EMARKET SDIR CERTIFIED

Banca Ifis
1983 | 2023

Interim Report at 30 September 2023

Summary

Corporate bodies

Board of Directors in office at approval of this document

Chairman	Ernesto Fürstenberg Fassio
Honorary Chairman and Director	Sebastien Egon Fürstenberg
Vice Chair	Simona Arduini
Chief Executive Officer	Frederik Herman Geertman [1]
Directors	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.
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

Consolidated Interim Report at 30 September 2023

Interim Directors' report on the Group

General aspects

The Consolidated Interim Report at 30 September 2023 includes the Reclassified Consolidated Financial Statements, the related Notes and this Interim Directors' report on the Group.

To allow a more immediate reading of the results, a condensed reclassified consolidated income statement is prepared within the Interim Directors' report on the Group. For the sake of consistent comparison, the income statement figures for previous periods are normally restated, where necessary and material, also to take account of any changes in the scope of consolidation.

Analytical details of the restatements and reclassifications made with respect to the consolidated financial statements compliant with Bank of Italy Circular 262 are provided in separate tables published among the annexes (see the section “Annexes” of this document), also in compliance with the requirements of Consob Communication no. 6064293 of 28 July 2006.

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

- net credit risk losses/reversals of the Npl Segment are reclassified to interest receivable and similar income (and therefore to “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 allocations to 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 allocation to 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 results for the first nine months of 2023 confirm the robustness of our business model and our ability to seize opportunities in a hitherto favourable macroeconomic environment resulting from a period of economic growth and the concomitant rise in interest rates. It is a context that, however, is now showing the first signs of deterioration. In the last quarter, the Bank successfully offset the drop in demand for credit with lively commercial activity that saw, among other things, the development of products and solutions aimed at supporting the sustainable transition and digitisation of Italian small and medium-sized enterprises. With this in mind, the commercial offer was expanded with new leasing solutions in the car, alternative green mobility and sustainable energy segments, and a new tech rental product dedicated to private customers. All this by accelerating the digitisation path envisaged in the D.O.E.S. Business Plan. for 2022-24 with the evolution of the Ifis4Business platform into myIfis, maintaining a careful credit policy in terms of pricing and risk containment. The total provision on performing exposures for macroeconomic risks thus totals approximately 65 million Euro and confirms the prudent approach to the changing macroeconomic scenario. Also in the Npl business, the improved efficiency of the recovery strategies was reflected in the growth in collections compared to the same period in 2022, despite a much higher interest rate and inflation environment. In line with the expected timing, last 31 October, having obtained the necessary regulatory approvals, we perfected the long-term partnership for the management of non-performing loans, signed back in May 2023 with the Mediobanca Group and aimed at consolidating Banca Ifis's position as a key player in the market for non-performing loans in the small-ticket unsecured segment.

Period highlights

Net banking income totals 512,4 million Euro, up 4,8% from 488,7 million Euro at 30 September 2022. Contributing to this result is the Commercial & Corporate Banking Segment with the growth of the Factoring Area, which stands at 130,5 million Euro and an increase of 5,9%, thanks to the increase in net interest income and net commissions, the Leasing Area (46,4 million Euro, an improvement of 3,8 million Euro compared to the same figure of 30 September 2022) and the better performance of the Corporate Banking & Lending Area (82,2 million Euro, +38,5% compared to the figure of 30 September 2022). The Npl Segment, which totals 202,1 million Euro, up 1,3 million Euro on 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. Finally, the Governance & Services and Non-Core Segment, which amounts to 51,2 million Euro, down 11,5 million Euro compared to the first nine months of 2022, this decrease being driven by a decrease in net interest income of 4,6 million Euro compared to 30 September 2022, mainly due to the negative impact of the increase in the cost of funding and the other components of net banking income, which also decreased by 7,4 million Euro, as a result of lower gains on the sale of financial assets and negative fair value changes on trading derivatives.

Net credit risk losses of 30,9 million Euro are down 18,0 million Euro compared to September 2022. The change is mainly related to significant recoveries on written-down or written-off positions and the positive resolution of a restructured position.

Operating costs total 288,5 million Euro, showing an increase on 30 September 2022 (+3,6%).

The cost/income ratio stands at 56,3% (down 0,7% compared to the same period last year).

Below are details of the item's main components:

- personnel expenses, at 120,5 million Euro, increase by 8,3%, which can be attributed to the increase in personnel, higher variable remuneration as well as additional allocations for the renewal of the National Collective Bargaining Agreement (NCBA) for bank employees;
- other administrative expenses as at 30 September 2023 amount to 172,4 million Euro, in line with 30 September 2022, mainly due to expenses for the purchase of goods and services, which rose by 15,6%.

Net allocations to provisions for risks and charges at 30 September 2023, amount to 6,7 million Euro and are almost entirely represented by the provision for the Single Resolution Fund. The balance worsened by 2,2 million Euro compared to 30 September 2022 (+48,8%), mainly due to the fact that the comparative balance for the first nine months of 2022 included the 5,6 million Euro reversal of provisions for risks related to securitisations of bad loans guaranteed by Italian Treasury Department ("GACS") credit assignment transactions.

The net profit attributable to the Parent company amounts to 124,7 million Euro, up 18,2% on the same period of 2022.

Below are the main dynamics recorded in the individual Segments that go towards forming the financial results at 30 September 2023.

Net profit of the Commercial & Corporate Banking Segment comes to 70,7 million Euro, 26,7 million Euro higher than at 30 September 2022. As shown in more detail below, this result is driven by the growth in net interest income of 20,7 million Euro (+13,4%) and net commissions (+8,7 million Euro, or +13,6%) and other components of net banking income of 4,5 million Euro, as well as by lower net adjustments of 8,0 million Euro (-19,1%).

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 130,5 million Euro, an increase of 5,9% compared to the same period of last year. This result is due to the greater contribution both of net interest income (up by 2,4 million Euro) and net commission income (up by 5,6 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 46,4 million Euro, an improvement of 3,8 million Euro compared with the figure at 30 September 2022. This increase is due to the higher contribution of net interest income of 4,6 million Euro, which was partially offset by the lower commission margin of 0,9 million Euro;
- net banking income of the Corporate Banking & Lending Area comes to 82,2 million Euro at 30 September 2023, up 22,9 million Euro on 30 September 2022 (+38,5%). The positive change is a result of the combined effect of the following factors:
  - growth of 13,7 million Euro in net interest income (+32,1%), thanks to the positive contribution of loans to SMEs and pharmacies for 10,7 million Euro and of Corporate Banking unit (and in particular of the Structured Finance business unit) for 3,0 million Euro;
  - higher net commissions of 4,0 million Euro (+42,4%), mainly from the Corporate Banking business;
  - a 5,1 million Euro increase in other net banking income components attributable to the Corporate Banking business due to the higher contribution generated by the items measured at fair value, including UCITS funds (on which the period recorded greater valuation gains) and minority interests.

Net credit risk losses of the Segment amount to 33,9 million Euro, down 8,0 million Euro compared to the same period of the previous year. This change is mainly attributable to the Factoring Area, as the figure for the first nine months of 2022 was affected by adjustments on trade positions with higher vintage mainly related to positions with the NHS. There is also a decrease in the non-performing portfolio in the first nine months of 2023 compared to the same period last year.

The increase in operating costs of 4,1 million Euro compared to 30 September 2022 is essentially due to the rise in personnel expenses due to both the increase in headcount and higher variable remuneration and additional allocations in view of the renewal of the National Collective Bargaining Agreement (NCBA).

Period profit of the Npl Segment is 44,4 million Euro. The Segment's net banking income amounts to 202,1 million Euro and is essentially 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 grow by 1,9 million Euro on the first nine months of 2022. This increase stems from higher personnel expenses due to both increased staffing levels and planned increases in the national collective bargaining agreement.

Npl Segment collections, equal to 294,8 million Euro at 30 September 2023, include the instalments collected during the period from re-entry plans, from garnishment orders and transactions carried out, and rises by 4,0% on the collections of 283,4 million Euro made in the first nine months of 2022.

The profit of the Governance & Services and Non-Core Segment at 30 September 2023 amounts to 11,1 million Euro, a decrease on the 30 September 2022 figure of 18,0 million Euro. Net banking income amounts to 51,2 million Euro, down 11,5 million Euro compared to the first nine months of 2022, due to a decrease in net interest income of 4,6 million Euro compared to 30 September 2022, mainly due to an increase in the cost of funding, and other components of net banking income, which also decreased by 7,4 million Euro, as a result of lower gains on the sale of financial assets and negative fair value changes on trading derivatives.

Operating costs come to 31,4 million Euro, up 4,0 million Euro on 30 September 2022. Net allocations to provisions for risks and charges amount to 6,4 million Euro, an increase of 4,6 million Euro compared to the figure as at 30 September 2022, mainly because the comparative figure included reversals on securitisations of bad loans guaranteed by Italian Treasury Department (“GACS”) at the end of the guarantee period.

Total receivables due from customers measured at amortised cost amount to 9.908,4 million Euro, a reduction on 31 December 2022 (10.186,9 million Euro). The item includes debt securities in the amount of 2,1 billion Euro (an increase on the figure for year-end 2022 of 1,9 billion Euro, +7,3%), of which 1,7 billion Euro related to government bonds (1,5 billion Euro at 31 December 2022). The Commercial & Corporate Banking Segment records a slight slowdown (-4,5%) concentrated in the Factoring Area (-14,4%), against the substantial stability of the Leasing Area and Corporate Banking & Lending Area. The Governance & Services and Non-Core Segment increases by 96,3 million Euro (mainly as a result of the aforementioned increase in the debt securities portfolio in the first nine months of 2023), while loans in the Npl Segment decrease slightly compared to 31 December 2022 (-5,3%).

