on the performing portfolio. During the first quarter of 2022, prudential provisions had been made on commercial positions with higher vintage, mainly related to positions with the NHS.

The increase in operating costs of 2,3 million Euro compared to 31 March 2022 is essentially due to the rise in personnel expenses due to both the increase in headcount and higher variable remuneration.

Period profit of the Npl Segment is 19,1 million Euro, essentially in line with the figure at 31 March 2022. The Segment's net banking income amounts to 69,5 million Euro, also in line with the figure for the same period of the previous year, as the growth in interest income linked to the increase in average loans and the better performance of legal inflows were substantially offset by the lower contribution of out-of-court management and lower profits from the sale of Npl portfolios.

Operating costs of 41,2 million Euro at 31 March 2023 are in line with the first quarter of 2022.

Collections of the Npl Segment in the first quarter of 2023 come to 97,5 million Euro, including the instalments collected during the period from realignment plans, from garnishment orders and transactions carried out and rise by 7,0% on the collections of 91,1 million Euro made in the first quarter of 2022.

The profit of the Governance & Services and Non-Core Segment at 31 March 2023 amounts to 3,6 million Euro, a significant increase from the 31 March 2022 figure of 1,7 million Euro (+103,8%). The Segment's net banking income amounts to 18,5 million Euro, down 1,2 million Euro compared to the first quarter of 2022, and is driven by an increase in the Non-Core Area of 1,4 million Euro, mainly due to the collection of late payment interest on an impaired position, offset by the lower contribution of the Governance & Services Area of 2,6 million Euro.

The credit cost improves by 4,7 million Euro. The figure at 31 March 2023 stands at net reversals of 2,1 million Euro, benefiting from recoveries on positions that had previously been fully written down, and is in contrast to net adjustments of 2,5 million Euro in March 2022, which were affected by provisions on a singularly significant position.

Operating costs come to 9,3 million Euro, up 0,8 million Euro on 31 March 2022. This change is linked to the increased activities in the area of Communication, Marketing, Public Affairs & Sustainability during the first quarter of 2023, the year of Banca Ifis' 40th anniversary.

Total receivables due from customers measured at amortised cost amount to 9.833,7 million Euro, a reduction on 31 December 2022 (10.186,9 million Euro). The item includes debt securities in the amount of 1,9 billion Euro (broadly in line with the figure for year-end 2022), of which 1,5 billion Euro related to government bonds. The Commercial & Corporate Banking Segment records a slowdown (-4,3%) concentrated in the Factoring Area (-10,5%), against the substantial stability of the Leasing Area and Corporate Banking & Lending Area. The Governance & Services and Non-Core Segment decreases by 51,2 million Euro, while the Npl Segment's receivables are substantially stable compared to 31 December 2022.

During the first quarter of 2023, 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 liquidity of more than 1,4 billion Euro at 31 March 2023 (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 800% and 100%, respectively).

Total funding amounts to 11.111,9 million Euro at 31 March 2023 and is in line with the figure at 31 December 2022; it is represented for 45,8% by payables due to customers (in line with respect to 31 December 2022), for 27,9% by payables due to banks (30,7% at 31 December 2022), and for 26,3% by debt securities issued (23,4% at 31 December 2022).

The Group's funding structure is as follows:

- 45,8% customers;
- 18,3% TLTROs;
- 13,3% Asset Backed Securities (ABS);
- 13,0% debt securities;

- 9,6% other.

Amounts due to banks come to 3.095,0 million Euro, down 9,6% compared to the figure for end December 2022 due to the onset maturity of short-term payables due to central banks (LTRO) equal to 400,5 million Euro by end 2022.

Payables due to customers at 31 March 2023 total 5.091,0 million Euro, essentially stable compared with 31 December 2022 where, in respect of a substantial stability of retail funding, which comes to 4.253,7 million Euro at end March 2023 (+2,3%), a reduction is recorded following repurchase agreements in place at 31 December 2022.

Securities issued amount to 2.925,9 million Euro at 31 March 2023, up 12,3% from 31 December 2022, mainly due to the issue by Banca Ifis of a 300 million Euro bond with a 4-year maturity, as better described in the "Significant events occurred in the period " section below.

At 31 March 2023, the Group's Consolidated equity totals 1.650,4 million Euro, up 3,3% on the 1.597,8 million Euro booked at end 2022. The main changes can be traced back to:

- the positive change relative to the period result attributable to the Parent company of 45,9 million Euro;
- the positive change of 5,6 million Euro in the valuation reserve, net of realisations, due to changes in the fair value of financial instruments with an impact on comprehensive income;
- the increase of 0,4 million Euro in Equity attributable to non-controlling interests.

At 31 March 2023, the equity ratios[1] for the Banca Ifis Group amount to a CET1 Ratio of 15,21% (15,01% at 31 December 2022), a Tier 1 Ratio of 15,22% (15,02% at 31 December 2022) and a Total Capital Ratio of 18,45% (18,82% at 31 December 2022).

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, adopted the following capital requirements for the Banca Ifis Group, 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 31 March 2023, the Banca Ifis Group easily meets the above prudential requirements.

1 CET1, Tier 1 and Total Capital at 31 March 2023 do not include the profits generated by the Banking Group in the first three months of 2023.

Highlights

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Cash and cash equivalents	907.340	603.134	304.206	50,4%
Financial assets measured at fair value through profit or loss	204.685	222.088	(17.403)	(7,8)%
Financial assets measured at fair value through other comprehensive income	757.833	697.611	60.222	8,6%
Receivables due from banks measured at amortised cost	619.127	565.762	53.365	9,4%
Receivables due from customers measured at amortised cost	9.833.722	10.186.932	(353.210)	(3,5)%
Total assets	**13.299.690**	**13.262.377**	**37.313**	**0,3%**
Payables due to banks	3.095.014	3.422.160	(327.146)	(9,6)%
Payables due to customers	5.090.965	5.103.343	(12.378)	(0,2)%
Debt securities issued	2.925.872	2.605.195	320.677	12,3%
Consolidated equity	**1.650.354**	**1.597.781**	**52.573**	**3,3%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net banking income	**175.825**	**163.324**	**12.501**	**7,7%**
Net credit risk losses/reversals	(9.971)	(17.008)	7.037	(41,4)%
Net profit (loss) from financial activities	**165.854**	**146.316**	**19.538**	**13,4%**
Operating costs	**(91.090)**	**(87.823)**	**(3.267)**	**3,7%**
Net allocations to provisions for risks and charges	(6.368)	(6.422)	54	(0,8)%
Income taxes for the period relating to continuing operations	(22.078)	(16.720)	(5.358)	32,0%
Profit for the period	**46.318**	**35.351**	**10.967**	**31,0%**
(Profit) loss for the period attributable to non-controlling interests	(404)	(403)	(1)	0,2%
Profit for the period attributable to the Parent company	**45.914**	**34.948**	**10.966**	**31,4%**

RECLASSIFIED CONSOLIDATED COMPREHENSIVE INCOME (in thousands of Euro)	31.03.2023	31.03.2022
Profit (loss) for the period	**46.318**	**35.351**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	(376)	1.397
Other comprehensive income, net of taxes, to be reclassified to profit or loss	5.999	(9.224)
Consolidated comprehensive income	**51.941**	**27.524**
Consolidated comprehensive income attributable to non-controlling interests	(403)	(405)
Consolidated comprehensive income attributable to the Parent company	**51.538**	**27.119**

GROUP EQUITY KPIs	31.03.2023	31.12.2022
CET1 Ratio[1]	15,21%	15,01%
Total Capital Ratio[1]	18,45%	18,82%
Number of company shares (in thousands)	53.811	53.811
Number of shares outstanding at period end[2] (in thousands)	52.433	53.433
Price/book value per share	0,45	0,44

(1) CET1 and Total Capital at 31 March 2023 do not include the profits generated by the Banking Group in the first three months of 2023.
(2) Outstanding shares are net of treasury shares held in the portfolio.

GROUP ECONOMIC KPIs	31.03.2023	31.03.2022
Earnings per share (EPS)	0,88	0,66
Cost/Income ratio	51,8%	53,8%

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 31.03.2023	84.240	*1.409*	-	*82.831*	34.249	60.973	**179.462**
Amounts at 31.12.2022	*75.412*	*2.071*	-	*73.341*	*42.489*	*77.319*	***195.220***
% Change	*11,7%*	*(32,0)%*	-	*12,9%*	*(19,4)%*	*(21,1)%*	***(8,1)%***
Financial assets measured at fair value through other comprehensive income							
Amounts at 31.03.2023	1.725	-	-	*1.725*	-	756.108	**757.833**
Amounts at 31.12.2022	*1.695*	-	-	*1.695*	-	*695.916*	***697.611***
% Change	*1,8%*	-	-	*1,8%*	-	*8,6%*	***8,6%***
Receivables due from customers(1)							
Amounts at 31.03.2023	6.237.788	*2.467.316*	*1.474.699*	*2.295.774*	1.495.078	2.100.855	**9.833.722**
Amounts at 31.12.2022	*6.514.989*	*2.755.592*	*1.472.177*	*2.287.221*	*1.519.864*	*2.152.078*	***10.186.932***
% Change	*(4,3)%*	*(10,5)%*	*0,2%*	*0,4%*	*(1,6)%*	*(2,4)%*	***(3,5)%***

(1) In the Governance & Services and Non-Core Segment, at 31 March 2023, there were government securities amounting to 1.524,8 million Euro (1.541,5 million Euro at 31 December 2022).

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	*of which: FACTORING AREA*	*of which: LEASING AREA*	*of which: CORPORATE BANKING & LENDING AREA*			
Net banking income							
Amounts at 31.03.2023	87.845	*42.757*	*15.290*	*29.798*	69.472	18.508	**175.825**
Amounts at 31.03.2022	*73.838*	*39.863*	*15.194*	*18.781*	*69.812*	*19.674*	***163.324***
% Change	*19,0%*	*7,3%*	*0,6%*	*58,7%*	*(0,5)%*	*(5,9)%*	***7,7%***
Net profit (loss) from financial activities							
Amounts at 31.03.2023	75.749	*40.255*	*14.274*	*21.220*	69.472	20.633	**165.854**
Amounts at 31.03.2022	*59.364*	*30.543*	*14.530*	*14.291*	*69.812*	*17.140*	***146.316***
% Change	*27,6%*	*31,8%*	*(1,8)%*	*48,5%*	*(0,5)%*	*20,4%*	***13,4%***
Profit for the period							
Amounts at 31.03.2023	23.670	*11.046*	*4.563*	*8.061*	19.093	3.555	**46.318**
Amounts at 31.03.2022	*14.197*	*6.467*	*5.227*	*2.503*	*19.412*	*1.742*	***35.351***
% Change	*66,7%*	*70,8%*	*(12,7)%*	*222,1%*	*(1,6)%*	*104,1%*	***31,0%***

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*		
Credit cost (2)						
Amounts at 31.03.2023	0,76%	*0,38%*	*0,28%*	*1,50%*	-	(1,50)%
Amounts at 31.12.2022	*0,76%*	*0,56%*	*0,20%*	*1,35%*	-	*1,25%*
% Change	*(0,00)%*	*(0,18)%*	*0,08%*	*0,15%*	-	*(2,75)%*
Net bad loans/Receivables due from customers						
Amounts at 31.03.2023	0,4%	*0,6%*	*0,1%*	*0,4%*	73,7%	0,3%
Amounts at 31.12.2022	*0,4%*	*0,5%*	*0,0%*	*0,5%*	*73,4%*	*0,3%*
% Change	*0,0%*	*0,1%*	*0,1%*	*(0,1)%*	*0,3%*	*(0,0)%*
Coverage ratio on gross bad loans						
Amounts at 31.03.2023	72,6%	*78,2%*	*92,7%*	*34,7%*	-	51,0%
Amounts at 31.12.2022	*72,0%*	*77,9%*	*94,6%*	*32,8%*	-	*47,5%*
% Change	*0,6%*	*0,3%*	*(1,9)%*	*1,9%*	-	*3,5%*
Net Npe ratio						
Amounts at 31.03.2023	3,9%	*6,9%*	*0,9%*	*2,6%*	98,1%	1,6%
Amounts at 31.12.2022	*3,9%*	*6,6%*	*1,0%*	*2,4%*	*97,9%*	*1,6%*
% Change	*0,0%*	*0,3%*	*(0,1)%*	*0,2%*	*0,2%*	*0,0%*
Gross Npe ratio						
Amounts at 31.03.2023	5,8%	*10,1%*	*2,3%*	*3,5%*	98,1%	2,4%
Amounts at 31.12.2022	*5,7%*	*9,5%*	*2,3%*	*3,2%*	*97,9%*	*2,5%*
% Change	*0,1%*	*0,6%*	*0,0%*	*0,3%*	*0,2%*	*(0,1)%*
RWAs(3)						
Amounts at 31.03.2023	5.280.870	*2.322.679*	*1.303.445*	*1.654.746*	1.755.520	1.777.094
Amounts at 31.12.2022	*5.571.253*	*2.625.900*	*1.329.890*	*1.615.463*	*1.794.321*	*1.753.938*
% Change	*(5,2)%*	*(11,5)%*	*(2,0)%*	*2,4%*	*(2,2)%*	*1,3%*

(1) In the Governance & Services and Non-Core Segment, at 31 March 2023, there were government securities amounting to 1.524,8 million Euro (1.541,5 million Euro at 31 December 2022), which for the purpose of calculating the Credit cost, 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

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2023	YEAR 2022			
	1st Q	4th Q	3rd Q	2nd Q	1st Q
Net banking income	**175.825**	**191.855**	**164.738**	**160.630**	**163.324**
Net credit risk losses/reversals	(9.971)	(28.641)	(15.200)	(16.666)	(17.008)
Net profit (loss) from financial activities	**165.854**	**163.214**	**149.538**	**143.964**	**146.316**
Personnel expenses	(39.708)	(39.590)	(37.646)	(37.033)	(36.565)
Other administrative expenses	(53.822)	(70.896)	(56.878)	(61.079)	(53.568)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.202)	(4.595)	(4.095)	(4.145)	(4.080)
Other operating income/expenses	6.642	3.241	5.591	4.570	6.390
Operating costs	**(91.090)**	**(111.840)**	**(93.028)**	**(97.687)**	**(87.823)**
Net allocations to provisions for risks and charges	(6.368)	4.115	(7.576)	9.483	(6.422)
Value adjustments of goodwill	-	-	-	(762)	-
Gains (Losses) on disposal of investments	-	-	169	135	-
Pre-tax profit from continuing operations	**68.396**	**55.489**	**49.103**	**55.133**	**52.071**
Income taxes for the period relating to continuing operations	(22.078)	(19.719)	(15.767)	(17.703)	(16.720)
Profit for the period	**46.318**	**35.770**	**33.336**	**37.430**	**35.351**
(Profit) loss for the period attributable to non-controlling interests	(404)	(227)	(308)	137	(403)
Profit for the period attributable to the Parent company	**45.914**	**35.543**	**33.028**	**37.567**	**34.948**

Contribution of operating Segments to Group results

Consolidated Interim Report at 31 March 2023

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:

- **Commercial & Corporate Banking Segment**, representing the Group's commercial offer dedicated to businesses; it 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 financial data 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.

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 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 division that supports companies and private equity funds in arranging bilateral or syndicated loans; the Equity Investment unit, 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 31 March 2023.

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**56.954**	**51.992**	**4.962**	**9,5%**
Net commission income	**23.493**	**20.367**	**3.126**	**15,3%**
Other components of net banking income	7.398	1.479	5.919	400,2%
Net banking income	**87.845**	**73.838**	**14.007**	**19,0%**
Net credit risk losses/reversals	(12.096)	(14.474)	2.378	(16,4)%
Net profit (loss) from financial activities	**75.749**	**59.364**	**16.385**	**27,6%**
Operating costs	**(40.545)**	**(38.285)**	**(2.260)**	**5,9%**
Net allocations to provisions for risks and charges	(253)	(170)	(83)	48,8%
Pre-tax profit from continuing operations	**34.951**	**20.909**	**14.042**	**67,2%**
Income taxes for the period relating to continuing operations	(11.281)	(6.714)	(4.567)	68,0%
Profit for the period	**23.670**	**14.195**	**9.475**	**66,7%**

Net profit of the Commercial & Corporate Banking Segment comes to 23,7 million Euro, 9,5 million Euro higher (+66,7%) than at 31 March 2022. As shown in more detail below, this result was driven by the growth in net interest income of 5,0 million Euro (+9,5%) and net commissions (+3,1 million Euro, or +15,3%) and other components of net banking income of 5,9 million Euro, as well as by lower net adjustments of 2,4 million Euro (-16,4%).

The increase in operating costs of 2,3 million Euro compared to 31 March 2022 is essentially due to the rise in personnel expenses due to both the increase in headcount and higher variable remuneration.

The operating performance of the business areas making up the Segment is described and analysed further on.

The following table details the gross and net amounts as well as the relevant coverage ratios of receivables due from customers by credit quality.

COMMERCIAL & CORPORATE BANKING (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING EXPOSURES (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2023						
Nominal amount	92.160	142.865	143.097	**378.121**	6.087.627	**6.465.748**
Losses	(66.884)	(61.243)	(6.673)	**(134.799)**	(93.161)	**(227.960)**
Carrying amount	25.276	81.622	136.424	**243.322**	5.994.466	**6.237.788**
Coverage ratio	*72,6%*	*42,9%*	*4,7%*	***35,6%***	*1,5%*	***3,5%***
Gross ratio	*1,4%*	*2,2%*	*2,2%*	***5,8%***	*94,2%*	***100,0%***
Net ratio	*0,4%*	*1,3%*	*2,2%*	***3,9%***	*96,1%*	***100,0%***
POSITION AT 31.12.2022						
Nominal amount	89.947	141.717	150.450	**382.113**	6.351.591	**6.733.704**
Losses	(64.774)	(56.027)	(10.289)	**(131.089)**	(87.625)	**(218.715)**
Carrying amount	25.173	85.690	140.161	**251.024**	6.263.965	**6.514.989**
Coverage ratio	*72,0%*	*39,5%*	*6,8%*	***34,3%***	*1,4%*	***3,2%***
Gross ratio	*1,3%*	*2,1%*	*2,2%*	***5,7%***	*94,3%*	***100,0%***
Net ratio	*0,4%*	*1,3%*	*2,2%*	***3,9%***	*96,1%*	***100,0%***

Net non-performing exposures in the Commercial & Corporate Banking Segment stand at 243,3 million Euro at 31 March 2023, down 7,7 million Euro on the figure at 31 December 2022 (251,0 million Euro). This is due to a decrease in unlikely to pay of 4,1 million Euro and a decrease in past due exposures of 3,7 million Euro.

The change in the coverage ratio of the portfolio of non-performing exposures went from 34,3% at 31 December 2022 to 35,6% at 31 March 2023. This change is attributable to an increase in the coverage ratio of unlikely to pay and bad loans, offset partly by a reduction in the coverage ratio on past due exposures.

Finally, the Commercial & Corporate Banking Segment includes loans belonging to the “POCI” category, referring to assets stemming from the business combination: the net value of these assets is 11,6 million Euro at 31 March 2023, as compared with the 14,0 million Euro recorded at 31 December 2022, of which 6,6 million Euro non-performing (8,6 million Euro at 31 December 2022).

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	
	31.03.2023	31.12.2022	ABSOLUTE	%
Credit cost[(1)]	0,76%	0,76%	n.a.	0,00%
Net Npe ratio	3,9%	3,9%	n.a.	0,0%
Gross Npe ratio	5,8%	5,7%	n.a.	0,1%
Total RWAs [(2)]	5.280.870	5.571.253	(290.383)	(5,2)%

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

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

Factoring Area

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**26.531**	**25.345**	**1.186**	**4,7%**
Net commission income	**16.888**	**14.611**	**2.277**	**15,6%**
Other components of net banking income	(662)	(93)	(569)	n.s.
Net banking income	**42.757**	**39.863**	**2.894**	**7,3%**
Net credit risk losses/reversals	(2.502)	(9.320)	6.818	(73,1)%
Net profit (loss) from financial activities	**40.255**	**30.543**	**9.712**	**31,8%**
Operating costs	**(23.974)**	**(21.352)**	**(2.622)**	**12,3%**
Net allocations to provisions for risks and charges	30	335	(305)	(91,0)%
Pre-tax profit from continuing operations	**16.311**	**9.526**	**6.785**	**71,2%**
Income taxes for the period relating to continuing operations	(5.265)	(3.059)	(2.206)	72,1%
Profit for the period	**11.046**	**6.467**	**4.579**	**70,8%**

During Q1 2023, the contribution made by the Factoring Area towards net banking income booked by the Commercial & Corporate Banking Segment comes to 42,8 million Euro, up 7,3% on the same period of last year. This result is due to the greater contribution both of net interest income (up by 1,2 million Euro) and net commission income (up by 2,3 million Euro), as a consequence of the increase in the returns on the receivables under management. Turnover for the first quarter of 2023 amounts to 3,1 billion Euro, an increase of approximately 94 million Euro compared to the same period of the previous year, while the total amount of receivables decreases compared to the same period of the previous year (the figure at 31 March 2023 is 3,3 billion Euro compared to 3,6 billion Euro in March 2022).

In the first quarter of 2023, net value adjustments for credit risk amount to 2,5 million Euro, a decrease of 6,8 million Euro compared to the same period of the previous year, which was impacted by prudent provisions made on trade exposures with higher vintage, mainly connected with positions in respect of the NHS.

Therefore, net profit from financial activities amount to 40,3 million Euro (+31,8% on the same period of last year).

The increase in operating costs of 2,6 million Euro compared to the first quarter of 2022 is substantially due to higher personnel expenses of 1,1 million Euro due to an overall increase in remuneration and Group headcount and, for the remainder, to higher administrative expenses associated mainly to the seasonality of advertising expenses and ICT projects.

As regards the main equity aspects, at 31 March 2023, total net commitments for the Area amount to 2.467,3 million Euro, down 10,4% on the figure at 31 December 2022, impacted by the seasonal nature of the business.

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

FACTORING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING EXPOSURES (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2023						
Nominal amount	65.113	77.199	118.485	**260.798**	2.319.679	**2.580.476**
Losses	(50.936)	(37.569)	(1.947)	**(90.452)**	(22.708)	**(113.160)**
Carrying amount	14.177	39.630	116.538	**170.346**	2.296.970	**2.467.316**
Coverage ratio	*78,2%*	*48,7%*	*1,6%*	***34,7%***	*1,0%*	***4,4%***
POSITION AT 31.12.2022						
Nominal amount	64.829	79.592	127.151	**271.573**	2.597.733	**2.869.306**
Losses	(50.482)	(34.524)	(5.473)	**(90.480)**	(23.234)	**(113.713)**
Carrying amount	14.348	45.068	121.678	**181.094**	2.574.499	**2.755.592**
Coverage ratio	*77,9%*	*43,4%*	*4,3%*	***33,3%***	*0,9%*	***4,0%***

As at 31 March 2023, there is a decrease in net impaired loans of 10,7 million Euro, mainly due to the combined decrease in past-due exposures of 5,1 million Euro and in unlikely to pay of 5,4 million Euro. In overall terms, the coverage of impaired exposures increases by 1,4% as a result of higher provisions made on unlikely to pay.

KPI	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Credit cost(1)	0,38%	0,56%	n.a.	(0,18)%
Net Npe ratio	6,9%	6,6%	n.a.	0,3%
Gross Npe ratio	10,1%	9,5%	n.a.	0,6%
Total RWAs(2)	2.322.679	2.625.900	(303.221)	(11,5)%

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

The Net Npe ratio goes from 6,6% to 6,9% as the positive effects of the decrease in impaired exposures were more than offset by the reduction in performing exposures during the reporting period.

Leasing Area

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**12.508**	**12.292**	**216**	**1,8%**
Net commission income	**2.782**	**2.902**	**(120)**	**(4,1)%**
Net banking income	**15.290**	**15.194**	**95**	**0,6%**
Net credit risk losses/reversals	(1.016)	(664)	(352)	53,2%
Net profit (loss) from financial activities	**14.274**	**14.530**	**(256)**	**(1,8)%**
Operating costs	**(7.536)**	**(6.830)**	**(706)**	**10,3%**
Pre-tax profit from continuing operations	**6.738**	**7.700**	**(962)**	**(12,5)%**
Income taxes for the period relating to continuing operations	(2.175)	(2.473)	298	(12,1)%
Profit for the period	**4.563**	**5.227**	**(664)**	**(12,7)%**

Net banking income from the Leasing Area amounts to 15,3 million Euro, essentially in line with the figure at 31 March 2022.

Net credit risk losses amount to 1,0 million Euro, a decline of 0,4 million Euro compared to the same period of the previous year. This change is due to the credit cost in the first quarter of 2022, which benefited from a reduction in lump-sum write-downs on performing exposures due to a better portfolio composition.

Operating costs of the Leasing Area amount to 7,5 million Euro, an increase of 0,7 million Euro compared to the figure as at 31 March 2022, in this case too, mainly related to higher personnel expenses.

At 31 March 2023, the Area's total net loans amount to 1.474,7 million Euro, in line with 31 December 2022.

The coverage ratio of impaired loans increases by 3,8% from 59,7% to 63,5%. This increase is mainly driven by the increase in positions classified as unlikely to pay and non-performing and the worsening of LGD on unlikely to pay.

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

LEASING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING EXPOSURES (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2023						
Nominal amount	11.335	14.225	9.713	**35.273**	1.478.308	**1.513.581**
Losses	(10.502)	(8.855)	(3.055)	**(22.413)**	(16.469)	**(38.882)**
Carrying amount	833	5.370	6.657	**12.860**	1.461.839	**1.474.699**
Coverage ratio	*92,7%*	*62,2%*	*31,5%*	***63,5%***	*1,1%*	***2,6%***
POSITION AT 31.12.2022						
Nominal amount	9.784	13.542	11.652	**34.977**	1.475.310	**1.510.287**
Losses	(9.258)	(8.084)	(3.523)	**(20.865)**	(17.246)	**(38.111)**
Carrying amount	526	5.457	8.129	**14.112**	1.458.065	**1.472.177**
Coverage ratio	*94,6%*	*59,7%*	*30,2%*	***59,7%***	*1,2%*	***2,5%***

KPI	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Credit cost (1)	0,28%	0,20%	n.a.	0,08%
Net Npe ratio	0,9%	1,0%	n.a.	(0,1)%
Gross Npe ratio	2,3%	2,3%	n.a.	0,0%
Total RWAs (2)	1.303.445	1.329.890	(26.445)	(2,0)%

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

Corporate Banking & Lending Area

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**17.915**	**14.355**	**3.560**	**24,8%**
Net commission income	**3.823**	**2.854**	**969**	**34,0%**
Other components of net banking income	8.060	1.572	6.488	412,7%
Net banking income	**29.798**	**18.781**	**11.017**	**58,7%**
Net credit risk losses/reversals	(8.578)	(4.490)	(4.088)	91,1%
Net profit (loss) from financial activities	**21.220**	**14.291**	**6.929**	**48,5%**
Operating costs	**(9.035)**	**(10.103)**	**1.068**	**(10,6)%**
Net allocations to provisions for risks and charges	(283)	(505)	222	(44,0)%
Pre-tax profit from continuing operations	**11.902**	**3.683**	**8.219**	**223,2%**
Income taxes for the period relating to continuing operations	(3.841)	(1.182)	(2.659)	225,0%
Profit for the period	**8.061**	**2.501**	**5.560**	**222,4%**

Net banking income of the Corporate Banking & Lending Area comes to 29,8 million Euro at 31 March 2023, up 11,0 million Euro on 31 March 2022 (+58,7%). The positive change is a result of the combined effect of the following factors:

- 3,6 million Euro growth in net interest income (+24,8%), thanks in particular to the positive contribution of the Lending unit to SMEs, which grew by 2,9 million Euro;
- higher net commissions of 1,0 million Euro (+34,0%), mainly from the Corporate Banking division;
- a 6,5 million Euro increase in other net banking income components attributable to the Corporate Banking unit due to the higher contribution generated by the items measured at fair value, including UCITS funds and minority interests.