During the first nine months 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 at 30 September 2023 (in reserves and free assets that can be financed in the ECB) such as to enable it to easily respect the LCR limits (with index more than of 1.200%).

Total funding amounts to 11,7 billion Euro at 30 September 2023 and is essentially in line with the figure at 31 December 2022; it is represented for 45,0% by payables due to customers (45,8% at 31 December 2022), for 27,6% by payables due to banks (30,7% at 31 December 2022), and for 27,4% by debt securities issued (23,4% at 31 December 2022).

The Group's funding structure is as follows:

- 45,0% customers;
- 17,7% TLTROs;
- 15,0% Asset Backed Securities (ABS);
- 12,4% debt securities;
- 9,9% other.

Payables due to banks come to 3,2 billion Euro, down 5,4% compared to the figure for end December 2022 mainly due to the onset maturity of short-term payables due to central banks (LTRO). As at 30 September 2023, the balance of payables due to banks is mainly represented by TLTRO transactions in the amount of 2,1 billion Euro and repo transactions in the amount of 0,9 billion Euro. For the purposes of accounting for interest on TLTRO loans, actual data recorded up to the reference date are used.

Payables due to customers at 30 September 2023 total 5,3 billion Euro, up 3,5% compared to 31 December 2022. The growth is driven by both retail funding, which amounts to 4,4 billion Euro as at the end of September 2023 (+4,9%), and the repurchase agreement (repo) component, which grows by 21,7 million Euro compared to 31 December 2022.

Debt securities issued amount to 3,2 billion Euro at 30 September 2023 and consist of:

- securities issued by the SPV ABCP Programme for 1,0 billion Euro relating to the senior tranche;
- securities issued by the Indigo Lease vehicle in the amount of 0,4 billion Euro relating to the senior tranche, following the restructuring of the transaction during the third quarter of 2023;
- securities issued by the Emma SPV for 0,4 billion Euro relating to the senior tranche;
- 0,4 billion Euro related to subordinated loans, in line with 31 December 2022;
- bonds issued by Banca Ifis for 1,1 billion Euro. Compared to 31 December 2022, the following changes have occurred:
    - 600 million Euro relating to the two senior bonds, each with a nominal amount of 300 million Euro and a maturity of 4 years and 5 years respectively, issued in January 2023 and September 2023;
    - 45 million Euro related to the second tranche issued in March 2023 and related to a senior bond with a duration of 4 years and a total nominal amount of 110 million Euro;
    - redemption of 300 million Euro of the senior bond issued in 2018 and maturing in April 2023.

Consolidated equity at 30 September 2023 totals 1.705,1 million Euro, up 6,7% 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 124,7 million Euro;

- the negative change due to the payment of the balance on the 2022 dividend in the amount of 21,0 million Euro;
- the positive change in Equity attributable to non-controlling interests for 1,4 million Euro, for the part share of the period results accrued by the subsidiary Banca Credifarma;
- other increases of 2,0 million Euro related to the Group's share-based remuneration programmes of the Parent company Banca Ifis.

At 30 September 2023, the equity ratios[1] for the Banca Ifis Group amount to a CET1 Ratio of 15,53%, a Tier 1 Ratio of 15,54% and a Total Capital Ratio of 18,42%.

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 30 September 2023, the Banca Ifis Group easily meets the above prudential requirements.

1 CET1, Tier 1 and Total Capital at 30 September 2023 include the profits generated by the Banking Group in the first nine months of 2023, net of the interim dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

Highlights

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Cash and cash equivalents	1.453.013	603.134	849.879	140,9%
Financial assets measured at fair value through profit or loss	214.664	222.088	(7.424)	(3,3)%
Financial assets measured at fair value through other comprehensive income	780.762	697.611	83.151	11,9%
Receivables due from banks measured at amortised cost	616.616	565.762	50.854	9,0%
Receivables due from customers measured at amortised cost	9.908.360	10.186.932	(278.572)	(2,7)%
Total assets	**13.920.393**	**13.262.377**	**658.016**	**5,0%**
Payables due to banks	3.236.570	3.422.160	(185.590)	(5,4)%
Payables due to customers	5.280.665	5.103.343	177.322	3,5%
Debt securities issued	3.209.338	2.605.195	604.143	23,2%
Consolidated equity	**1.705.099**	**1.597.781**	**107.318**	**6,7%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net banking income	**512.357**	**488.692**	**23.665**	**4,8%**
Net credit risk losses/reversals	(30.870)	(48.874)	18.004	(36,8)%
Net profit (loss) from financial activities	**481.487**	**439.818**	**41.669**	**9,5%**
Operating costs	**(288.525)**	**(278.538)**	**(9.987)**	**3,6%**
Net allocations to provisions for risks and charges	(6.717)	(4.515)	(2.202)	48,8%
Value adjustments of goodwill	-	(762)	762	(100,0)%
Gains (losses) on disposal of investments	-	304	(304)	(100,0)%
Income taxes for the period relating to continuing operations	(60.120)	(50.190)	(9.930)	19,8%
Profit for the period	**126.125**	**106.117**	**20.008**	**18,9%**
(Profit) loss for the period attributable to non-controlling interests	(1.384)	(574)	(810)	141,1%
Profit for the period attributable to the Parent company	**124.741**	**105.543**	**19.198**	**18,2%**

RECLASSIFIED QUARTERLY CONSOLIDATED INCOME STATEMENT HIGHLIGHTS (in thousands of Euro)	3RD QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net banking income	**163.851**	**164.738**	**(887)**	**(0,5)%**
Net credit risk losses/reversals	(14.532)	(15.200)	668	(4,4)%
Net profit (loss) from financial activities	**149.319**	**149.538**	**(219)**	**(0,1)%**
Operating costs	**(92.745)**	**(93.028)**	**283**	**(0,3)%**
Net allocations to provisions for risks and charges	(6.191)	(7.576)	1.385	(18,3)%
Gains (losses) on disposal of investments	-	169	(169)	(100,0)%
Income taxes for the period relating to continuing operations	(16.264)	(15.767)	(497)	3,2%
Profit for the period	**34.119**	**33.336**	**783**	**2,3%**
(Profit) loss for the period attributable to non-controlling interests	(414)	(308)	(106)	34,4%
Profit for the period attributable to the Parent company	**33.705**	**33.028**	**677**	**2,0%**

CONSOLIDATED COMPREHENSIVE INCOME (in thousands of Euro)	30.09.2023	30.09.2022
Profit (loss) for the period	**126.125**	**106.117**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	(4.540)	(1.894)
Other comprehensive income, net of taxes, to be reclassified to profit or loss	4.711	(36.606)
Consolidated comprehensive income	**126.296**	**67.617**
Consolidated comprehensive income attributable to non-controlling interests	(1.385)	(569)
Consolidated comprehensive income attributable to the Parent company	**124.911**	**67.048**

GROUP EQUITY KPIs	30.09.2023	31.12.2022
CET1 ratio (1)	15,53%	15,01%
Total Capital Ratio (1)	18,42%	18,82%
Number of company shares (in thousands)	53.811	53.811
Number of shares outstanding at year end (2) (in thousands)	52.468	53.433
Price/book value per share	0,51	0,44

(1) CET1, Tier 1 and Total Capital at 30 September 2023 include the profits generated by the Banking Group in the first nine months of 2023, net of the interim dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.
(2) Outstanding shares are net of treasury shares held in the portfolio.

GROUP ECONOMIC KPIs	30.09.2023	30.09.2022
Earnings per share (EPS)	2,38	2,00
Reclassified cost/income ratio	56,3%	57,0%

Results by operating Segments

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	*of which: FACTORING AREA*	*of which: LEASING AREA*	*of which: CORPORATE BANKING & LENDING AREA*			
Other financial assets mandatorily measured at fair value through profit or loss							
Amounts at 30.09.2023	**90.135**	1.017	-	89.118	**33.788**	**68.970**	**192.893**
Amounts at 31.12.2022	***75.412***	*2.071*	-	*73.341*	***42.489***	***77.319***	***195.220***
% Change	***19,5%***	*(50,9)%*	-	*21,5%*	***(20,5)%***	***(10,8)%***	***(1,2)%***
Financial assets measured at fair value through other comprehensive income							
Amounts at 30.09.2023	**1.857**	-	-	1.857	**-**	**778.905**	**780.762**
Amounts at 31.12.2022	***1.695***	-	-	*1.695*	**-**	***695.916***	***697.611***
% Change	***9,6%***	-	-	*9,6%*	**-**	***11,9%***	***11,9%***
Receivables due from customers [1]							
Amounts at 30.09.2023	**6.220.789**	2.359.367	1.494.185	2.367.237	**1.439.188**	**2.248.383**	**9.908.360**
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	***(4,5)%***	*(14,4)%*	*1,5%*	*3,5%*	***(5,3)%***	***4,5%***	***(2,7)%***