Net credit risk losses amount to 8,6 million Euro, up 4,1 million Euro compared to the same period of the previous year and mainly due to the Structured Finance unit. These higher adjustments are attributable to the performing exposure category as a result of prudential adjustments related to the uncertainty of the current macroeconomic context.

The decrease in operating costs of the Corporate Banking & Lending Area of 1,1 million Euro compared to the first quarter of 2022 is mainly attributable to lower project and integration consulting in ICT related to the merger of Banca Credifarma in April 2022. This decrease was, however, partially offset by higher personnel expenses compared to the same period last year.

At 31 March 2023, the Area's total net receivables due from customers amounts to 2.295,8 million Euro, slightly up by 8,6 million Euro on 31 December 2022.

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

CORPORATE BANKING & LENDING AREA (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING EXPOSURES (STAGES 1 AND 2)	TOTAL LOANS
POSITION AT 31.03.2023						
Nominal amount	15.712	51.441	14.898	**82.051**	2.289.641	**2.371.691**
Losses	(5.446)	(14.818)	(1.670)	**(21.934)**	(53.983)	**(75.918)**
Carrying amount	10.266	36.622	13.228	**60.116**	2.235.657	**2.295.774**
Coverage ratio	*34,7%*	*28,8%*	*11,2%*	***26,7%***	*2,4%*	***3,2%***
POSITION AT 31.12.2022						
Nominal amount	15.333	48.583	11.647	**75.563**	2.278.548	**2.354.111**
Losses	(5.034)	(13.419)	(1.292)	**(19.745)**	(47.146)	**(66.891)**
Carrying amount	10.299	35.164	10.355	**55.818**	2.231.402	**2.287.221**
Coverage ratio	*32,8%*	*27,6%*	*11,1%*	***26,1%***	*2,1%*	***2,8%***

The amount of net impaired exposures at 31 March 2023, 60,1 million Euro, shows an increase of 4,3 million Euro on the value at year-end 2022. This is mainly due to the increase in net non-performing past due exposures on positions with public guarantees.

KPI	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Credit cost(1)	1,50%	1,35%	n.a.	0,15%
Net Npe ratio	2,6%	2,4%	n.a.	0,2%
Gross Npe ratio	3,5%	3,2%	n.a.	0,3%
Total RWAs (2)	1.654.746	1.615.463	39.283	2,4%

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

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 loans portfolio of the Npl Segment, by method of transformation and accounting criterion; the "interest on income statement" 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 is included from the amortised cost for 42,6 million Euro and other components of the net interest income from cash flow changes for 30,4 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	1.095.690	85.913	7,8%	-	171.408	Acquisition cost
Non-judicial	14.195.993	467.860	3,3%	26.902	800.315	
of which: Collective (curves)	*13.719.651*	*229.938*	*1,7%*	*(880)*	*395.590*	*Cost = NPV of flows from model*
of which: Plans	*476.342*	*237.922*	*49,9%*	*27.782*	*404.725*	*Cost = NPV of flows from model*
Judicial	7.538.929	928.798	12,3%	46.041	1.918.554	
of which: Other positions undergoing judicial processing	*1.707.706*	*210.572*	*12,3%*	*-*	*474.457*	*Acquisition cost*
of which: Writs, Property Attachments, Garnishment Orders	*1.855.758*	*563.921*	*30,4%*	*39.758*	*1.250.167*	*Cost = NPV of flows from model*
of which: Secured and Corporate	*3.975.465*	*154.305*	*3,9%*	*6.283*	*193.930*	*Cost = NPV of flows from model*
Total	**22.830.612**	**1.482.571**	**6,5%**	**72.943**	**2.890.277**	

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 (85,9 million Euro at 31 March 2023, compared to 113,7 million Euro at 31 December 2022) with no contribution to profit or loss. As a rule, 6-12 months later, the positions are directed towards the most appropriate form of management, depending on their characteristics;
- non-judicial operations, which deal with practices that can be handled through collection by settlement. Practices awaiting information about the most appropriate collection instrument are classified into a basin called "mass management" and at 31 March 2023 come to 229,9 million Euro as compared with 237,7 million Euro at 31 December 2022 (down 3,3%). Practices on which a realignment plan has been agreed and formalised record an increase (2,4%), coming in at 237,9 million Euro at 31 March 2023 (232,3 million Euro at 31 December 2022);
- 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 210,6 million Euro at 31 March 2023 (207,8 million Euro at 31 December 2022); practices in phases of writ, attachment

order and garnishment order are allocated to a specific basin, which records an increase of 1,9%, coming in at 563,9 million Euro as compared with the 553,2 million Euro recorded in December 2022. The judicial management basin includes all “Secured and Corporate” positions of corporate banking origin or real estate, equal to 154,3 million Euro at 31 March 2023, down on the figure at 31 December 2022 (160,5 million Euro).

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)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Interest income from amortised cost	42.587	38.990	3.597	9,2%
Interest income notes and other minority components	989	1.293	(304)	(23,5)%
Other components of net interest income from change in cash flow	30.356	34.111	(3.755)	(11,0)%
Interest expense	(5.987)	(6.754)	767	(11,4)%
Net interest income	**67.945**	**67.640**	**305**	**0,4%**
Net commission income	**802**	**1.003**	**(201)**	**(20,0)%**
Other components of net banking income	179	(806)	985	(122,2)%
Gain on sale of receivables	546	1.975	(1.429)	(72,4)%
Net banking income	**69.472**	**69.812**	**(340)**	**(0,5)%**
Operating costs	**(41.235)**	**(41.006)**	**(229)**	**0,6%**
Net allocations to provisions for risks and charges	(44)	(212)	168	(79,2)%
Pre-tax profit from continuing operations	**28.193**	**28.594**	**(401)**	**(1,4)%**
Income taxes for the period relating to continuing operations	(9.100)	(9.182)	82	(0,9)%
Profit for the period	**19.093**	**19.412**	**(319)**	**(1,6)%**

“Interest income from amortised cost”, referring to the interest accruing at the original effective rate, increases from 39,0 million Euro to 42,6 million Euro at 31 March 2023, 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 34,1 million Euro in Q1 2022 to 30,4 million Euro at 31 March 2023, reflects the change in cash flows forecast according to the collections made in respect of forecasts. This item includes:

- out-of-court settlements totalling 11,1 million Euro, to which recovery plans contributed 20 million Euro, partly offset by the negative effect of curve models totalling 9 million Euro;
- legal expenses of 19,3 million Euro, following the contribution of actions for injunction, attachment and garnishment orders.

Good performance and growth continue in 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 97,5 million Euro, up 7,0% from the 91,1 million Euro realised in Q1 2022.

The decrease in net commission is due to the reduction in fees paid for collection and payment services.

In Q1 2023, disposals of Npl portfolios were realised, in line with the Group's policy, from which net gains on disposal amount to 0,5 million Euro, down on the 2,0 million Euro recorded during the first three months of 2022.

In view of the above, the Npl Segment's net banking income comes to a total of 69,5 million Euro, essentially in line with the same period of the previous year.

Operating costs of 41,2 million Euro at 31 March 2023 are in line with Q1 2022.

As a consequence of the foregoing, period profit of the Npl Segment is 19,1 million Euro.

Below is the breakdown of net loans by credit quality.

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Net bad loans	1.102.424	1.115.926	(13.502)	(1,2)%
Net unlikely to pay	360.340	367.886	(7.546)	(2,1)%
Net non-performing past due exposures	4.079	4.343	(264)	(6,1)%
Total net non-performing exposures to customers (stage 3)	**1.466.843**	**1.488.155**	**(21.312)**	**(1,4)%**
Total net performing exposures (stages 1 and 2)	28.235	31.709	(3.474)	(11,0)%
- of which: Owned receivables	*15.728*	*16.871*	*(1.143)*	*(6,8)%*
- of which: Debt securities	*11.338*	*13.686*	*(2.348)*	*(17,2)%*
- of which: Receivables related to servicer activities	*1.169*	*1.152*	*17*	*1,5%*
Total on-balance-sheet receivables due from customers	**1.495.078**	**1.519.864**	**(24.786)**	**(1,6)%**
- of which: Total owned receivables measured at amortised cost	***1.482.571***	***1.505.026***	***(22.455)***	***(1,5)%***

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 measured at amortised cost are excluded from this classification.

KPI	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Nominal amount of receivables managed	22.830.612	23.064.676	(234.064)	(1,0)%
Total RWAs (1)	1.755.520	1.794.321	(38.801)	(2,2)%

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

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

PERFORMANCE OF THE PROPRIETARY PORTFOLIO OF THE NPL SEGMENT	31.03.2023	31.12.2022
Opening loan portfolio	**1.505.026**	**1.477.681**
Purchases (+)	2.478	148.942
Sales (-)	(941)	(22.105)
Gains on sales (+/-)	546	10.699
Interest income from amortised cost (+)	42.587	161.507
Other components of interest from change in cash flow (+)	56.684	133.414
Adjustments to receivables (+/-)	(26.328)	(21.697)
Collections (-)	(97.481)	(383.415)
Closing loan portfolio	**1.482.571**	**1.505.026**

Total purchases in Q1 2023 come to 2,5 million Euro, down on the 23,8 million Euro of the first three months of 2022. In Q1 2023, sales of Npls were completed for a total price of 0,9 million Euro, which generated profits of 0,5 million Euro.

The item “Collections”, equal to 97,5 million Euro at 31 March 2023, includes the instalments collected during the period from re-entry plans, from garnishment orders and transactions carried out, and rises by 7.0% on the collections of 91,1 million Euro made in the first quarter 2022.

At 31 March 2023, the portfolio managed by the Npl Segment includes 2.203.229 positions, for a nominal amount of 22,8 billion Euro.

Governance & Services and Non-Core Segment

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

INCOME STATEMENT DATA (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**14.540**	**11.437**	**3.103**	**27,1%**
Net commission income	**(968)**	**(645)**	**(323)**	**50,1%**
Other components of net banking income	4.936	8.882	(3.946)	(44,4)%
Net banking income	**18.508**	**19.674**	**(1.166)**	**(5,9)%**
Net credit risk losses/reversals	2.125	(2.534)	4.659	(183,9)%
Net profit (loss) from financial activities	**20.633**	**17.140**	**3.493**	**20,4%**
Operating costs	**(9.310)**	**(8.532)**	**(778)**	**9,1%**
Net allocations to provisions for risks and charges	(6.071)	(6.040)	(31)	0,5%
Pre-tax profit from continuing operations	**5.252**	**2.568**	**2.684**	**104,5%**
Income taxes for the period relating to continuing operations	(1.697)	(824)	(873)	105,9%
Profit (loss) for the period	**3.555**	**1.744**	**1.811**	**103,8%**

The Segment's net banking income amounts to 18,5 million Euro, down 1,2 million Euro compared to the first quarter of 2022, and was driven by an increase in the Non-Core Area of 1,4 million Euro, mainly due to the collection of late payment interest on an impaired position, offset by the lower contribution of the Governance & Services Area of 2,6 million Euro. In particular:

- the net interest income has increased by 3,1 million Euro on the first quarter of 2022. The increase is mainly due to the 2,1 million Euro growth in the Treasury activity and the effect of the aforementioned collection of late payment interest, which offset the Non-Core Area's run-off;
- the other components of net banking income decreased by 3,9 million Euro as a result of lower gains on the sale of financial assets and negative fair value changes on trading derivatives.

In terms of funding, "Rendimax Deposit Account" continues to constitute the Group's main source of finance, with a comprehensive cost of 15 million Euro, higher than the same period of last year (2,5 million Euro) due to the increase in average rates despite the reduction in average assets under management (3.932 million Euro at 31 March 2023 as compared with 4.257 million Euro at 31 March 2022). Overall, retail on-demand and term deposits record an average rate of 1,5%, compared to 1,2% at 31 March 2022. As at 31 March 2023, the carrying amount of bonds issued by Banca Ifis amounts to 1.449 million Euro, up by 394 million Euro as a result of two new issues compared to the situation at 31 March 2022: a senior bond with a duration of 4 years and a nominal value of 110 million Euro and a senior bond with a duration of 4 years and a nominal value of 300 million Euro in January 2023 (for more details on the latter, see the section "Significant events occurred in the period" of the Notes to the Financial Statements). In economic terms, interest expense accrued on all issues rose by 7,5 million Euro compared with Q1 2022, coming in at a total of 15 million Euro at 31 March 2023.