(1) In the Governance & Services and Non-Core Segment, at 30 September 2023, there were government securities amounting to 1.671,6 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 30.09.2023	**259.084**	*130.496*	*46.411*	*82.177*	**202.112**	**51.161**	**512.357**
Amounts at 30.09.2022	***225.176***	*123.212*	*42.648*	*59.316*	***200.860***	***62.656***	***488.692***
% Change	***15,1%***	*5,9%*	*8,8%*	*38,5%*	***0,6%***	***(18,3)%***	***4,8%***
Net profit (loss) from financial activities							
Amounts at 30.09.2023	**225.213**	*124.599*	*43.382*	*57.232*	**202.112**	**54.162**	**481.487**
Amounts at 30.09.2022	***183.293***	*108.687*	*40.939*	*33.667*	***200.860***	***55.665***	***439.818***
% Change	***22,9%***	*14,6%*	*6,0%*	*70,0%*	***0,6%***	***(2,7)%***	***9,5%***
Profit (loss) for the period							
Amounts at 30.09.2023	**70.658**	*37.400*	*12.852*	*20.406*	**44.405**	**11.062**	**126.125**
Amounts at 30.09.2022	***43.954***	*27.257*	*13.307*	*3.390*	***44.204***	***17.958***	***106.117***
% Change	***60,8%***	*37,2%*	*(3,4)%*	*n.s.*	***0,5%***	***(38,4)%***	***18,9%***

RECLASSIFIED QUARTERLY INCOME STATEMENT DATA (in thousands of Euro)	COMMERCIAL & CORPORATE BANKING SEGMENT				NPL SEGMENT	GOVERNANCE & SERVICES AND NON-CORE SEGMENT	CONS. GROUP TOTAL
	TOTAL COMMERCIAL & CORPORATE BANKING SEGMENT	*of which: FACTORING AREA*	*of which: LEASING AREA*	*of which: CORPORATE BANKING & LENDING AREA*			
Net banking income							
Third quarter 2023	**84.339**	*44.222*	*15.871*	*24.246*	**65.580**	**13.932**	**163.851**
Third quarter 2022	***82.948***	*44.298*	*13.673*	*24.977*	***65.866***	***15.924***	***164.738***
% Change	***1,7%***	*(0,2)%*	*16,1%*	*(2,9)%*	***(0,4)%***	***(12,5)%***	***(0,5)%***
Net profit (loss) from financial activities							
Third quarter 2023	**70.260**	*39.824*	*14.484*	*15.952*	**65.580**	**13.479**	**149.319**
Third quarter 2022	***69.211***	*40.132*	*11.493*	*17.586*	***65.866***	***14.461***	***149.538***
% Change	***1,5%***	*(0,8)%*	*26,0%*	*(9,3)%*	***(0,4)%***	***(6,8)%***	***(0,1)%***
Profit (loss) for the period							
Third quarter 2023	**21.308**	*11.971*	*4.556*	*4.781*	**13.931**	**(1.120)**	**34.119**
Third quarter 2022	***19.588***	*10.739*	*2.451*	*6.398*	***11.693***	***2.056***	***33.336***
% Change	***8,8%***	*11,5%*	*85,9%*	*(25,3)%*	***19,1%***	***(154,5)%***	***2,3%***

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 30.09.2023	**0,71%**	*0,31%*	*0,27%*	*1,44%*	**-**	**(0,70)%**
Amounts at 31.12.2022	***0,76%***	*0,56%*	*0,20%*	*1,35%*	**-**	***1,25%***
% Change	***(0,05)%***	*(0,25)%*	*0,07%*	*0,09%*	**-**	***(1,95)%***
Net bad loans/Loans to customers						
Amounts at 30.09.2023	**0,4%**	*0,6%*	*0,1%*	*0,5%*	**74,5%**	**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%*	*0,0%*	***1,1%***	***0,0%***
Coverage ratio on gross bad loans						
Amounts at 30.09.2023	**74,0%**	*80,6%*	*92,9%*	*41,5%*	**0,0%**	**52,1%**
Amounts at 31.12.2022	***72,0%***	*77,9%*	*94,6%*	*32,8%*	***0,0%***	***47,5%***
% Change	***2,0%***	*2,7%*	*(1,7)%*	*8,7%*	***0,0%***	***4,6%***
Net impaired assets/ Net receivables due from customers						
Amounts at 30.09.2023	**3,8%**	*6,3%*	*0,8%*	*3,2%*	**98,7%**	**1,2%**
Amounts at 31.12.2022	***3,9%***	*6,6%*	*1,0%*	*2,4%*	***97,9%***	***1,6%***
Change	***(0,1)%***	*(0,3)%*	*(0,2)%*	*0,8%*	***0,8%***	***(0,4)%***
Gross impaired assets/ Gross receivables due from customers						
Amounts at 30.09.2023	**5,9%**	*9,7%*	*2,2%*	*4,5%*	**98,7%**	**1,9%**
Amounts at 31.12.2022	***5,7%***	*9,5%*	*2,3%*	*3,2%*	***97,9%***	***2,5%***
Change	***0,2%***	*0,2%*	*(0,1)%*	*1,3%*	***0,8%***	***(0,6)%***
RWA [3]						
Amounts at 30.09.2023	**5.326.767**	2.275.094	1.309.455	1.742.218	**1.696.810**	**1.778.316**
Amounts at 31.12.2022	***5.571.253***	*2.625.900*	*1.329.890*	*1.615.463*	***1.794.321***	***1.753.938***
% Change	***(4,4)%***	*(13,4)%*	*(1,5)%*	*7,8%*	***(5,4)%***	***1,4%***

(1) In the Governance & Services and Non-Core Segment, at 30 September 2023, there are government securities amounting to 1.671,6 million Euro (1.541,5 million Euro at 31 December 2022), which for the purpose of calculating the cost of credit, have not been considered.
(2) This indicator is calculated comparing the "annualised" value of net credit risk losses/reversals at the end of the year over the average loans to customers (calculated quarterly).
(3) Risk Weighted Assets: the amount only relates to the credit risk.

Quarterly Evolution

RECLASSIFIED CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (in thousands of Euro)	YEAR 2023			YEAR 2022			
	3rd Q.	2nd Q.	1st Q.	4th Q.	3rd Q.	2nd Q.	1st Q.
Net interest income	**134.820**	**135.247**	**139.439**	**155.746**	**128.153**	**133.282**	**131.069**
Net commission income	**24.002**	**26.970**	**23.327**	**28.303**	**22.998**	**21.487**	**20.725**
Other components of net banking income	5.029	10.464	13.059	7.806	13.587	5.861	11.530
Net banking income	**163.851**	**172.681**	**175.825**	**191.855**	**164.738**	**160.630**	**163.324**
Net credit risk losses/reversals	(14.532)	(6.367)	(9.971)	(28.641)	(15.200)	(16.666)	(17.008)
Net profit (loss) from financial activities	**149.319**	**166.314**	**165.854**	**163.214**	**149.538**	**143.964**	**146.316**
Personnel expenses	(40.021)	(40.737)	(39.708)	(39.590)	(37.646)	(37.033)	(36.565)
Other administrative expenses	(53.146)	(65.427)	(53.822)	(70.896)	(56.878)	(61.079)	(53.568)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.472)	(4.350)	(4.202)	(4.595)	(4.095)	(4.145)	(4.080)
Other operating income/expenses	4.894	5.824	6.642	3.241	5.591	4.570	6.390
Operating costs	**(92.745)**	**(104.690)**	**(91.090)**	**(111.840)**	**(93.028)**	**(97.687)**	**(87.823)**
Net allocations to provisions for risks and charges	(6.191)	5.842	(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	**50.383**	**67.466**	**68.396**	**55.489**	**49.103**	**55.133**	**52.071**
Income taxes for the period relating to continuing operations	(16.264)	(21.778)	(22.078)	(19.719)	(15.767)	(17.703)	(16.720)
Profit for the period	**34.119**	**45.688**	**46.318**	**35.770**	**33.336**	**37.430**	**35.351**
(Profit) loss for the period attributable to non-controlling interests	(414)	(566)	(404)	(227)	(308)	137	(403)
Profit for the period attributable to the Parent company	**33.705**	**45.122**	**45.914**	**35.543**	**33.028**	**37.567**	**34.948**

Contribution of operating Segments to Group results

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

The Segments of the financial results 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, a unit dedicated to supporting companies and private equity funds in structuring financing, both bilateral and pooled;
    - Equity Investments, a division dedicated to investments in non-financial companies and in units of intermediaries;
    - Lending, a sector dedicated to the Group's medium/long-term operations, focussed on supporting the business operating cycle and the disbursement of consumer credit in the form of salary- or pension-backed loans.

Below are the Segment results at 30 September 2023.

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**175.247**	**154.514**	**20.733**	**13,4%**
Net commission income	**72.694**	**64.006**	**8.688**	**13,6%**
Other components of net banking income	11.143	6.656	4.487	67,4%
Net banking income	**259.084**	**225.176**	**33.908**	**15,1%**
Net credit risk losses/reversals	(33.871)	(41.883)	8.012	(19,1)%
Net profit (loss) from financial activities	**225.213**	**183.293**	**41.920**	**22,9%**
Operating costs	**(120.462)**	**(116.387)**	**(4.075)**	**3,5%**
Net allocations to provisions for risks and charges	(415)	(1.805)	1.390	(77,0)%
Value adjustments of goodwill	-	(762)	762	(100,0)%
Gain on disposals of investments	-	405	(405)	(100,0)%
Pre-tax profit from continuing operations	**104.336**	**64.744**	**39.592**	**61,2%**
Income taxes for the period relating to continuing operations	(33.678)	(20.790)	(12.888)	62,0%
Profit for the period	**70.658**	**43.954**	**26.704**	**60,8%**

INCOME STATEMENT DATA QUARTERLY RECLASSIFIED (in thousands of Euro)	3RD QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**59.740**	**54.946**	**4.794**	**8,7%**
Net commission income	**23.963**	**22.555**	**1.408**	**6,2%**
Other components of net banking income	636	5.447	(4.811)	(88,3)%
Net banking income	**84.339**	**82.948**	**1.391**	**1,7%**
Net credit risk losses/reversals	(14.079)	(13.737)	(342)	2,5%
Net profit (loss) from financial activities	**70.260**	**69.211**	**1.049**	**1,5%**
Operating costs	**(38.760)**	**(39.138)**	**378**	**(1,0)%**
Net allocations to provisions for risks and charges	(38)	(1.389)	1.351	(97,3)%
Gain on disposals of investments	-	169	(169)	(100,0)%
Pre-tax profit from continuing operations	**31.462**	**28.853**	**2.609**	**9,0%**
Income taxes for the period relating to continuing operations	(10.154)	(9.265)	(889)	9,6%
Profit for the period	**21.308**	**19.588**	**1.720**	**8,8%**

Net profit of the Commercial & Corporate Banking Segment comes to 70,7 million Euro, 26,7 million Euro higher than at 30 September 2022. As shown in more detail below, this result was driven by the growth in net interest income of 20,7 million Euro (+13,4%) and net commissions (+8,7 million Euro, or +13,6%) and other components of net banking income of 4,5 million Euro, as well as by lower net adjustments of 8,0 million Euro (-19,1%).

The increase in operating costs of 4,1 million Euro compared to 30 September 2022 is essentially due to the rise in personnel expenses due to both the increase in headcount and higher variable remuneration and additional allocations in view of the renewal of the National Collective Bargaining Agreement (NCBA).

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 30.09.2023						
Nominal amount	101.098	158.756	124.976	**384.830**	6.088.014	**6.472.844**
Losses	(74.822)	(67.025)	(6.492)	**(148.339)**	(103.716)	**(252.055)**
Carrying amount	26.276	91.731	118.484	**236.491**	5.984.298	**6.220.789**
Coverage ratio	*74,0%*	*42,2%*	*5,2%*	***38,5%***	*1,7%*	***3,9%***
Gross ratio	*1,6%*	*2,5%*	*1,9%*	***5,9%***	*94,1%*	***100,0%***
Net ratio	*0,4%*	*1,5%*	*1,9%*	***3,8%***	*96,2%*	***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 236,5 million Euro at 30 September 2023, down 14,5 million Euro on the figure at 31 December 2022 (251,0 million Euro). The decrease is mainly due to a reduction in past due exposures of 21,7 million Euro. The trend can be attributed to a decrease in non-performing past-due exposures in both the Factoring and Leasing Area only partially offset by new entries in the Corporate Banking Area of individually significant, previously performing positions.

The coverage ratio of the non-performing portfolio goes from 34,3% at 31 December 2022 to 38,5% at 30 September 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, mainly referring to assets stemming from the business combination: the net value of these assets is 13,6 million Euro at 30 September 2023, as compared with the 14,0 million Euro recorded at 31 December 2022, of which 9,4 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	
	30.09.2023	31.12.2022	ABSOLUTE	%
Credit cost [(1)]	0,71%	0,76%	n.a.	(0,05%)
Net impaired assets/ Net receivables due from customers	3,8%	3,9%	n.a.	(0,1%)
Gross impaired assets/ Gross receivables due from customers	5,9%	5,7%	n.a.	0,2%
Total RWAs [(2)]	5.326.767	5.571.253	(244.486)	(4,4)%

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

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

Factoring Area

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**80.555**	**78.185**	**2.370**	**3,0%**
Net commission income	**50.995**	**45.443**	**5.552**	**12,2%**
Other components of net banking income	(1.054)	(416)	(638)	153,4%
Net banking income	**130.496**	**123.212**	**7.284**	**5,9%**
Net credit risk losses/reversals	(5.897)	(14.525)	8.628	(59,4)%
Net profit (loss) from financial activities	**124.599**	**108.687**	**15.912**	**14,6%**
Operating costs	**(69.722)**	**(65.281)**	**(4.441)**	**6,8%**
Net allocations to provisions for risks and charges	349	(2.495)	2.844	(114,0)%
Value adjustments of goodwill	-	(762)	762	(100,0)%
Pre-tax profit from continuing operations	**55.226**	**40.149**	**15.077**	**37,6%**
Income taxes for the period relating to continuing operations	(17.826)	(12.892)	(4.934)	38,3%
Profit for the period	**37.400**	**27.257**	**10.143**	**37,2%**

QUARTERLY INCOME STATEMENT DATA RECLASSIFIED (in thousands of Euro)	3RD QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**27.462**	**28.461**	**(999)**	**(3,5)%**
Net commission income	**16.792**	**15.855**	**937**	**5,9%**
Other components of net banking income	(32)	(18)	(14)	77,8%
Net banking income	**44.222**	**44.298**	**(76)**	**(0,2)%**
Net credit risk losses/reversals	(4.398)	(4.166)	(232)	5,6%
Net profit (loss) from financial activities	**39.824**	**40.132**	**(308)**	**(0,8)%**
Operating costs	**(22.097)**	**(22.964)**	**867**	**(3,8)%**
Net allocations to provisions for risks and charges	(50)	(1.350)	1.300	(96,3)%
Pre-tax profit from continuing operations	**17.677**	**15.818**	**1.859**	**11,8%**
Income taxes for the period relating to continuing operations	(5.706)	(5.079)	(627)	12,3%
Profit for the period	**11.971**	**10.739**	**1.232**	**11,5%**

During the first nine months of 2023, the contribution made by the Factoring Area towards net banking income booked by the Commercial & Corporate Banking Segment comes to 130,5 million Euro, up 5,9% on the same period of last year. This result is due to the greater contribution both of net interest income (up by 2,4 million Euro) and net commission income (up by 5,6 million Euro), as a consequence of the increase in the returns on the receivables under management. Turnover for the first nine months of 2023 amounts to 9,8 billion Euro, an increase of 51 million Euro compared to the same period of the previous year, while the total amount of receivables shows a decrease of approximately 340 million Euro compared to the same period of the previous year (the figure at 30 September 2023 was 3,3 billion Euro).

In the first nine months of 2023, net credit risk losses amount to 5,9 million Euro, a decrease of 8,6 million Euro compared to the same period of the previous year, which was impacted by adjustments made on trade exposures with higher vintage, mainly connected with positions in respect of the National Health System (NHS). There was also a decrease in the impaired portfolio in the first nine months of 2023 compared to the same period last year.

Therefore, net profit from financial activities amount to 124,6 million Euro (+14,6% on the same period of last year).

The increase in operating costs of 4,4 million Euro compared to the first nine months of 2022 is substantially due to higher personnel expenses 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, greater legal expenses and ICT projects.

As regards the main equity aspects, at 30 September 2023, total net commitments for the Area amount to 2.359,4 million Euro, down 14,4% on the figure at 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.

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 30.09.2023						
Nominal amount	67.970	68.067	104.862	**240.899**	2.234.821	**2.475.720**
Losses	(54.774)	(34.984)	(2.681)	**(92.439)**	(23.914)	**(116.353)**
Carrying amount	13.196	33.083	102.181	**148.460**	2.210.907	**2.359.367**
Coverage ratio	*80,6%*	*51,4%*	*2,6%*	***38,4%***	*1,1%*	***4,7%***
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 30 September 2023, there is a decrease in net non-performing loans of 32,6 million Euro, mainly due to the decrease in past-due exposures of 19,5 million Euro. In overall terms, the coverage of impaired exposures increases by 5,1% as a result of provisions made on unlikely to pay and non-performing positions.

KPI	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Credit cost (1)	0,31%	0,56%	n.a.	(0,25)%
Net impaired assets/ Net receivables due from customers	6,3%	6,6%	n.a.	(0,3)%
Gross impaired assets/ Gross receivables due from customers	9,7%	9,5%	n.a.	0,2%
Total RWAs (2)	2.275.094	2.625.900	(350.806)	(13,4)%

(1) This indicator is calculated comparing the "annualised" 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 indicator "Net impaired assets/Net receivables due from customers" goes from 6,6% to 6,3% as the positive effects of the decrease in impaired exposures more than offset the reduction in performing exposures during the reporting period.

It should be noted that net impaired exposures include a total of 96,5 million Euro in respect of the NHS (112,3 million Euro as at 31 December 2022).