Funding through securitisation, amounting to 1.477 million Euro at 31 March 2023, is essentially in line with the figure at 31 March 2022 (1.408 million Euro). Accrued interest expense went from 1,6 million Euro at 31 March 2022 to 12,3 million Euro at 31 March 2023 due to the increase of the market curves to which they are index-linked.

Also worth mentioning is the access to funding through TLTRO operations with a nominal amount of 2,0 billion Euro; interest accrued at 31 March 2023 amounts to 11,9 million Euro.

The credit cost improves by 4,7 million Euro. The figure at 31 March 2023 stands at net reversals of 2,1 million Euro, benefiting from write-backs from collection on positions that had previously been fully written down, and is in contrast to net adjustments of 2,5 million Euro in March 2022, which were affected by provisions on a singularly significant position.

Operating costs come to 9,3 million Euro, up 0,8 million Euro on 31 March 2022. This change is linked to the increased activities in the area of Communication, Marketing, Public Affairs & Sustainability during the first quarter of 2023, the year of Banca Ifis' 40th anniversary.

Net allocations to provisions for risks and charges amount to 6,1 million Euro, essentially in line with the figures at 31 March 2022.

As regards equity figures, at 31 March 2023, total net receivables for the Segment amount to 2.100,9 million Euro, down 2,4% on the figure at 31 December 2022 (2.152,1 million Euro). The decrease of 51,2 million Euro is due for 38 million Euro to the securities business of the Proprietary Finance and Securitisation & Structured Solutions segments and for the remaining 13 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: 10,1 million Euro at 31 March 2023, essentially in line with the figure for 31 December 2022;
- net performing exposures: 21,8 million Euro at 31 March 2023, essentially unchanged on 31 December 2022.

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

GOVERNANCE & SERVICES AND NON-CORE SEGMENT (in thousands of Euro)	BAD LOANS	UNLIKELY TO PAY	PAST DUE EXPOSURES	TOTAL NON-PERFORMING (STAGE 3)	PERFORMING EXPOSURES (STAGES 1 AND 2)	TOTAL LOANS (1)
POSITION AT 31.03.2023						
Nominal amount	12.456	32.365	6.129	**50.950**	2.071.176	**2.122.126**
Losses	(6.357)	(8.076)	(1.875)	**(16.308)**	(4.962)	**(21.271)**
Carrying amount	6.098	24.289	4.253	**34.641**	2.066.214	**2.100.855**
Coverage ratio	*51,0%*	*25,0%*	*30,6%*	***32,0%***	*0,2%*	***1,0%***
POSITION AT 31.12.2022						
Nominal amount	12.708	37.550	4.182	**54.441**	2.123.966	**2.178.407**
Losses	(6.040)	(13.237)	(1.081)	**(20.358)**	(5.971)	**(26.329)**
Carrying amount	6.668	24.313	3.102	**34.083**	2.117.996	**2.152.078**
Coverage ratio	*47,5%*	*35,3%*	*25,8%*	***37,4%***	*0,3%*	***1,2%***

(1) In the Governance & Services and Non-Core Segment at 31 March 2023 there were government securities amounting to 1.524,8 million Euro (1.541,5 million Euro at 31 December 2022).

The coverage of non-performing exposures in the Segment is affected by receivables belonging to the so-called "POCI" category, whose gross values already take into account the estimate of expected losses. The coverage of the portfolio as a whole at 31 March 2023 is down from the figure at 31 December 2022, mainly related to the Non-Core Area portfolio.

Reclassified financial statements

Consolidated Interim Report at 31 March 2023

Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	31.03.2023	31.12.2022
Cash and cash equivalents	907.340	603.134
Financial assets held for trading	25.223	26.868
Financial assets mandatorily measured at fair value through profit or loss	179.462	195.220
Financial assets measured at fair value through other comprehensive income	757.833	697.611
Receivables due from banks measured at amortised cost	619.127	565.762
Receivables due from customers measured at amortised cost	9.833.722	10.186.932
Property, plant and equipment	128.399	126.341
Intangible assets	67.054	64.264
of which:		
- goodwill	*38.020*	*38.020*
Tax assets:	320.158	325.181
a) current	60.829	60.924
b) prepaid	259.329	264.257
Other assets	461.372	471.064
Total assets	**13.299.690**	**13.262.377**

LIABILITIES AND EQUITY (in thousands of Euro)	31.03.2023	31.12.2022
Payables due to banks	3.095.014	3.422.160
Payables due to customers	5.090.965	5.103.343
Debt securities issued	2.925.872	2.605.195
Financial liabilities held for trading	23.844	25.982
Tax liabilities:	59.149	52.298
a) current	28.839	21.961
b) deferred	30.310	30.337
Other liabilities	385.698	391.697
Post-employment benefits	7.879	7.696
Provisions for risks and charges	60.915	56.225
Valuation reserves	(53.504)	(59.722)
Reserves	1.582.068	1.440.944
Interim dividends (-)	(52.433)	(52.433)
Share premiums	83.767	83.767
Share capital	53.811	53.811
Treasury shares (-)	(22.104)	(22.104)
Equity attributable to non-controlling interests	12.835	12.432
Profit for the period	45.914	141.086
Total liabilities and equity	**13.299.690**	**13.262.377**

Consolidated Income Statement

ITEMS (in thousands of Euro)	31.03.2023	31.03.2022
Net interest income	**139.439**	**131.069**
Net commission income	**23.327**	**20.725**
Other components of net banking income	13.059	11.530
Net banking income	**175.825**	**163.324**
Net credit risk losses/reversals	(9.971)	(17.008)
Net profit (loss) from financial activities	**165.854**	**146.316**
Administrative expenses:	(93.530)	(90.133)
a) personnel expenses	(39.708)	(36.565)
b) other administrative expenses	(53.822)	(53.568)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.202)	(4.080)
Other operating income/expenses	6.642	6.390
Operating costs	**(91.090)**	**(87.823)**
Net allocations to provisions for risks and charges	(6.368)	(6.422)
Pre-tax profit from continuing operations	**68.396**	**52.071**
Income taxes for the period relating to continuing operations	(22.078)	(16.720)
Profit for the period	**46.318**	**35.351**
(Profit) loss for the period attributable to non-controlling interests	(404)	(403)
Profit for the period attributable to the Parent company	**45.914**	**34.948**

Consolidated Statement of Comprehensive income

ITEMS (in thousands of Euro)	31.03.2023	31.03.2022
Profit for the period	**46.318**	**35.351**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**(376)**	**1.397**
Equity securities measured at fair value through other comprehensive income	(270)	1.452
Defined benefit plans	(106)	(55)
Other comprehensive income, net of taxes, to be reclassified to profit or loss	**5.999**	**(9.224)**
Exchange differences	93	(430)
Financial assets (other than equity securities) measured at fair value through other comprehensive income	5.906	(8.794)
Total other comprehensive income, net of taxes	**5.623**	**(7.827)**
Comprehensive income	**51.941**	**27.524**
Consolidated comprehensive income attributable to non-controlling interests	(403)	(405)
Consolidated comprehensive income attributable to the Parent company	**51.538**	**27.119**

Banca Ifis 1983|2023

Notes

Consolidated Interim Report at 31 March 2023

Accounting policies

Statement of compliance with IFRS

This Consolidated Interim Report at 31 March 2023 of the Banca Ifis Group was prepared in accordance with Borsa Italiana's Rules for companies listed on the STAR segment (article 2.2.3 paragraph 3), which require publishing an interim report within 45 days of the end of each quarter, and considering Borsa Italiana's notice no. 7587 of 21 April 2016. Therefore, in accordance with said notice, concerning the contents of the Consolidated Interim Report, the Group made reference to the pre-existing paragraph 5 of article 154-ter of Italian Legislative Decree no. 58, dated 24 February 1998.

The Consolidated Interim Report at 31 March 2023 does not include all the information required for the preparation of the annual consolidated financial statements in accordance with IFRS accounting standards. For this reason, it is necessary to read the Consolidated Interim Report together with the consolidated financial statements at 31 December 2022. The preparation criteria, the valuation and consolidation criteria and the accounting standards adopted in the preparation of this Consolidated Interim Report comply with the accounting standards adopted in the preparation of the consolidated financial statements at 31 December 2022, with the exception of the adoption of the new or amended accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as set out below.

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

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

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

The criteria for recognising, measuring and derecognising assets and liabilities and the methods for recognising revenue and costs adopted in preparing the Consolidated Interim Report at 31 March 2023 are unchanged from those used to prepare the consolidated financial statements at 31 December 2022, 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.

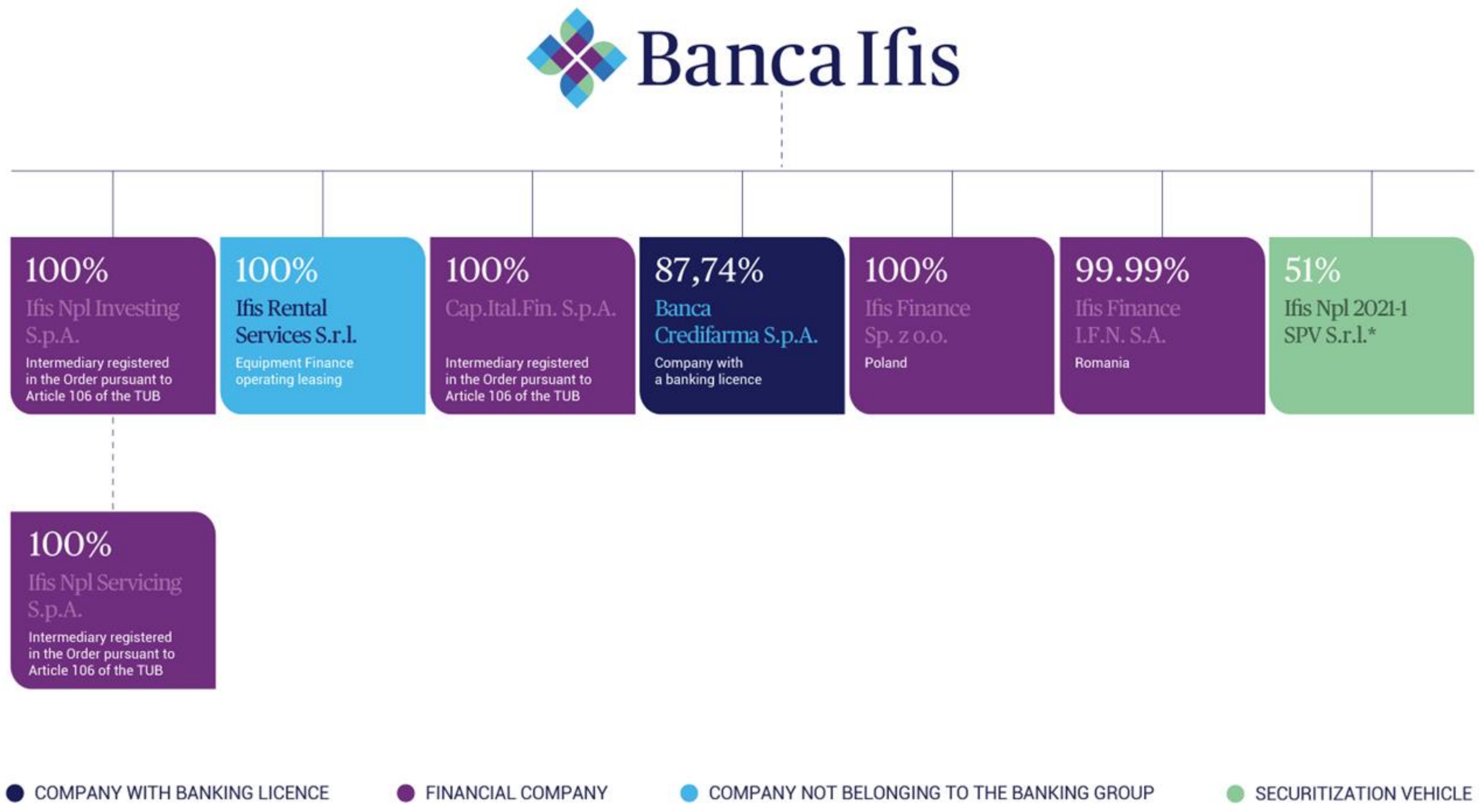
Unlike in the past, present conditions on financial markets and in the real economy, together with the negative short-term forecasts, require particularly accurate assessments of the going concern assumption, as records of the company's profitability and easy access to financial resources may no longer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

In this regard, having examined the risks deriving from the current macroeconomic context, also in consideration of the current situation relating to the 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 Interim Consolidated Report at 31 March 2023 is prepared in accordance with this fact.

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

Consolidation scope and methods

The Consolidated Interim Report of the Banca Ifis Group has been drawn up on the basis of the accounts at 31 March 2023 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

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

With regard to the companies included in the scope of consolidation at 31 March 2023, there were no changes compared to the situation at the end of 2022.

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 reference and classified as administrative expenses.

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

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 former Fbs Group, acquired in 2019 and 0,8 million Euro for the Polish subsidiary Ifis Finance Sp. z.o.o., acquired in 2006.

This goodwill was 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 recognised in 2022 and allocated to the item “Value adjustments of goodwill” in the Income Statement. For more details on this impairment as at 30 June 2022, please refer to the Banca Ifis Group's “Consolidated Half-Year Financial Report at 30 June 2022”.

The residual goodwill, amounting to 38,0 million Euro and entirely related to the consolidation of the former Fbs Group, was subjected to the annual impairment test at 31 December 2022, from which no need for impairment emerged. For more details, we would refer you to the more extensive information given in “Part B - Information on the Consolidated Statement of Financial Position, Assets”, “Section 10 - Intangible assets - Item 100”, paragraph “10.3 Other information” of the consolidated financial statements at 31 December 2022.