Leasing Area

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**38.172**	**33.538**	**4.634**	**13,8%**
Net commission income	**8.239**	**9.110**	**(871)**	**(9,6)%**
Net banking income	**46.411**	**42.648**	**3.763**	**8,8%**
Net credit risk losses/reversals	(3.029)	(1.709)	(1.320)	77,2%
Net profit (loss) from financial activities	**43.382**	**40.939**	**2.443**	**6,0%**
Operating costs	**(23.874)**	**(22.390)**	**(1.484)**	**6,6%**
Net allocations to provisions for risks and charges	(530)	1.052	(1.582)	(150,4)%
Pre-tax profit from continuing operations	**18.978**	**19.601**	**(623)**	**(3,2)%**
Income taxes for the period relating to continuing operations	(6.126)	(6.294)	168	(2,7)%
Profit for the period	**12.852**	**13.307**	**(455)**	**(3,4)%**

QUARTERLY INCOME STATEMENT DATA RECLASSIFIED (in thousands of Euro)	3RD QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**13.216**	**11.030**	**2.186**	**19,8%**
Net commission income	**2.655**	**2.643**	**12**	**0,5%**
Net banking income	**15.871**	**13.673**	**2.198**	**16,1%**
Net credit risk losses/reversals	(1.387)	(2.180)	793	(36,4)%
Net profit (loss) from financial activities	**14.484**	**11.493**	**2.991**	**26,0%**
Operating costs	**(7.784)**	**(7.882)**	**98**	**(1,2)%**
Net allocations to provisions for risks and charges	27	-	27	n.a.
Pre-tax profit from continuing operations	**6.727**	**3.611**	**3.116**	**86,3%**
Income taxes for the period relating to continuing operations	(2.171)	(1.160)	(1.011)	87,2%
Profit for the period	**4.556**	**2.451**	**2.105**	**85,9%**

Net banking income from the Leasing Area amounts to 46,4 million Euro, an improvement of 3,8 million Euro compared with the figure at 30 September 2022. This increase is due to the higher contribution of net interest income of 4,6 million Euro, which was partially offset by the lower commission margin of 0,9 million Euro.

Net credit risk losses amount to 3,0 million Euro, a decline of 1,3 million Euro compared to the same period of the previous year. It is recalled that the credit cost in the first nine months of 2022 had factored recoveries on performing exposures as a result of a better portfolio composition and a review of the prudential adjustments applied to the models to take into account the evolution of the pandemic environment and the new potential impacts on the economic environment arising from the conflict between Russia and Ukraine, the inflationary scenario and the slowing of economic growth.

Operating costs of the Leasing Area amount to 23,9 million Euro, an increase of 1,5 million Euro compared to the figure at 30 September 2022, in this case too, mainly related to higher personnel expenses for 1,4 million Euro.

At 30 September 2023, the Area's total net loans amount to 1.494,2 million Euro, up 22,0 million Euro compared to 31 December 2022.

The coverage ratio of non-performing loans increases by 5,3% from 59,7% to 65,0%. This increase is driven by the increase in the incidence on the total impaired portfolio of positions classified as non-performing. In fact, the first nine months of 2023 saw an improvement in the portfolio's performance, resulting in higher performing returns of past-due exposures and reduced new classifications as non-performing past due exposures compared to previous periods.

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 30.09.2023						
Nominal amount	12.271	12.618	8.444	**33.333**	1.499.918	**1.533.251**
Losses	(11.402)	(7.799)	(2.469)	**(21.670)**	(17.396)	**(39.066)**
Carrying amount	869	4.819	5.975	**11.663**	1.482.522	**1.494.185**
Coverage ratio	*92,9%*	*61,8%*	*29,2%*	***65,0%***	*1,2%*	***2,5%***
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	
	30.09.2023	31.12.2022	ABSOLUTE	%
Credit cost (1)	0,27%	0,20%	n.a.	0,07%
Net impaired assets/ Net receivables due from customers	0,8%	1,0%	n.a.	(0,2)%
Gross impaired assets/ Gross receivables due from customers	2,2%	2,3%	n.a.	(0,1)%
Total RWAs (2)	1.309.455	1.329.890	(20.435)	(1,5)%

(1) This indicator is calculated comparing the "annualised" 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

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**56.520**	**42.791**	**13.730**	**32,1%**
Net commission income	**13.460**	**9.453**	**4.007**	**42,4%**
Other components of net banking income	12.197	7.072	5.125	72,5%
Net banking income	**82.177**	**59.316**	**22.861**	**38,5%**
Net credit risk losses/reversals	(24.945)	(25.649)	704	(2,7)%
Net profit (loss) from financial activities	**57.232**	**33.667**	**23.565**	**70,0%**
Operating costs	**(26.866)**	**(28.716)**	**1.850**	**(6,4)%**
Net allocations to provisions for risks and charges	(234)	(362)	128	(35,4)%
Gains (Losses) on disposal of investments	-	405	(405)	(100,0)%
Pre-tax profit from continuing operations	**30.132**	**4.994**	**25.138**	**n.s.**
Income taxes for the period relating to continuing operations	(9.726)	(1.604)	(8.122)	n.s.
Profit for the period	**20.406**	**3.390**	**17.017**	**n.s.**

QUARTERLY INCOME STATEMENT DATA RECLASSIFIED (in thousands of Euro)	3RD QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**19.062**	**15.455**	**3.607**	**23,3%**
Net commission income	**4.516**	**4.057**	**459**	**11,3%**
Other components of net banking income	668	5.465	(4.797)	(87,8)%
Net banking income	**24.246**	**24.977**	**(731)**	**(2,9)%**
Net credit risk losses/reversals	(8.294)	(7.391)	(903)	12,2%
Net profit (loss) from financial activities	**15.952**	**17.586**	**(1.634)**	**(9,3)%**
Operating costs	**(8.879)**	**(8.292)**	**(587)**	**7,1%**
Net allocations to provisions for risks and charges	(15)	(39)	24	(61,5)%
Gains (Losses) on disposal of investments	-	169	(169)	(100,0)%
Pre-tax profit from continuing operations	**7.058**	**9.424**	**(2.366)**	**(25,1)%**
Income taxes for the period relating to continuing operations	(2.277)	(3.026)	749	(24,8)%
Profit for the period	**4.781**	**6.398**	**(1.617)**	**(25,3)%**

Net banking income of the Corporate Banking & Lending Area comes to 82,2 million Euro at 30 September 2023, up 22,9 million Euro on 30 September 2022 (+38,5%). The positive change is a result of the combined effect of the following factors:

- growth of 13,7 million Euro in net interest income (+32,1%), thanks to the positive contribution of loans to SMEs and pharmacies for 10,7 million Euro and of Corporate Banking division (and in particular of the Structured Finance business unit) for 3,0 million Euro;
- higher net commissions of 4,0 million Euro (+42,4%), mainly from the Corporate Banking business;
- 5,1 million Euro increase in the other components of net banking income attributable to the Corporate Banking unit as a result of the higher contribution generated by items measured at fair value, including UCITS funds (on which higher valuation gains were recorded during the period) and minority interests (for which there was an increase in net realised gains on disposals in the first nine months of 2023 compared to the figure at 30 September 2022).

Net credit risk losses amount to 24,9 million Euro, in line with the figure posted for the same period of the previous year. While the Area's loan adjustments remained substantially stable, the first nine months of 2023 benefited from higher write-backs mainly related to previously impaired positions attributable to the subsidiary Banca Credifarma.

The decrease in operating costs of the Corporate Banking & Lending Area of 1,9 million Euro compared to the first nine months 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 30 September 2023, the Area's total net receivables due from customers amounts to 2.367,2 million Euro, up 80,0 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 30.09.2023						
Nominal amount	20.857	78.071	11.670	**110.598**	2.353.275	**2.463.873**
Losses	(8.646)	(24.242)	(1.342)	**(34.230)**	(62.406)	**(96.636)**
Carrying amount	12.211	53.829	10.328	**76.368**	2.290.869	**2.367.237**
Coverage ratio	*41,5%*	*31,1%*	*11,5%*	***30,9%***	*2,7%*	***3,9%***
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 30 September 2023, 76,4 million Euro, shows an increase of 20,6 million Euro on the value at year-end 2022. While past-due exposures are almost stable, non-performing exposures increase by 18,6% compared to 31 December 2022. Probable defaults are affected by the impairment of trade receivables related to the Lending unit previously classified as performing exposures.

KPI	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Credit cost (1)	1,44%	1,35%	n.a.	0,09%
Net impaired assets/ Net receivables due from customers	3,2%	2,4%	n.a.	0,8%
Gross impaired assets/ Gross receivables due from customers	4,5%	3,2%	n.a.	1,3%
Total RWAs (2)	1.742.218	1.615.463	126.755	7,8%

(1) This indicator is calculated comparing the "annualised" 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 127,3 million Euro and other components of the net interest income from cash flow changes for 85,2 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	286.406	27.370	9,6%	-	73.955	Acquisition cost
Non-judicial	13.558.206	484.399	3,6%	76.323	811.258	
of which: Collective (curves)	*13.041.001*	*222.634*	*1,7%*	*(543)*	*378.940*	*Cost = NPV of flows from model*
of which: Plans	*517.205*	*261.765*	*50,6%*	*76.866*	*432.318*	*Cost = NPV of flows from model*
Judicial	7.328.028	922.330	12,6%	136.122	1.858.245	
of which: Other positions undergoing judicial processing	*1.571.559*	*185.924*	*11,8%*	*-*	*392.812*	*Acquisition cost*
of which: Writs, Property Attachments, Garnishment Orders	*1.980.611*	*590.679*	*29,8%*	*114.876*	*1.287.320*	*Cost = NPV of flows from model*
of which: Secured and Corporate	*3.775.858*	*145.727*	*3,9%*	*21.246*	*178.113*	*Cost = NPV of flows from model*
Total	**21.172.640**	**1.434.099**	**6,8%**	**212.445**	**2.743.458**	

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 (27,4 million Euro at 30 September 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 30 September 2023 come to 222,6 million Euro as compared with 237,7 million Euro at 31 December 2022 (down 6,3%). Practices on which a realignment plan has been agreed and formalised record an increase (12,7%), coming in at 261,8 million Euro at 30 September 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 185,9 million Euro at 30 September 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 6,8%, coming in at 590,7 million Euro as compared with the 553,2 million Euro recorded in December 2022. The judicial management basin include all "Secured and Corporate" positions of corporate banking origin or real estate, equal to 145,7 million Euro at 30 September 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)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Interest income from amortised cost	127.293	119.381	7.912	6,6%
Interest income on notes and other minority components	3.505	2.478	1.027	41,4%
Other components of net interest income from change in cash flow	85.152	91.741	(6.589)	(7,2)%
Interest expense	(21.952)	(20.487)	(1.465)	7,2%
Net interest income	**193.998**	**193.113**	**885**	**0,5%**
Net commission income	**2.497**	**2.583**	**(85)**	**(3,3)%**
Other components of net banking income	(486)	(1.353)	867	(64,1)%
Gains (Losses) on the disposal of financial assets	6.103	6.517	(414)	(6,4)%
Net banking income	**202.112**	**200.860**	**1.252**	**0,6%**
Net profit (loss) from financial activities	**202.112**	**200.860**	**1.252**	**0,6%**
Operating costs	**(136.680)**	**(134.755)**	**(1.925)**	**1,4%**
Net allocations to provisions for risks and charges	138	(889)	1.027	(115,5)%
Gains (losses) on disposal of investments	-	(101)	101	(100,0)%
Pre-tax profit from continuing operations	**65.570**	**65.114**	**456**	**0,7%**
Income taxes for the period relating to continuing operations	(21.165)	(20.910)	(255)	1,2%
Profit for the period	**44.405**	**44.204**	**201**	**0,5%**

QUARTERLY INCOME STATEMENT DATA RECLASSIFIED (in thousands of Euro)	3RD QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Interest income from amortised cost	42.616	41.279	1.337	3,2%
Interest income on notes and other minority components	1.535	989	546	55,2%
Other components of net interest income from change in cash flow	27.752	25.362	2.390	9,4%
Interest expense	(9.857)	(6.886)	(2.971)	43,1%
Net interest income	**62.046**	**60.744**	**1.302**	**2,1%**
Net commission income	**738**	**738**	**-**	**0,0%**
Other components of net banking income	(74)	(158)	84	(53,2)%
Gains (Losses) on the disposal of financial assets	2.870	4.542	(1.672)	(36,8)%
Net banking income	**65.580**	**65.866**	**(286)**	**(0,4)%**
Net profit (loss) from financial activities	**65.580**	**65.866**	**(286)**	**(0,4)%**
Operating costs	**(45.130)**	**(47.976)**	**2.846**	**(5,9)%**
Net allocations to provisions for risks and charges	121	(667)	788	(118,1)%
Pre-tax profit from continuing operations	**20.571**	**17.224**	**3.347**	**19,4%**
Income taxes for the period relating to continuing operations	(6.640)	(5.531)	(1.109)	20,1%
Profit for the period	**13.931**	**11.693**	**2.238**	**19,1%**

“Interest income from amortised cost”, referring to the interest accruing at the original effective rate, increases from 119,4 million Euro to 127,3 million Euro at 30 September 2023, due to an increase in the average value of underlying assets, which have completed the documentary check phase (staging phase).

The item “Other components of net interest income from change in cash flow”, which goes from 91,7 million Euro in the first nine months of 2022 to 85,2 million Euro at 30 September 2023, reflects the change in cash flows forecast according to the collections made in respect of forecasts. This item includes:

- out-of-court management of 29,1 million Euro (32,8 million Euro at 30 September 2022), to which the repayment plans contribute 52,8 million Euro (up from the figure of 49,4 million Euro in the first nine months of 2022), partially offset by the negative effect of curve models of 23,7 million Euro (16,6 million Euro in the same period of the previous year);
- legal expenses of 56,1 million Euro (58,9 million Euro at 30 September 2022), following the contribution of actions for injunction, attachment and garnishment orders.

Good performance continues in legal collection, which is mainly attributable to the higher number of injunctions and foreclosures produced. This growth was 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 294,8 million Euro, up from the 283,4 million Euro realised in the first nine months of 2022.

Net commission, of 2,5 million Euro at 30 September 2023 are substantially in line with the previous reference period.

During the first nine months of 2023, disposals of Npl portfolios were realised, in line with the Group's policy, from which net gains on disposal amount to 6,1 million Euro, slightly down on the 6,5 million Euro recorded during the first nine months of 2022.

In view of the above, the Npl Segment's net banking income comes to a total of 202,1 million Euro, up 1,3 million Euro on the same period of the previous year.

Operating costs of 136,7 million Euro at 30 September 2023 are up 1,9 million Euro on the first nine months of 2022. This increase is due, in this case too, to higher personnel expenses for both increased staffing (including the efforts of the Parent company Banca Ifis) and expected increases in the NCBA (already factored in September 2023).

As a consequence of the foregoing, period profit of the Npl Segment is 44,4 million Euro, in line with the figure of the same period of last year.

Below is the breakdown of net loans by credit quality.

STATEMENT OF FINANCIAL POSITION DATA (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Net bad loans	1.072.624	1.115.926	(43.302)	(3,9)%
Net unlikely to pay	343.885	367.886	(24.001)	(6,5)%
Net non-performing past due exposures	4.081	4.343	(262)	(6,0)%
Total net non-performing exposures to customers (stage 3)	**1.420.590**	**1.488.155**	**(67.565)**	**(4,5)%**
Net performing exposures (stages 1 and 2)	18.598	31.709	(13.111)	(41,3)%
- of which: Owned receivables	*13.509*	*16.871*	*(3.362)*	*(19,9)%*
- of which: Debt securities	*3.361*	*13.686*	*(10.325)*	*(75,4)%*
- of which: Receivables related to servicer activities	*1.728*	*1.152*	*576*	*50,0%*
Total on-balance-sheet receivables due from customers	**1.439.188**	**1.519.864**	**(80.676)**	**(5,3)%**
- of which: owned receivables measured at amortised cost	***1.434.099***	***1.505.026***	***(70.927)***	***(4,7)%***

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	
	30.09.2023	31.12.2022	ABSOLUTE	%
Nominal amount of receivables managed	21.172.640	23.064.676	(1.892.036)	(8,2)%
Total RWAs (1)	1.696.810	1.794.321	(97.511)	(5,4)%

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

Total Estimated Remaining Collections (ERC) amount to 2,7 billion Euro.

PERFORMANCE OF THE PROPRIETARY PORTFOLIO OF THE NPL SEGMENT	30.09.2023	31.12.2022
Opening loan portfolio	**1.505.026**	**1.477.681**
Purchases (+)	16.708	148.942
Sales (-)	(11.420)	(22.105)
Gains on sales (+/-)	6.096	10.699
Interest income from amortised cost (+)	127.293	161.507
Other components of interest from change in cash flow (+)	85.152	133.413
Adjustments to receivables (+/-)	-	(21.697)
Collections (-)	(294.756)	(383.414)
Closing loan portfolio	**1.434.099**	**1.505.026**

Total purchases in the first nine months of 2023 come to 16,7 million Euro, down on the 70,2 million Euro of the first nine months of 2022. This reduction is mainly attributable to the closing of the acquisition of Revalea S.p.a. (concluded on 31 October 2023), which includes among the company's assets, an Npl portfolio of approximately 6,5 billion Euro of GBV for a carrying amount at amortised cost that amounted to approximately 230 million Euro at 30 September 2023 (for more details, refer to the section "Significant subsequent events"). During the first nine months of 2023, sales of Npls were completed for a total price of 11,4 million Euro, which generated profits of 6,1 million Euro.

The item "Collections", equal to 294,8 million Euro at 30 September 2023, includes the instalments collected during the period from re-entry plans, from garnishment orders and transactions carried out, and rises by 4,0% on the collections of 283,4 million Euro made in the first nine months of 2022.

At 30 September 2023, the portfolio managed by the Npl Segment includes 1.971.575 positions, for a nominal amount of 21,2 billion Euro.

Governance & Services and Non-Core Segment

The Segment comprises, among other things, the resources required for the performance of the services of the 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.