Equity investments in exclusively controlled companies

COMPANY NAME	HEAD OFFICE	REGISTERED OFFICE	TYPE (1)	INVESTMENT		VOTING RIGHTS % (2)
				PARTICIPATING ENTITY	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.	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%

Key

(1) Type of relationship:

1 = majority of voting rights in the Annual Shareholders' Meeting
2 = dominant influence in the Annual Shareholders' Meeting
3 = agreements with other shareholders
4 = other forms of control
5 = joint management pursuant to Article 26, paragraph 1, Italian Legislative Decree no. 87/92
6 = joint management pursuant to Article 26, paragraph 2, Italian Legislative Decree no. 87/92

(2) Voting rights in the Annual Shareholders' Meeting, distinguishing between effective and potential voting rights

Significant judgements and assumptions in determining the scope of consolidation

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

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

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

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

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

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

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

The assessment carried out led the Bank to include the subsidiaries 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 (in this regard, see the image at the start of the section entitled "Scope and methods of consolidation", where such SPVs are not included).

Risks and uncertainties related to estimates

Using accounting standards often requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities in the accounts and disclosure of contingent assets and liabilities. In making the assumptions underlying the estimates, management considers all available information at the reporting date of this Consolidated Interim Report, as well as any other factor deemed reasonable for this purpose, also as a consequence of the current situation connected with the great uncertainty surrounding the international macroeconomic context.

Specifically, it made estimates concerning the carrying amounts of some items recognised in the Consolidated Interim Report at 31 March 2023, as per the relevant accounting standards. These estimates are largely based on the expected future recoverability of the amounts recognised and were made on a going concern basis. Such estimates support the carrying amounts reported at 31 March 2023.

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 linked to the National Health System (NHS), 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;
- goodwill and other intangible assets.

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 - Main items of the financial statements" of the consolidated financial statements at 31 December 2022.

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 - Main items of the financial statements" of the consolidated financial statements at 31 December 2022.

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.

With reference to the legal positions in Legal Factory, in the fourth quarter of 2022, the regulatory change referred to in Article 21-bis of Law no. 142 of 21 September 2022, which regulates the limit of attachability of amounts received by way of pensions, was implemented in the “LF Pre Garnishment Order model” and in the “Garnishment Order model”. The new regulations came into force on 22 September 2022 and indicate that, for amounts received by way of pensions only, the limit of forfeitability increases from approximately 702 Euro to 1.000 Euro. This regulatory change impacted on the attachable amount of positions only where the only source of income attachable by third-party garnishment is a pension; there was no impact for positions relating to persons attachable on the basis of sums received by way of salary.

Reference should be made to the details given in Part E - “Information on risks and related hedging policies” of the consolidated financial statements at 31 December 2022.

Receivables linked to the National Health System (NHS) and specifically the interest on arrears considered recoverable

With reference to receivables acquired from the National Health Service (NHS), the Group uses a proprietary cash flow estimation model that includes the estimate of interest on arrears deemed recoverable, based on the Group's historical evidence and differentiated according to the type of recovery action taken (settlement or judicial). 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 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, some prudent corrections have been made, to take into account the current macroeconomic environment strongly influenced by the impact of rising energy prices on inflationary dynamics, the recessionary effects linked to the Russian-Ukrainian conflict and, last but not least, the risk linked to the persistence of the Covid-19 pandemic. Prudential adjustments to cover these risks, viewed as a whole, were therefore re-evaluated during FY 2022 and Q1 2023.

With regard to Forward Looking information, the macroeconomic scenarios incorporated in the risk parameter estimates were updated. These scenarios are sourced from various sources in order to ensure a good coverage of information and to factor in the aspects mentioned above.

Finally, 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, also in the Commercial & Corporate Banking Segment.

Reference should be made to the information given in paragraph “A.2 - Main items of the financial statements” of the consolidated financial statements at 31 December 2022.

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 - DCF - 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. IAS 36 also requires, moreover, at each balance sheet date, including, therefore, the interim closures, an analysis aimed at identifying the presence of any loss indicators (termed "Trigger Events") when the impairment test of the goodwill/intangible assets subject to analysis is carried out. The recoverable value is the greater of Value in Use and fair value, net of the costs of sale.

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

We would refer you to the more detailed information given in "Part B - Information on the Consolidated Statement of Financial Position, Assets", "Section 10 - Intangible assets - Item 100", paragraph "10.3 Other information" of the consolidated financial statements at 31 December 2022.

Group financials and income results

Reclassified Statement of financial positions items

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Cash and cash equivalents	907.340	603.134	304.206	50,4%
Financial assets mandatorily measured at fair value through profit or loss	179.462	195.220	(15.758)	(8,1)%
Financial assets measured at fair value through other comprehensive income	757.833	697.611	60.222	8,6%
Receivables due from banks measured at amortised cost	619.127	565.762	53.365	9,4%
Receivables due from customers measured at amortised cost	9.833.722	10.186.932	(353.210)	(3,5)%
Property, plant and equipment and intangible assets	195.453	190.605	4.848	2,5%
Tax assets	320.158	325.181	(5.023)	(1,5)%
Other assets	486.595	497.932	(11.337)	(2,3)%
Total assets	**13.299.690**	**13.262.377**	**37.313**	**0,3%**
Payables due to banks	3.095.014	3.422.160	(327.146)	(9,6)%
Payables due to customers	5.090.965	5.103.343	(12.378)	(0,2)%
Debt securities issued	2.925.872	2.605.195	320.677	12,3%
Tax liabilities	59.149	52.298	6.851	13,1%
Provisions for risks and charges	60.915	56.225	4.690	8,3%
Other liabilities	417.421	425.375	(7.954)	(1,9)%
Consolidated equity	1.650.354	1.597.781	52.573	3,3%
Total liabilities and equity	**13.299.690**	**13.262.377**	**37.313**	**0,3%**

Cash and cash equivalents

Cash and cash equivalents include bank current accounts on demand and as at 31 March 2023 amount to 907,3 million Euro, up from 603,1 million Euro at the end of 2022 mainly due to the growth in overnight deposits held by the Parent company Banca Ifis.

Financial assets mandatorily measured at fair value through profit or loss

Other financial assets mandatorily measured at fair value through profit or loss total 179,5 million Euro at 31 March 2023. This item consists of loans and debt securities that did not pass the SPPI test, equity securities from minority shares 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	
	31.03.2023	31.12.2022	ABSOLUTE	%
Debt securities	47.026	72.844	(25.818)	(35,4)%
Equity securities	37.479	34.979	2.500	7,1%
UCITS units	77.667	70.209	7.458	10,6%
Loans	17.290	17.189	101	0,6%
Total	**179.462**	**195.221**	**(15.759)**	**(8,1)%**

Without taking into account receipts for the period, the decrease of 8,1% compared to 31 December 2022 is mainly the result of transactions involving the sale of units of debt securities for 18,3 million Euro (of which 17,5 million Euro related to bank securities), against which net gains of 0,8 million Euro, the effect of which was partially offset by the revaluation of units held in UCITS funds in the amount of 6,8 million Euro and new transactions during the period in the amount of 1,8 million Euro (of which 0,9 million Euro related to UCITS units, 0,6 million Euro related to equity securities and 0,2 million Euro to new debt securities).

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income amount to 757,8 million Euro at 31 March 2023, up 8,6% from December 2022. They include debt securities characterised by a Held to Collect & Sell (HTC&S) 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	
	31.03.2023	31.12.2022	ABSOLUTE	%
Debt securities	630.720	589.638	41.082	7,0%
of which government securities	*447.253*	*400.266*	*46.987*	*11,7%*
Equity securities	127.113	107.973	19.140	17,7%
Total	**757.833**	**697.611**	**60.222**	**8,6%**

The growth in debt securities owned is due to the combined effect of new subscriptions with both bank counterparties (+25,1 million Euro) and customer counterparties (+42,6 million Euro, of which +38,8 million Euro in government bonds), and the positive write-back in the first three months of 2023 following the changed market scenario (+8,9 million Euro, of which +8,5 million Euro in government bonds). This change more than offset the decrease related to normal collections and disposals. The related associated net negative fair value reserve amounts to 29,9 million Euro at 31 March 2023, of which 27,4 million Euro associated with Government securities.

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

Issuer/Maturity	1 year	2 years	3 years	5 years	Over 5 years	Total
Government securities	214.301	-	4.385	65.925	162.642	**447.253**
% of total	*34,0%*	*0,0%*	*0,7%*	*10,5%*	*25,8%*	***70,9%***
Banks	5.515	9.994	18.692	42.207	26.923	**103.331**
% of total	*0,9%*	*1,6%*	*3,0%*	*6,7%*	*4,3%*	***16,4%***
Other issuers	4.448	12.205	28.062	26.646	8.775	**80.136**
% of total	*0,7%*	*1,9%*	*4,4%*	*4,2%*	*1,4%*	***12,7%***
Total	**224.264**	**22.199**	**51.139**	**134.778**	**198.340**	**630.720**
% of total	***35,6%***	***3,5%***	***8,1%***	***21,4%***	***31,4%***	***100,0%***

This item also includes equity securities attributable to non-controlling interests, which amount to 127,1 million Euro at the end of March 2023, up 17,7% compared to 31 December 2022, mainly due to investments made in the first quarter of 2023 (+26,3 million Euro, of which 20,0 million Euro on foreign equity investments), the impact of which more than offset that of the disposals realised in the period (-7,1 million Euro). The net fair value reserve associated with this portfolio at 31 March 2023 shows a negative value of 14,6 million Euro, in line with the figure posted at the end of 2022.

Receivables due from banks measured at amortised cost

Total receivables due from banks measured at amortised cost amount to 619,1 million Euro at 31 March 2023, up on the figure booked at 31 December 2022 (565,8 million Euro).

In addition to loans to central banks, which constitute the funding maintained in order to ensure the orderly conduct of business, the item includes:

- bank repurchase agreements (repos), which are new for the first quarter of 2023 and show a balance of 22,5 million Euro;
- bank debt securities to which a “Held to Collect (HTC)” business model is associated and which have passed the SPPI Test: these securities at 31 March 2023 have a carrying amount of 547,0 million Euro, an increase compared to the value of 526,2 million Euro at the end of 2022, mainly as a result of new investments made during the period on Italian (+12,2 million Euro) and foreign (+9,0 million Euro) bank bonds.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amount to 9.833,7 million Euro, a reduction on 31 December 2022 (10.186,9 million Euro). The item includes debt securities in the amount of 1,9 billion Euro (broadly in line with the figure for year-end 2022), of which 1,5 billion Euro related to government bonds. The Commercial & Corporate Banking Segment records a slowdown (-4,3%) concentrated in the Factoring Area (-10,5%), which suffers seasonality, against the substantial stability of the Leasing Area and Corporate Banking & Lending Area. The Governance & Services and Non-Core Segment decreases by 51,2 million Euro, while the Npl Segment's receivables are essentially stable compared to 31 December 2022.

RECEIVABLES DUE FROM CUSTOMERS BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Commercial & Corporate Banking Segment	6.237.788	6.514.989	(277.201)	(4,3)%
- of which non-performing	*243.322*	*251.024*	*(7.702)*	*(3,1)%*
Factoring Area	2.467.316	2.755.592	(288.276)	(10,5)%
- of which non-performing	*170.346*	*181.094*	*(10.748)*	*(5,9)%*
Leasing Area	1.474.699	1.472.177	2.522	0,2%
- of which non-performing	*12.860*	*14.112*	*(1.252)*	*(8,9)%*
Corporate Banking & Lending Area	2.295.774	2.287.221	8.553	0,4%
- of which non-performing	*60.116*	*55.818*	*4.298*	*7,7%*
Npl Segment	1.495.078	1.519.864	(24.786)	(1,6)%
- of which non-performing	*1.466.843*	*1.488.155*	*(21.312)*	*(1,4)%*
Governance & Services and Non-Core Segment(1)	2.100.855	2.152.078	(51.223)	(2,4)%
- of which non-performing	*34.641*	*34.083*	*558*	*1,6%*
Total receivables due from customers	**9.833.722**	**10.186.932**	**(353.210)**	**(3,5)%**
- of which non-performing	***1.744.806***	***1.773.261***	***(28.455)***	***(1,6)%***

(1) In the Governance & Services and Non-Core Segment, at 31 March 2023, there are government securities amounting to 1.524,8 million Euro (1.541,5 million Euro at 31 December 2022).

Total net non-performing exposures, which are significantly affected by the receivables of the Npl Segment, amount to 1.744,8 million Euro at 31 March 2023, compared to 1.773,3 million Euro at 31 December 2022 (-1,6%).

Net of this item relative to the Npl Segment, net non-performing loans come to 278,0 million Euro, a reduction on the 285,1 million Euro recorded at 31 December 2022, mainly due to the contribution made by the Factoring Area.

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

Intangible assets and property, plant and equipment

Intangible assets come to 67,1 million Euro, up 4,3% from 64,3 million Euro at 31 December 2022.

This item refers to software in the amount of 29,0 million Euro (up from the balance of 26,2 million Euro at 31 December 2022 as a result of investments made during the period) and 38,0 million Euro in goodwill following the acquisition of the former Fbs Group.

As regards the Group’s assessments on the impairment testing of such goodwill, please note that the results of this test performed at 31 December 2022 have supported the likelihood of recovery. For more details, we would refer you to the more extensive information given in “Part B - Information on the Consolidated Statement of Financial Position, Assets”, “Section 10 - Intangible assets - Item 100”, paragraph “10.3 Other information” of the consolidated financial statements at 31 December 2022.

On the other hand, with reference to the valuation at 31 March 2023 concerning the presence of any trigger events, which would call for impairment testing, the analysis did not reveal any such trigger events.

Property, plant and equipment comes to 128,4 million Euro, as compared with the 126,3 million Euro booked at 31 December 2022, up 1,6%.

At the end of March 2023, the properties recognised under property, plant and equipment include 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 total 320,2 million Euro, slightly down on 31 December 2022, when they were 325,2 million Euro.

Current tax assets amount to 60,9 million Euro, in line with the figure at 31 December 2022.

Deferred tax assets amount to 259,3 million Euro compared to the figure of 264,3 million Euro at 31 December 2022 and consist mainly of 172,2 million Euro of assets recognised for impairment losses on receivables due from customers, potentially convertible into tax credits (balance essentially unchanged compared with end 2022), 38,8 million Euro of assets recognised for prior tax losses and ACE benefit (39,5 million Euro at 31 December 2022) and 48,3 million Euro (52,5 million Euro at 31 December 2022) in tax misalignments mainly relating to financial assets measured at fair value through other comprehensive income (FVOCI).

Tax liabilities amount to 59,1 million Euro and are made up as follows:

- current tax liabilities of 28,8 million Euro (22,0 million Euro at 31 December 2022), which include both the tax liability accrued during the quarter in the amount of 7,1 million Euro and the liability for the previous tax period not yet settled in the amount of 21,9 million Euro at 31 December 2022;
- deferred tax liabilities, totalling 30,3 million Euro, are in line with the balance of the previous year and largely include 26,0 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 1,2 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 updated, which was transposed in the Bank of Italy’s Circulars no. 285 and no. 286.

Here below is the breakdown of the different treatments by type and the relevant impact on CET1 and risk-weighted assets (RWAs) at 31 March 2023:

- the “deferred tax assets that rely on future profitability and do not arise from temporary differences” are subject to deduction from CET1; at 31 March 2023, the deduction is 38,7 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 9,9 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 31 March 2023, these assets amount to 41,3 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 20,4 million Euro;

- the "deferred tax assets pursuant to Italian Law no. 214/2011", concerning credit risk losses that can be converted into tax credits, receive a 100% risk weight; at 31 March 2023, the corresponding weight totals 172,2 million Euro;
- "current tax assets" receive a 0% weight as they are exposures to the Central Government.

Overall, the tax assets recognised at 31 March 2023 and deducted from Own funds at 100% result in an expense of 0,01% in terms of CET1.

Other assets and liabilities

Other assets, of 486,6 million Euro as compared to a balance of 497,9 million Euro at 31 December 2022, mainly include:

- financial assets held for trading amounting to 25,2 million Euro (slightly down on the figure of 26,9 million Euro at 31 December 2022), referring for 24,8 million Euro to derivative transactions (down 0,8 million Euro on 31 December 2022) essentially hedged by specular positions recorded under financial liabilities held for trading and 0,4 million Euro from securities included in the Group's trading portfolio (down on the balance of 1,3 million Euro at 31 December 2022);
- other assets for 461,4 million Euro (471,1 million Euro at 31 December 2022), of which 242,0 million Euro relate to tax credits for superbonuses and other construction tax bonuses (with a nominal amount of 274,0 million Euro) and 1,6 million Euro in receivables due from the La Scogliera tax consolidation (5,6 million Euro at 31 December 2022).

Other liabilities come to 417,4 million Euro as compared with 425,4 million Euro at 31 December 2022, and consist of:

- trading derivatives for 23,8 million Euro, mainly referring to transactions hedged by opposite positions entered amongst financial assets held for trading;
- 7,9 million Euro liabilities for post-employment benefits (7,7 million Euro at 31 December 2022);
- 385,7 million Euro for other liabilities (391,7 million Euro at 31 December 2022), largely referred to amounts mainly due to customers that have not yet been credited, as well as a 42,9 million Euro payable to the tax consolidating company La Scogliera (33,7 million Euro at 31 December 2022) and operating payables for approximately 95,2 million Euro (122,8 million Euro at 31 December 2022).

Funding

FUNDING (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Payables due to banks	**3.095.014**	**3.422.160**	**(327.146)**	**(9,6)%**
- Payables due to Central banks	2.035.043	2.423.647	(388.604)	(16,0)%
of which: TLTRO	*2.035.043*	*2.023.162*	*11.881*	*0,6%*
of which: LTRO	*-*	*400.485*	*(400.485)*	*(100,0)%*
- Repurchase agreements	784.779	731.791	52.988	7,2%
- Other payables	275.192	266.722	8.470	3,2%
Payables due to customers	**5.090.965**	**5.103.343**	**(12.378)**	**(0,2)%**
- Repurchase agreements	-	50.003	(50.003)	(100,0)%
- Retail	4.253.663	4.159.855	93.808	2,3%
- Other term deposits	122.366	116.339	6.027	5,2%
- Lease payables	22.472	21.733	739	3,4%
- Other payables	692.464	755.413	(62.949)	(8,3)%
Debt securities issued	**2.925.872**	**2.605.195**	**320.677**	**12,3%**
Total funding	**11.111.851**	**11.130.698**	**(18.847)**	**(0,2)%**

Total funding amounts to 11.111,9 million Euro at 31 March 2023 and is in line with the figure at 31 December 2022; it is represented for 45,8% by payables due to customers (in line with respect to 31 December 2022), for 27,9% by payables due to banks (30,7% at 31 December 2022), and for 26,3% by debt securities issued (23,4% at 31 December 2022).

Payables due to banks come to 3.095,0 million Euro, down 9,6% compared to the figure for end December 2022 due to the onset maturity of short-term payables due to central banks (LTRO).

Payables due to customers at 31 March 2023 total 5.091,0 million Euro, essentially stable compared with 31 December 2022 where, in respect of a substantial stability of retail funding, which comes to 4.253,7 million Euro at end March 2023 (+2,3%), a reduction is recorded following the closure of repurchase agreements in place at 31 December 2022.

Debt securities issued amount to 2.925,9 million Euro at 31 March 2023, up 12,3% from 31 December 2022, mainly due to the issue by Banca Ifis of a 300 million Euro bond with a 4-year maturity,

as better described in the "Significant events during the period" section of this document.

Below is a representation of the Banca Ifis Group's retail funding:

RETAIL FUNDING (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Short-term funding (within 18 months)	3.025.807	2.976.991	48.816	1,6%
of which: DEREGULATED	*641.096*	*728.224*	*(87.128)*	*(12,0)%*
of which: LIKE/ONE	*597.653*	*747.970*	*(150.317)*	*(20,1)%*
of which: RESTRICTED	*1.629.131*	*1.437.863*	*191.268*	*13,3%*
of which: GERMAN DEPOSIT	*157.927*	*62.934*	*94.993*	*150,9%*
Long-term funding (beyond 18 months)	1.227.856	1.182.864	44.992	3,8%
Total retail funding	**4.253.663**	**4.159.855**	**93.808**	**2,3%**

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	9.337	9.364	(27)	(0,3)%
FITD and Single Resolution Fund	5.850	-	5.850	n.a.
Legal and tax disputes	36.171	37.543	(1.372)	(3,7)%
Personnel expenses	3.197	2.800	397	14,2%
Other provisions	6.360	6.518	(158)	(2,4)%
Total provisions for risks and charges	**60.915**	**56.225**	**4.690**	**8,3%**

Below is the breakdown of the provision for risks and charges at the end of the first quarter of 2023 by type of dispute compared with the amounts for the prior year end.

Provisions for credit risk related to commitments and financial guarantees granted

At 31 March 2023, this item amounts to 9,3 million Euro, reflecting the impairment losses on irrevocable commitments to disburse funds and financial guarantees granted by the Group.

FITD and Single Resolution Fund

The item at 31 March 2023 includes an estimate of 5,9 million Euro for the Group's annual contribution to the Single Resolution Fund.

Legal and tax disputes

At 31 March 2023, provisions have been made for 45,7 million Euro for legal and tax disputes. This amount mainly breaks down as follows:

- 9,0 million Euro (the plaintiffs seek 16,5 million Euro in damages) for 17 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;
- 18,3 million Euro for 28 disputes concerning the Factoring Area (the plaintiffs seek 41,7 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;
- 3,2 million Euro (the plaintiffs seek 50,0 million Euro in damages) for 5 disputes concerning the Corporate Banking & Lending Area and deriving from the former Interbanca;
- 1,6 million Euro (the plaintiffs seek 2,1 million Euro in damages) for 22 disputes concerning the Leasing Area and tax receivables;
- 2,7 million Euro (the plaintiffs seek 7,3 million Euro in damages) for 60 disputes concerning receivables of Ifis Npl Investing;
- 472 thousand Euro relating to various disputes concerning Banca Credifarma (the plaintiffs seek 3,4 million Euro);
- 688 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 31 March 2023, provisions are entered for staff for 3,2 million Euro (2,8 million Euro at 31 December 2022) of which 2,3 million Euro relating to the Solidarity Fund established in 2020.

Other provisions for risks and charges

At 31 March 2023, "Other provisions" are in place for 6,4 million Euro, in line with the 6,5 million Euro recorded at 31 December 2022. The item mainly consists of 3,1 million Euro for Supplementary Customer Indemnity in connection with the Leasing Area's operations, 1,9 million Euro for the provision for risks linked to the assignment of receivables under the scope of GACS and 0,9 million Euro for the provision for complaints.

Contingent liabilities

The most significant potential liabilities existing as at 31 March 2023, for which a negative outcome is held to be merely "possible" are detailed below by way of information only.

During the fourth quarter of 2022, Banca Ifis was sued by the bodies of two bankruptcy proceedings, which requested that it be ordered to pay 389,3 million Euro in one case and 47,7 million Euro in the other, as compensation for damages for the unlawful forbearance in its capacity as lender, albeit marginal, of the companies now in proceedings. The first claim was made jointly and severally with 23 other institutions, while the second claim was made jointly and severally with 8 other institutions. The Group, supported by its legal advisers, evaluated the risk of defeat as "possible" and, therefore, it did not allocate funds to the provisions for risks and charges.

Tax dispute

Regarding all the tax disputes specified below, 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.

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

Following a tax audit for the years 2013/2017, Notices of Assessment were served for the years 2013/2016 in which the 'concealed permanent establishment' of the subsidiary based in Poland was contested.

The Financial Police Force hypothesised that the office in Poland was used in the Group's strategies more as a branch/office for the promotion and sale of services offered, de facto, by the Parent company Banca Ifis rather than constituting an independent and autonomous legal entity in the exercise of its activity.

2013-2014-2015:

- On 12 November 2020, the Venice Provincial Tax Commission fully upheld the appeal filed by Banca Ifis (Ruling no. 266/2021) against the notices of IRES, IRES surcharge and IRAP tax assessment for the years 2013/2014/2015 issued by the Italian Revenue Agency. 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);
- On 2 December 2021, the Bank filed its rebuttal arguments in defence of its positions as confirmed by the Provincial Tax Commission;
- With judgement no. 201/2023, filed on 27 February 2023, the Veneto Court of Tax Appeals of second instance rejected the appeal of the Revenue Agency, thus confirming the first instance sentence (favourable to the Bank) and awarded 5 thousand Euro in expenses ex lege in favour of the Bank. At present, the Revenue Agency has not yet appealed in Cassation.

2016:

- In June 2022, the Notices of Assessment for 2016 were also served, containing the same objections and arguments as in the previous years, with the addition of the disputes of costs recorded in 2016 that were deemed to be outside the accrual period;
- The Notice of Assessment for 2016 was challenged within the time limits provided for by the legislation, and at the same time one third of the taxes were paid pending judgement. The setting of the hearing date at the Tax Court of First Instance is pending.

Consolidated equity

Consolidated equity at 31 March 2023 totals 1.650,4 million Euro, up 3,3% on the 1.597,8 million Euro booked at end 2022. The main changes in consolidated shareholders' equity are summarised in the following tables.

CONSOLIDATED EQUITY: BREAKDOWN (in thousands of Euro)	AMOUNTS		CHANGE	
	31.03.2023	31.12.2022	ABSOLUTE	%
Share capital	53.811	53.811	-	0,0%
Share premiums	83.767	83.767	-	0,0%
Valuation reserves:	(53.504)	(59.722)	6.218	(10,4)%
- Securities	*(44.486)*	*(50.634)*	*6.148*	*(12,1)%*
- Post-employment benefits	*275*	*381*	*(106)*	*(27,8)%*
- Exchange differences	*(9.293)*	*(9.469)*	*176*	*(1,9)%*
Reserves	1.582.068	1.440.944	141.124	9,8%
Interim dividends (-)	(52.433)	(52.433)	-	0,0%
Treasury shares	(22.104)	(22.104)	-	0,0%
Equity attributable to non-controlling interests	12.835	12.432	403	3,2%
Profit for the period attributable to the Parent company	45.914	141.086	(95.172)	(67,5)%
Consolidated equity	**1.650.354**	**1.597.781**	**52.573**	**3,3%**

CONSOLIDATED EQUITY: CHANGES	(in thousands of Euro)
Consolidated equity at 31.12.2022	**1.597.781**
Increases:	**52.679**
Profit for the period attributable to the Parent company	45.914
Change in valuation reserve:	5.729
- Securities (net of realisations)	*5.553*
- Exchange differences	*176*
Stock options	289
Equity attributable to non-controlling interests	403
Other changes	344
Decreases:	**106**
Change in valuation reserve for post-employment benefits	106
Consolidated equity at 31.03.2023	**1.650.354**

Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS	
	31.03.2023(1)	31.12.2022
Common Equity Tier 1 (CET1) capital	1.507.178	1.520.570
Tier 1 capital	1.508.148	1.521.490
Total Own funds	**1.827.815**	**1.906.288**
Total RWAs	**9.906.278**	**10.128.064**
CET1 Ratio	15,21%	15,01%
Tier 1 Ratio	15,22%	15,02%
Total Capital Ratio	**18,45%**	**18,82%**

(1) CET1, Tier 1 and Total Capital at 31 March 2023 do not include the profits generated by the Banking Group in the first three months of 2023.