RECLASSIFIED INCOME STATEMENT DATA (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**40.261**	**44.877**	**(4.616)**	**(10,3)%**
Net commission income	**(892)**	**(1.379)**	**487**	**(35,4)%**
Other components of net banking income	11.792	19.158	(7.366)	(38,5)%
Net banking income	**51.161**	**62.656**	**(11.495)**	**(18,3)%**
Net credit risk losses/reversals	3.001	(6.991)	9.993	(142,9)%
Net profit (loss) from financial activities	**54.162**	**55.665**	**(1.502)**	**(2,7)%**
Operating costs	**(31.383)**	**(27.396)**	**(3.987)**	**14,6%**
Net allocations to provisions for risks and charges	(6.440)	(1.821)	(4.619)	253,6%
Pre-tax profit from continuing operations	**16.339**	**26.448**	**(10.109)**	**(38,2)%**
Income taxes for the period relating to continuing operations	(5.277)	(8.490)	3.213	(37,8)%
Profit (loss) for the period	**11.062**	**17.958**	**(6.896)**	**(38,4)%**

QUARTERLY INCOME STATEMENT DATA RECLASSIFIED (in thousands of Euro)	3RD QUARTER		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**13.034**	**12.463**	**571**	**4,6%**
Net commission income	**(699)**	**(295)**	**(404)**	**137,1%**
Other components of net banking income	1.597	3.756	(2.159)	(57,5)%
Net banking income	**13.932**	**15.924**	**(1.992)**	**(12,5)%**
Net credit risk losses/reversals	(453)	(1.463)	1.010	(69,0)%
Net profit (loss) from financial activities	**13.479**	**14.461**	**(982)**	**(6,8)%**
Operating costs	**(8.855)**	**(5.914)**	**(2.941)**	**49,7%**
Net allocations to provisions for risks and charges	(6.274)	(5.520)	(754)	13,6%
Pre-tax profit from continuing operations	**(1.650)**	**3.027**	**(4.677)**	**(154,5)%**
Income taxes for the period relating to continuing operations	530	(971)	1.501	(154,6)%
Profit (loss) for the period	**(1.120)**	**2.056**	**(3.176)**	**(154,5)%**

The Segment's net banking income amounts to 51,2 million Euro, down 11,5 million Euro compared to the first nine months of 2022 and is determined in particular by the following factors:

- net interest income has decreased by 4,6 million Euro on the first nine months of 2022. The negative change results mainly from the increase in the cost of collection;
- the other components of net banking income decrease by 7,4 million Euro as a result of lower gains on the sale of financial assets (-1,5 million Euro), higher dividends obtained from the share Segment (+1,7 million Euro) and negative fair value changes on trading derivatives (-7,6 million Euro).

In terms of funding, "Rendimax Deposit Account" continues to constitute the Group's main source of finance, with a comprehensive cost of 55,3 million Euro, higher than the same period of last year (17 million Euro) due to the increase in average rates despite the reduction in average assets under management (3.994 million Euro at 30 September 2023 as compared with 4.224 million Euro at 30 September 2022). Overall, retail on-demand and term deposits record an average rate of 1,85%, compared to 1,22% at 30 September 2022.
As at 30 September 2023, the carrying amount of the bonds issued by Banca Ifis amounts to 1.451,8 million Euro, an increase of 398,6 million Euro due to three new issues compared to the situation at 30 September 2022 and the simultaneous maturity in April 2023 of the senior bond issued in 2018. The three new issues are the second tranche of a senior bond with a duration of 4 years, issued in March 2023 and two senior bonds for a nominal amount of 300 million Euro, issued respectively in January 2023, with a duration of 4 years, and in September 2023, with a duration of 5 years (for more details on these two 2023 issues, see "Significant events occurred in the period"). In economic terms, interest expense accrued on all issues rose by 23,5 million Euro compared with the first nine months of 2022, coming in at a total of 46,6 million Euro at 30 September 2023.
Funding through securitisation, amounting to 1.757,4 million Euro at 30 September 2023, is up on the figure at 30 September 2022 (1.378,9 million Euro) and consists of:

- securities issued by the SPV ABCP Programme for 1,0 billion Euro relating to the senior tranche;
- securities issued by the Indigo Lease vehicle in the amount of 0,4 billion Euro relating to the senior tranche, following the restructuring of the transaction during the third quarter of 2023;
- securities issued by the Emma SPV for 0,4 billion Euro relating to the senior tranche.

The increase in the balance is mainly attributable to the restructuring of the Indigo Lease SPV. Accrued interest expense went from 6,7 million Euro at 30 September 2022 to 46,7 million Euro at 30 September 2023 due to the clear 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 expense accrued at 30 September 2023 amounts to 47,4 million Euro.
The credit cost improves by 10,0 million Euro. The figure at 30 September 2023 stands at net reversals of 3,0 million Euro, benefiting from write-backs, mainly from collections, on positions that had previously been fully written down, and is in contrast to net adjustments of 7,0 million Euro in September 2022, which were affected, by contrast, by provisions on a singularly significant position.
Operating costs come to 31,4 million Euro, up 4,0 million Euro on 30 September 2022. This change is linked to the increased activities in the area of Communication, Marketing, Public Affairs & Sustainability during the first nine months of 2023, the year of Banca Ifis' 40th anniversary.

Net allocations to provisions for risks and charges amount to 6,4 million Euro, an increase of 4,6 million Euro compared to the figure as at 30 September 2022, mainly because the comparative figure included reversals on securitisations of bad loans guaranteed by Italian Treasury Department (GACS) at the end of the guarantee period.

As regards equity figures, at 30 September 2023, total net receivables for the Segment amount to 2.248,4 million Euro, up 4,5% on the figure at 31 December 2022 (2.152,1 million Euro). The increase of 96,3 million Euro is due for 121 million Euro to the securities unit of Proprietary Finance and Securitisation & Structured Solutions, whose greater contribution more than offset the natural run-off of the Non-Core portfolio for 25 million Euro.
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: 9,3 million Euro at 30 September 2023, down 1,8 million Euro on the figure recorded at 31 December 2022;
- net performing exposures: 23,9 million Euro at 30 September 2023, up 2,8 million Euro on the figure recorded at 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 30.09.2023						
Nominal amount	12.539	23.945	7.521	**44.005**	2.226.896	**2.270.901**
Losses	(6.539)	(8.343)	(2.730)	**(17.612)**	(4.906)	**(22.518)**
Carrying amount	6.000	15.602	4.791	**26.393**	2.221.990	**2.248.383**
Coverage ratio	*52,1%*	*34,8%*	*36,3%*	***40,0%***	*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 30 September 2023, there were government securities amounting to 1.671,6 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 POCI category, whose gross values already take into account the estimate of expected losses. The coverage of the portfolio as a whole at 30 September 2023 is down from the figure at 31 December 2022, mainly related to the Non-Core Area portfolio.

Information on the Russia-Ukraine conflict

This section aims to provide a specific disclosure on the impacts generated by Russia's invasion of Ukraine.

At the level of the Banca Ifis Group, a series of in-depth studies have been conducted in order to assess the exposures (direct and indirect) to counterparties resident in Russia, Belarus and Ukraine, and to estimate the related impacts and risk containment measures.

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

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

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

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

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

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

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

Other information

Adoption of Opt-Out Option pursuant to Consob resolution no. 18079 of 20 January 2012

On 21 January 2013, Banca Ifis's Board of Directors resolved, as per Article 3 of Consob Regulation no. 18079 of 20 January 2012, to adopt the opt-out option pursuant to Article 70, paragraph 8 and Article 71, paragraph 1-bis, of Consob's Regulation on Issuers, thus exercising the right to depart from the obligations to publish information documents required in connection with significant operations like mergers, spin-offs, capital increases by contribution in kind, acquisitions and sales.

Report on Corporate Governance and Shareholding Structure

It should be noted that no changes occurred in the first nine months of 2023 with reference to the Report on Corporate Governance and Shareholding Structure, for which reference should be made to the last one prepared in accordance with the third paragraph of Article 123-bis of Italian Legislative Decree no. 58 of 24 February 1998 ("TUF"), namely those prepared for FY 2022 in the form of a separate report from the Directors' Report on the Group, approved by the Board of Directors on 9 March 2023 and published together with the Consolidated Financial Statements as at 31 December 2022. This document is also made available in the "Corporate Governance" Section, subsection "Reports and Documents", section "Corporate Governance Organisation and Structures" on the corporate website www.bancaifis.it.

The "Report on Corporate Governance and Shareholding Structure" has been drawn up according to the format provided by Borsa Italiana.

Remuneration policies

The "Corporate governance" section, subsection "Remuneration" of the corporate website www.bancaifis.it includes the "2022 Report on Remuneration Policy and Remuneration Paid", drafted pursuant to Article 123 ter of the Consolidated Law on Finance, where the remuneration policy for the Banca Ifis Group is illustrated, which is substantially in line with the previous versions, except for the regulatory changes provided for in particular by the Supervisory Provisions implementing the CRDV (Directive 2019/878/EU).

Privacy measures

The Banca Ifis Group has consolidated a project to comply with (EU) Regulation no. 2016/679 in order to incorporate the relevant regulatory provisions into its internal privacy management model, planning a series of both technological and organisational steps that will concern all the Group's companies.

Parent company management and coordination

Pursuant to Articles 2497 to 2497 sexies of the Italian Civil Code, it should be noted that the ultimate Parent company La Scogliera S.A. does not carry out any management and coordination activities with respect to Banca Ifis, notwithstanding Article 2497 sexies of the Italian Civil Code, since the management and coordination of investee financial companies and banks is expressly excluded from La Scogliera's corporate purpose.

National consolidated tax regime

The companies Banca Ifis S.p.A., Ifis Npl Investing S.p.A., Ifis Rental Services S.r.l., Ifis Npl Servicing S.p.A. and Cap.Ital.Fin. S.p.A., together with the ultimate Parent company, La Scogliera S.A., have opted for the application of group taxation (tax consolidation) in accordance with articles 117 et seq. of Italian Presidential Decree no. 917/86.

Transactions between these companies were regulated by means of a private written agreement between the parties. This agreement will lapse after three years.

Adhesion to the tax consolidation allows the taxable income of the participating companies to be offset against each other (using the losses and the aid for economic growth ("ACE") realised during the adhesion period).

As envisaged by applicable regulations, adhering entities have an address for the service of notices of documents and proceedings relating to the tax periods for which this option is exercised at the office of La Scogliera, the consolidating company.

Under this tax regime, the taxable profits and tax losses reported by each entity for the first nine months of 2023 are transferred to the consolidating company La Scogliera.