Consolidated Own funds, risk-weighted assets and prudential ratios at 31 March 2023 were calculated based on the regulatory changes introduced by Directive no. 2019/878/EU (CRD V) and Regulation (EU) no. 876/2019 (CRR2), which amended the regulatory principles set out in Directive no. 2013/36/EU (CRD IV) and Regulation (EU) no. 575/2013 (CRR), as subsequently amended, which were transposed in the Bank of Italy's Circulars no. 285 and no. 286.

For the purposes of calculating capital requirements at 31 March 2023, in continuity with what has been done since 30 June 2020, the Banca Ifis Group has applied the temporary support provisions still in force at this reporting date, as set out in EU Regulation no. 873/2020 (the “quick-fix”).

New developments during the quarter included the conclusion of the transitional period introduced by Regulation (EU) 873/2020 for the application of the Covid-19 pandemic support provisions for the application of the prudential filter for unrealised gains and losses in debt instruments issued by central governments classified in the FVOCI category.

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 arrangements for the entire period.

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

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

As at 31 March 2023, taking into account the transitional treatment adopted to mitigate the impacts of IFRS 9 on CET1, Own funds amounted to 1.827,8 million Euro, recording a negative change of 78,5 million Euro compared to 31 December 2022. This change is mainly attributable to the following components:

- the end of the transitional period for the application of the FVOCI prudential filter (Article 468 CRR), which led to a negative change in CET1 of 13 million Euro;
- the reduction of the transitional filter introduced to mitigate the impact of the introduction of IFRS 9 (Art. 473 bis CRR) in the amount of 9,6 million Euro;
- the reduced eligibility for Class 2 capital of the subordinated loan with a maturity of less than 5 years due to the joint effect of the application of the amortisation under Article 64 of the CRR and the deduction of the repurchase obligation authorised by the Bank of Italy. The reduction comes to 65,2 million Euro;
- the lesser deduction of other income statement items attributable to the valuation reserve for equities carried at fair value through comprehensive income of a positive change of 6,2 million Euro;
- the reduction of intangible assets in the form of software deducted as a result of the prudential treatment introduced by Reg. (EU) 2176/2020. The positive change amounted to 3,3 million Euro.

The negative change in Own funds due to the above-mentioned phenomena was offset by a reduction in the RWA component. Specifically, as at 31 March 2023, the CET1 Ratio stands at 15,21%, up 20 basis points from 31 December 2022, while the Total Capital Ratio stands at 18,45%, down 37 basis points.

At 31 March 2023, not considering the filter related to the IFRS 9 transitional regime, fully loaded Own funds amount to 1.805,9 million Euro and consequently the RWAs, when fully applied, come to 9.904,6 million Euro.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS WITHOUT IFRS 9 TRANSITIONAL ARRANGEMENTS (in thousands of Euro)	AMOUNTS	
	31.03.2023[1]	31.12.2022
Common Equity Tier 1 (CET1) capital	1.485.214	1.475.910
Tier 1 capital	1.486.185	1.476.830
Total Own funds	**1.805.852**	**1.861.628**
Total RWAs	**9.904.614**	**10.115.502**
CET1 Ratio	15,00%	14,59%
Tier 1 Ratio	15,00%	14,60%
Total Capital Ratio	**18,23%**	**18,40%**

(1) CET1, Tier 1 and Total Capital at 31 March 2023 do not include the profits generated by the Banking Group in the first three months of 2023.

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	**5.280.870**	***2.322.679***	***1.303.445***	***1.654.746***	**1.755.520**	**1.777.094**	**8.813.484**
RWA for market risk	X	*X*	*X*	*X*	X	X	100.732
RWA for operational risk (basic indicator approach)	X	*X*	*X*	*X*	X	X	915.942
RWA for credit valuation adjustment risk	X	*X*	*X*	*X*	X	X	76.120
Total RWAs	**X**	***X***	***X***	***X***	**X**	**X**	**9.906.278**

As at 31 March 2023, taking into account the transitional treatment adopted to mitigate the impact of IFRS 9, total risk-weighted exposures amount to 9.906,3 million Euro, a decrease of 221,8 million Euro compared to December 2022. Specifically, please note:

- a reduction in credit risk of 306 million Euro mainly attributable to the following changes:
  - a reduction of 386 million Euro recorded on the Corporate portfolio related to a decrease in loans on the Factoring Area;
  - an increase of 80 million Euro related to the increase in REPO investments with banking counterparties.
- an increase of approximately 80 million Euro in market risk attributable to the following components:
  - an increase in the total net foreign exchange position, which represents more than 2% of total Own Funds (Art. 351 CRR) and led to the calculation of the requirement. The increase amounts to approx. 54 million Euro compared to December 2022;
  - an increase in market risk of 26 million Euro due to higher investments in trading book derivatives;
- an increase in CVA (Credit Value Adjustment) of 4 million Euro, related to the increase in derivative investments recorded on the March 2023 accrual.

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, adopted the following capital requirements for the Banca Ifis Group, 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 (summarised in the table below) 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 T1 Ratio of 9,75% and a target component of 0,75%;
- Total Capital Ratio of 12,90%, consisting of an OCR TC 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 31 March 2023, the Banca Ifis Group met the above prudential requirements.

In the second quarter of 2022, the Bank of Italy notified the Parent company Banca Ifis S.p.A. and its subsidiary Banca Credifarma S.p.A. of the conclusion of the process to determine the minimum requirement for eligible Own funds and liabilities (MREL). The minimum requirements are as follows:

MREL requirement	
Banca Ifis	Banca Credifarma
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 31 March 2023, following the monitoring process, both indicators were met above the predefined limit.

Disclosure regarding sovereign debt

Consob Communication no. DEM/11070007 of 5 August 2011, drawing on ESMA document no. 2011/266, regulated 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.

In accordance with the requirements of the aforementioned Consob Communication, it should be noted that at 31 March 2023 the carrying amount of sovereign debt exposures is 2.005 million Euro, net of the negative valuation reserve of 27 million Euro. The exposures consist to a considerable extent of securities issued by the Italian Republic.

These securities, with a nominal amount of approximately 2.019 million Euro have a weighted residual average life of approximately 43 months.

The fair values used to measure the exposures to sovereign debt securities at 31 March 2023 are considered to be Level 1.

Pursuant to the Consob Communication, besides the exposure to sovereign debt, it is also necessary to consider receivables disbursed to and due from the Italian National Administration. These exposures at 31 March 2023 amount to 378 million Euro, of which 91 million Euro related to tax credits.

Reclassified income statements items

Formation of net banking income

Net banking income totals 175,8 million Euro, up 7,7% from 163,3 million Euro at 31 March 2022.

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

NET BANKING INCOME (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	139.439	131.069	8.370	6,4%
Net commission income	23.327	20.725	2.602	12,6%
Other components of net banking income	13.059	11.530	1.529	13,3%
Net banking income	**175.825**	**163.324**	**12.501**	**7,7%**

Net interest income increases by 6,4%, going from 131,1 million Euro at 31 March 2022 to 139,4 million Euro at 31 March 2023. The main growth factors can be summarised as follows:

- the increase of 5,0 million Euro in the Commercial & Corporate Banking Segment's net interest income compared to the corresponding period of the previous year, mainly due to the positive contribution of loans to SMEs in the Factoring Area and Lending division;
- the higher net interest attributable to the Governance & Services and Non-Core Segment and related for 2,1 million Euro to the growth of the Treasury unit and the effect of the collection of default interest on an impaired position that offset the run-off of the Non-Core Area.

Net commissions amount to 23,3 million Euro, an increase of 12,6% compared to the figure at 31 March 2022: this trend is mainly attributable to the higher contribution of commission income, linked to the increase in yields on loans managed by the Factoring Area compared to 31 March 2022, against a stable incidence of commission expenses. In particular:

- commission income, totalling 26,5 million Euro, up 11,1% on 31 March 2022, primarily refers to factoring commissions on the turnover generated by individual customers (with or without recourse, in a flat or monthly scheme), arrangement fees for structured finance transactions, leases, third-party servicing, as well as from other fees usually charged to customers for services.
- commission expense, totalling 3,2 million Euro, essentially in line with the figure of the corresponding period of 2022, largely refers 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 are 13,1 million Euro at 31 March 2023, up by 1,5 million Euro compared with the first quarter of 2022, and break down as follows:

- 0,7 million Euro for dividends generated by shares held in the Group-owned portfolio (0,6 million Euro in the first three months of 2022);
- 3,4 million Euro in net income from the sale or repurchase of financial assets and liabilities, including 1,9 million Euro from transactions on securities in the proprietary portfolio and 0,5 million Euro from the sale of receivables in the Npl Segment (net income of 2,0 million Euro at 31 March 2022);

- 9,0 million Euro from the net positive result of other financial assets and liabilities measured at fair value through profit or loss (amounting to 1,4 million Euro at 31 March 2022), primarily represented by the net positive change in the fair value of UCITS fund units for 6,8 million Euro.

Formation of net profit (loss) from financial activities

The Group's net profit from financial activities totals 165,9 million Euro, compared to 146,3 million Euro at 31 March 2022 (+13,4%).

FORMATION OF NET PROFIT FROM FINANCIAL ACTIVITIES (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net banking income	**175.825**	**163.324**	**12.501**	**7,7%**
Net credit risk losses/reversals	(9.971)	(17.008)	7.037	(41,4)%
Net profit (loss) from financial activities	**165.854**	**146.316**	**19.538**	**13,4%**

Net credit risk losses of 10,0 million Euro are down 7,0 million Euro compared to March 2022. In the first quarter of 2022, this item included prudential adjustments on commercial positions with higher vintage, mainly related to positions with the NHS. Further details of the different trends connected with the cost of loans are given in the section "Contribution of operating 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)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net profit (loss) from financial activities	**165.854**	**146.316**	**19.538**	**13,4%**
Operating costs	**(91.090)**	**(87.823)**	**(3.267)**	**3,7%**
Net allocations to provisions for risks and charges	(6.368)	(6.422)	54	(0,8)%
Pre-tax profit from continuing operations	**68.396**	**52.071**	**16.325**	**31,4%**
Income taxes for the period relating to continuing operations	(22.078)	(16.720)	(5.358)	32,0%
Profit for the period attributable to non-controlling interests	(404)	(403)	(1)	0,2%
Profit for the period attributable to the Parent company	**45.914**	**34.948**	**10.966**	**31,4%**

Operating costs total 91,1 million Euro, showing an increase on 31 March 2022 (+3,7%).

OPERATING COSTS (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Administrative expenses:	(93.530)	(90.133)	(3.397)	3,8%
a) personnel expenses	*(39.708)*	*(36.565)*	*(3.143)*	*8,6%*
b) other administrative expenses	*(53.822)*	*(53.568)*	*(254)*	*0,5%*
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.202)	(4.080)	(122)	3,0%
Other operating income/expenses	6.642	6.390	252	3,9%
Operating costs	**(91.090)**	**(87.823)**	**(3.267)**	**3,7%**

Personnel expenses, at 39,7 million Euro, increase by 8,6%, attributable both to an increase in the number of employees at the reporting date and to higher variable remuneration. The number of Group employees at 31 March 2023 is 1.883 as compared with 1.840 resources at 31 March 2022.

Other administrative expenses at 31 March 2023 are 53,8 million Euro, essentially stable on 31 March 2022. The change in this item is due to the contrasting effect in some items, summarised below:

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	1ST QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Expenses for professional services	**25.317**	**28.327**	**(3.010)**	**(10,6)%**
Legal and consulting services	21.015	19.291	1.724	8,9%
Auditing	406	436	(30)	(6,9)%
Outsourced services	3.895	8.600	(4.705)	(54,7)%
Direct and indirect taxes	**10.171**	**9.497**	**674**	**7,1%**
Expenses for purchasing goods and other services	**18.335**	**15.744**	**2.591**	**16,5%**
Software assistance and hire	4.818	4.820	(2)	(0,0)%
Advertising and inserts	3.311	1.642	1.669	101,6%
Customer information	2.642	1.533	1.109	72,3%
Property expenses	1.828	2.005	(177)	(8,8)%
Postage and archiving of documents	1.024	1.670	(646)	(38,7)%
Securitisation costs	922	1.038	(116)	(11,2)%
Telephone and data transmission expenses	913	959	(46)	(4,8)%
Car fleet management and maintenance	716	623	93	14,9%
Business travel and transfers	618	310	308	99,4%
Other sundry expenses	1.542	1.144	398	34,8%
Total other administrative expenses	**53.822**	**53.568**	**254**	**0,5%**

The sub-item “Legal and consulting services” comes to 21,0 million Euro during Q1 2023, slightly up by 8,9% on the figure recorded for the same period of last year. The change in the item is mainly due to the cost of the legal collection of receivables from the Npl Segment, which at 31 March 2023 comes to 9,5 million Euro, slightly up on the balance of 7,1 million Euro of the same period last year.

“Outsourced services”, amounting to 3,9 million Euro at 31 March 2023, record a slight decrease (-54,7%) on the figure of the same period of the previous year, and mainly refer to the lesser non-judicial collections made in the Npl Segment.

“Direct and indirect taxes” come to 10,2 million Euro as compared with 9,5 million Euro at 31 March 2022, essentially in line. The item mainly consists of the registration tax incurred for the judicial recovery of receivables belonging to the Npl Segment for an amount of 7,3 million Euro at 31 March 2023 in line with the figure for the same period of last year, and also includes costs for stamp duty for 2,5 million Euro, the recharging of which to customers is included in the item “Other operating income”.

“Expenses for purchasing goods and other services” amount to 18,3 million Euro, up 16,5% from the 15,7 million Euro at 31 March 2022. The change in this item is due to the contrasting effect in some of the most significant items, in particular:

- advertising and inserts expenses increase from 1,6 million Euro to 3,3 million Euro in March 2023, following the setting of new advertising campaigns in the first three months of 2023 (the year in which the 40th anniversary of Banca Ifis’ foundation falls) compared to the first quarter of 2022;
- customer information expenses, amounting to 2,6 million Euro, increase by 72,3% mainly due to the cyclical nature of the expenses related to the processing of portfolios within the Npl Segment and the type of acquisitions of non-performing portfolios performed at the end of the previous year;
- postage and archiving of documents expenses, which are down 38,7% compared to the first quarter of 2022, as this quarter was impacted by the archiving activities for the Npl portfolio acquired from Cerberus at the end of November 2021;
- securitisation costs decreasing by 11,2%, as a result of higher transactions in the first quarter of 2022 compared to the first three months of 2023.

Other net operating income, amounting to 6,6 million Euro at 31 March 2023, is substantially in line with the figure for the equivalent period last year.

As a result of the dynamics outlined above, operating costs in March 2023 amount to 91,1 million Euro, up from the balance of 87,8 million Euro in March 2022. The reclassified cost/income ratio totals 51,8%, compared to 53,8% in March 2022.

Net provisions for risks and charges at 31 March 2023 amount to 6,4 million Euro, substantially unchanged from 31 March 2022, and are almost entirely represented by the provision for the Single Resolution Fund.

Pre-tax profit from continuing operations amounts to 68,4 million Euro, up 31,4% compared to 31 March 2022.

Income tax at 31 March 2023 comes to 22,1 million Euro and the tax rate is 32,28%, essentially in line with the 32,11% of the same period of last year.

The net profit attributable to the Parent company amounts to 45,9 million Euro, up 31,4% on the same period of 2022.

Significant events occurred in the period

The Banca Ifis Group transparently and promptly discloses information to the market, constantly publishing information on significant events through press releases. Please visit the "Investor Relations & Corporate Development" and "Media Press" sections of the institutional website www.bancaifis.it to view all press releases.

Here below is a summary of the most significant events in the period.

Issue of the 300 million Euro bond maturing in 4 years

On 12 January 2023, Banca Ifis successfully completed the placement of a Senior Preferred bond issue under its EMTN programme amounting to 300 million Euro. The transaction was intended for institutional investors. Specifically, the issue has a maturity of four years, with a settlement date scheduled for 19 January 2023. The reoffer price is 99,569, for a return at maturity of 6,25% and a coupon that is payable annually in the amount of 6,125%. The bond will be listed on Euronext Dublin and has an expected rating of BB+ by Fitch and Baa3 by Moody's. The placement of this bond is part of the EMTN funding programme envisaged in the Group's 2022-2024 Business Plan, which estimates 2,5 billion Euro of new placements.

Significant subsequent events

The Shareholders' Meeting approved the Annual Report 2022, the distribution of a dividend of 0,40 Euro per share as balance for the financial year and the appointment of Sebastien Egon Fürstenberg as Honorary Chairman

The Shareholders' Meeting of Banca Ifis, which met on 20 April 2023 in single call, chaired by Ernesto Fürstenberg Fassio 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:

- in the ordinary session:
  - Banca Ifis 2022 Annual Report;
  - the distribution to shareholders of a dividend of 0,40 Euro, as balance for FY 2022, gross of any withholding taxes, per share, with ex-dividend date (coupon no. 27) on 22 May 2023, record date on 23 May 2023 and payment on 24 May 2023;
  - Section I of the document "Report on Remuneration Policy and Remuneration Paid" prepared in accordance with Art. 123-ter of Legislative Decree no. 58/1998. The Shareholders' Meeting also resolved in favour of Section II of the aforementioned document relating to the implementation of remuneration policies during FY 2022;
  - the amendment to certain provisions of the "2021-2023 LTI Plan";
  - the appointment of Founder Sebastien Egon Fürstenberg as Honorary Chairman of Banca Ifis for an indefinite term.
- in an extraordinary session, amendments to Articles 2, 4, 6, 8, 12, 14 and 20 of the Banca Ifis Articles of Association.

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

Venice - Mestre, 11 May 2023

For the Board of Directors

The CEO

Frederik Herman Geertman

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

The undersigned Massimo Luigi Zanaboni, designated Manager Charged with preparing the financial reports of Banca Ifis S.p.A., pursuant to the provisions of Art. 154 bis, paragraph 2 of Italian Legislative Decree no.58 dated 24 February 1998, declares that the financial information included into the Consolidated Interim Report as at 31 March 2023 corresponds to the related books and accounting records.

Venice - Mestre, 11 May 2023

The designated Manager Charged with

preparing the Company's financial reports

Massimo Luigi Zanaboni

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

Banca Ifis
1983 | 2023

Annexes

Consolidated Interim Report at 31 March 2023

Reconciliation between reclassified consolidated financial statements and consolidated financial statements

RECONCILIATION BETWEEN ASSETS ITEMS AND RECLASSIFIED ASSETS ITEMS (in thousands of Euro)			31.03.2023	31.12.2022
Cash and cash equivalents			**907.340**	**603.134**
+	*10.*	*Cash and cash equivalents*	*907.340*	*603.134*
Financial assets held for trading			**25.223**	**26.868**
+	*20.a*	*Financial assets measured at fair value through profit or loss: a) financial assets held for trading*	*25.223*	*26.868*
Financial assets mandatorily measured at fair value through profit or loss			**179.462**	**195.220**
+	*20.c*	*Financial assets measured at fair value through profit or loss: c) other financial assets mandatorily measured at fair value*	*179.462*	*195.220*
Financial assets measured at fair value through other comprehensive income			**757.833**	**697.611**
+	*30.*	*Financial assets measured at fair value through other comprehensive income*	*757.833*	*697.611*
Receivables due from banks measured at amortised cost			**619.127**	**565.762**
+	*40.a*	*Financial assets measured at amortised cost: a) receivables due from banks*	*619.127*	*565.762*
Receivables due from customers measured at amortised cost			**9.833.722**	**10.186.932**
+	*40.b*	*Financial assets measured at amortised cost: b) receivables due from customers*	*9.833.722*	*10.186.932*
Property, plant and equipment			**128.399**	**126.341**
+	*90.*	*Property, plant and equipment*	*128.399*	*126.341*
Intangible assets			**67.054**	**64.264**
+	*100.*	*Intangible assets*	*67.054*	*64.264*
of which: - goodwill			***38.020***	***38.020***
Tax assets			**320.158**	**325.181**
a) current			**60.829**	**60.924**
+	*110.a*	*Tax assets: a) current*	*60.829*	*60.924*
b) prepaid			**259.329**	**264.257**
+	*110.b*	*Tax assets: b) prepaid*	*259.329*	*264.257*
Other assets			**461.372**	**471.064**
+	*130.*	*Other assets*	*461.372*	*471.064*
Total assets			**13.299.690**	**13.262.377**

RECONCILIATION BETWEEN ASSETS AND LIABILITIES ITEMS AND RECLASSIFIED ASSETS AND LIABILITIES ITEMS (in thousands of Euro)			31.03.2023	31.12.2022
Payables due to banks			**3.095.014**	**3.422.160**
+	*10.a*	*Financial liabilities measured at amortised cost: a) payables due to banks*	*3.095.014*	*3.422.160*
Payables due to customers			**5.090.965**	**5.103.343**
+	*10.b*	*Financial liabilities measured at amortised cost: b) payables due from customers*	*5.090.965*	*5.103.343*
Debt securities issued			**2.925.872**	**2.605.195**
+	*10.c*	*Financial liabilities measured at amortised cost: c) securities issued*	*2.925.872*	*2.605.195*
Financial liabilities held for trading			**23.844**	**25.982**
+	*20.*	*Financial liabilities held for trading*	*23.844*	*25.982*
Tax liabilities			**59.149**	**52.298**
a) current			**28.839**	**21.961**
+	*60.a*	*Tax liabilities: a) current*	*28.839*	*21.961*
b) deferred			**30.310**	**30.337**
+	*60.b*	*Tax liabilities: b) deferred*	*30.310*	*30.337*
Other liabilities			**385.698**	**391.697**
+	*80.*	*Other liabilities*	*385.698*	*391.697*
Post-employment benefits			**7.879**	**7.696**
+	*90.*	*Post-employment benefits*	*7.879*	*7.696*
Provisions for risks and charges			**60.915**	**56.225**
+	*100.a*	*Provisions for risks and charges: a) commitments and guarantees granted*	*15.187*	*9.364*
+	*100.c*	*Provisions for risks and charges: c) other provisions for risks and charges*	*45.728*	*46.861*
Valuation reserves			**(53.504)**	**(59.722)**
+	*120.*	*Valuation reserves*	*(53.504)*	*(59.722)*
Reserves			**1.582.068**	**1.440.944**
+	*150.*	*Reserves*	*1.582.068*	*1.440.944*
Interim dividends (-)			**(52.433)**	**(52.433)**
+	*155.*	*Interim dividends (-)*	*(52.433)*	*(52.433)*
Share premiums			**83.767**	**83.767**
+	*160.*	*Share premiums*	*83.767*	*83.767*
Share capital			**53.811**	**53.811**
+	*170.*	*Share capital*	*53.811*	*53.811*
Treasury shares (-)			**(22.104)**	**(22.104)**
+	*180.*	*Treasury shares (-)*	*(22.104)*	*(22.104)*
Equity attributable to non-controlling interests (+/-)			**12.835**	**12.432**
+	*190.*	*Equity attributable to non-controlling interests (+/-)*	*12.835*	*12.432*
Profit (loss) for the period			**45.914**	**141.086**
Total liabilities and equity			**13.299.690**	**13.262.377**

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of Euro)			31.03.2023	31.03.2022
Net interest income			**139.439**	**131.069**
+	*30.*	*Net interest income*	*109.092*	*96.958*
+	*130.a (Partial)*	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*30.347*	*34.111*
Net commission income			**23.327**	**20.725**
+	*60.*	*Net commission income*	*23.327*	*20.725*
Other components of net banking income			**13.059**	**11.530**
+	*70.*	*Dividends and similar income*	*737*	*617*
+	*80.*	*Net profit (loss) from trading*	*(41)*	*2.980*
+	*100.a*	*Gains (losses) on sale/buyback of: a) financial assets measured at amortised cost*	*2.477*	*6.767*
+	*100.b*	*Gains (losses) on sale/buyback of: b) financial assets measured at fair value through other comprehensive income*	*402*	*(208)*
+	*100.c*	*Gains (losses) on sale/buyback of: c) financial liabilities*	*523*	*(74)*
+	*110.b*	*Net result of other financial assets and liabilities measured at fair value through profit or loss: b) other financial assets mandatorily measured at fair value*	*8.961*	*1.448*
Net banking income			**175.825**	**163.324**
Net credit risk losses/reversals			**(9.971)**	**(17.008)**
+	*130.a*	*Net credit risk losses/reversals related to: a) financial assets measured at amortised cost*	*20.497*	*17.747*
-	*130.a (Partial)*	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*(30.347)*	*(34.111)*
+	*130.b*	*Net credit risk losses/reversals related to: b) financial assets measured at fair value through other comprehensive income*	*21*	*(84)*
+	*200.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*(142)*	*(560)*
Net profit (loss) from financial activities			**165.854**	**146.316**
Administrative expenses			**(93.530)**	**(90.133)**
+	*190.a*	*a) personnel expenses*	*(39.708)*	*(36.565)*
+	*190.b*	*b) other administrative expenses*	*(53.822)*	*(53.568)*
Net impairment losses/reversals on property, plant and equipment and intangible assets			**(4.202)**	**(4.080)**
+	*210.*	*Net impairment losses/reversals on property, plant and equipment*	*(2.346)*	*(2.127)*
+	*220.*	*Net impairment losses/reversals on intangible assets*	*(1.856)*	*(1.953)*
Other operating income/expenses			**6.642**	**6.390**
+	*230.*	*Other operating income/expenses*	*6.642*	*6.390*

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of Euro)			31.03.2023	31.03.2022
Operating costs			**(91.090)**	**(87.823)**
+	*240.*	*Operating costs*	*(97.600)*	*(94.805)*
-	*200.*	*Net allocations to provisions for risks and charges*	*6.510*	*6.982*
Net allocations to provisions for risks and charges			**(6.368)**	**(6.422)**
+	*200.a*	*Net allocations to provisions for risks and charges: a) commitments and guarantees granted*	*(5.992)*	*(6.770)*
-	*200.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*142*	*560*
+	*200.b*	*Net allocations to provisions for risks and charges: b) other net allocations*	*(518)*	*(212)*
Pre-tax profit (loss) for the period from continuing operations			**68.396**	**52.071**
Income taxes for the period relating to continuing operations			**(22.078)**	**(16.720)**
+	*300.*	*Income taxes for the period relating to continuing operations*	*(22.078)*	*(16.720)*
Profit (loss) for the period			**46.318**	**35.351**
(Profit) loss for the period attributable to non-controlling interests			**(404)**	**(403)**
+	*340.*	*(Profit) loss for the period attributable to non-controlling interests*	*(404)*	*(403)*
Profit (loss) for the period attributable to the Parent company			**45.914**	**34.948**

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