The receivable from the tax consolidating company La Scogliera, recorded under “Other assets”, amounts to 15,3 million Euro, while the related payable, recorded under “Other liabilities” in the Consolidated Interim Report, amounts to 23,2 million Euro at 30 September 2023, of which 19,7 million Euro accrued to the subsidiary Ifis Npl Investing. The net debt to the tax consolidating company La Scogliera amounts therefore to 7,9 million Euro.

Transactions on treasury shares

At 31 December 2022, Banca Ifis held 1.377.981 treasury shares recognised at a market value of 22,1 million Euro and a nominal amount of 1.377.981 Euro.

During the year, Banca Ifis, as variable pay, awarded the Top Management 34.963 treasury shares at an average price of 9,39 Euro, for a total of 341 thousand Euro and a nominal amount of 34.963 Euro, making profits of 54 thousand Euro that, in compliance with IAS/IFRS standards, were recognised under the premium reserve.

Considering the above operations, the stock at the end of the period was 1.343.018 treasury shares, with an equivalent value of 21,8 million Euro and a nominal amount of 1.343.018 Euro.

Related-party transactions

In compliance with the provisions of Consob Resolution no. 17221 of 12 March 2010 and subsequently amended, as well as the prudential Supervisory provisions for banks in Circular no. 285 of 17 December 2013 of the Bank of Italy, part three, chapter 11 (on “Risk activities and conflicts of interest towards related parties”), any transactions with related parties and relevant parties are carried out pursuant to the procedure approved by the Board of Directors called the “Group Policy covering transactions with related parties, associates and corporate representatives pursuant to Art. 136 of the Consolidated Law on Banking”, last updated in February 2022.

This document is publicly available on Banca Ifis's website, www.bancaifis.it, in the “Corporate Governance” Section.

During the first nine months of 2023, no significant transactions with related parties were undertaken outside the scope of the Consolidated Interim Report.

Atypical or unusual transactions

During the first nine months of 2023, the Banca Ifis Group did not carry out atypical or unusual transactions as defined by Consob Communication no. 6064293 of 28 July 2006.

The Bank's offices

The Company has its registered office in Venice-Mestre, as well as offices of the Presidency in Rome and operational offices in Milan. There are no branch offices.

Human resources

As at 30 September 2023, the Banca Ifis Group had 1.933 employees (1.874 as at 31 December 2022). Below is a breakdown of the workforce by classification level.

GROUP EMPLOYEES BY CLASSIFICATION LEVEL	30.09.2023		31.12.2022		CHANGES	
	Number	%	Number	%	Number	%
Senior managers	98	5,1%	95	5,1%	3	3,2%
Middle managers	598	30,9%	567	30,3%	31	5,5%
Clerical staff	1.237	64,0%	1.212	64,7%	25	2,1%
Total Group employees	**1.933**	**100,0%**	**1.874**	**100,0%**	**59**	**3,1%**

Research and development activities

Due to its activity, the Group did not implement any research and development programmes during the period.

Reclassified Consolidated Financial Statements

Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	30.09.2023	31.12.2022
Cash and cash equivalents	1.453.013	603.134
Financial assets held for trading	21.771	26.868
Financial assets mandatorily measured at fair value through profit or loss	192.893	195.220
Financial assets measured at fair value through other comprehensive income	780.762	697.611
Receivables due from banks measured at amortised cost	616.616	565.762
Receivables due from customers measured at amortised cost	9.908.360	10.186.932
Hedging derivatives	4.819	-
Property, plant and equipment	132.435	126.341
Intangible assets	71.789	64.264
of which:		
- goodwill	*38.020*	*38.020*
Tax assets:	271.668	325.181
a) current	31.214	60.924
b) prepaid	240.454	264.257
Non-current assets and disposal groups	813	-
Other assets	465.454	471.064
Total assets	**13.920.393**	**13.262.377**

LIABILITIES AND EQUITY (in thousands of Euro)	30.09.2023	31.12.2022
Payables due to banks	3.236.570	3.422.160
Payables due to customers	5.280.665	5.103.343
Debt securities issued	3.209.338	2.605.195
Financial liabilities held for trading	20.933	25.982
Tax liabilities:	50.449	52.298
a) current	20.296	21.961
b) deferred	30.153	30.337
Other liabilities	352.148	391.697
Post-employment benefits	7.231	7.696
Provisions for risks and charges	57.960	56.225
Valuation reserves	(57.021)	(59.722)
Reserves	1.507.460	1.440.944
Interim dividends (-)	-	(52.433)
Share premiums	84.108	83.767
Share capital	53.811	53.811
Treasury shares (-)	(21.817)	(22.104)
Equity attributable to non-controlling interests	13.817	12.432
Profit for the period	124.741	141.086
Total liabilities and equity	**13.920.393**	**13.262.377**

Consolidated Income Statement

ITEMS (in thousands of Euro)	30.09.2023	30.09.2022
Net interest income	**409.506**	**392.504**
Net commission income	**74.299**	**65.210**
Other components of net banking income	28.552	30.978
Net banking income	**512.357**	**488.692**
Net credit risk losses/reversals	(30.870)	(48.874)
Net profit (loss) from financial activities	**481.487**	**439.818**
Administrative expenses:	(292.861)	(282.769)
a) personnel expenses	(120.466)	(111.244)
b) other administrative expenses	(172.395)	(171.525)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(13.024)	(12.320)
Other operating income/expenses	17.360	16.551
Operating costs	**(288.525)**	**(278.538)**
Net allocations to provisions for risks and charges	(6.717)	(4.515)
Value adjustments of goodwill	-	(762)
Gains (losses) on disposal of investments	-	304
Pre-tax profit from continuing operations	**186.245**	**156.307**
Income taxes for the period relating to continuing operations	(60.120)	(50.190)
Profit (loss) for the period	**126.125**	**106.117**
(Profit) loss for the period attributable to non-controlling interests	(1.384)	(574)
Profit (loss) for the period attributable to the Parent company	**124.741**	**105.543**

Consolidated Statement of Comprehensive Income

ITEMS (in thousands of Euro)	30.09.2023	30.09.2022
Profit (loss) for the period	**126.125**	**106.117**
Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**(4.540)**	**(1.894)**
Equity securities measured at fair value through other comprehensive income	(4.715)	(2.688)
Defined benefit plans	175	794
Other comprehensive income, net of taxes, to be reclassified to profit or loss	**4.711**	**(36.606)**
Exchange differences	270	(2.124)
Financial assets (other than equity securities) measured at fair value through other comprehensive income	4.441	(34.482)
Total other comprehensive income, net of taxes	**171**	**(38.500)**
Comprehensive Income	**126.296**	**67.617**
Consolidated comprehensive income attributable to non-controlling interests	(1.385)	(569)
Consolidated comprehensive income attributable to the Parent company	**124.911**	**67.048**

Notes

Accounting policies

Statement of compliance with IFRS

This Consolidated Interim Report at 30 September 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 30 September 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. The tables in the Notes may include rounded amounts; any inconsistencies and/or discrepancies in the data presented in the different tables are due to these rounding differences.

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

The recognition, measurement and derecognition criteria for assets and liabilities, and the procedures for recognising revenues and costs, adopted in the Consolidated Interim Report at 30 September 2023 have remained substantially unchanged from those adopted for the preparation of the 2022 Financial Statements of the Banca Ifis Group, to which reference is made, with the exception of:

- the criteria for hedge accounting classification, posting, measurement and cancellation adopted by the Group for the first time in 2023, illustrated in the following section “Hedging transactions”;
- the accounting provisions and interpretations applicable to the case of the extraordinary tax on net interest income (termed “extra-profits”) of Italian banks, introduced by Law no. 136 of 9 October 2023, for which please refer to the following paragraph “Windfall tax on “extra-profits” of banks under Italian Law no. 136/2023”.

Hedge accounting

Classification criteria

With reference to hedging, the Banca Ifis Group has chosen to adopt the provisions of IFRS 9 for first-time application and not to avail itself of the option, provided by the same standard, to apply the hedge accounting rules dictated by IAS 39, in the version endorsed by the European Commission (the “carved out” version), with the exception of the specific cases provided for in IFRS 9 (par. 6.1.3) and not governed by the same standard.

Risk hedging transactions are intended to neutralise, from an accounting point of view, potential recognisable losses on a particular financial instrument or group of

financial instruments, attributable to a particular risk, by means of recognisable gains on a different financial instrument or group of financial instruments should that particular risk actually arise.

Only instruments involving a counterparty outside the Group can be designated as hedging instruments.

The only type of hedge used by the Group as at 30 September 2023 is the specific fair value hedge ("micro" fair value hedge), which is intended to hedge the exposure to changes in the fair value of a balance sheet asset or liability attributable to a particular risk and, in particular, from changes in interest rates.

A derivative instrument may be considered to be a hedging instrument if there is formalised documentation of the unique relationship to the hedged item and if it is effective at the time the hedge commences and, prospectively, over the life of the hedge.

At the start of the hedging relationship there must be a formal designation and documentation of the hedging relationship, the company's risk management objectives, and the hedging strategy. This documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how to assess the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item.

Recognition criteria

Derivative hedging instruments are recognised at fair value, on the date the relevant contracts are entered into, and are classified as assets under item "50. Hedging derivatives" or on the liabilities side of the balance sheet under item "40. Hedging derivatives" depending on whether the value is positive or negative.

Measurement criteria

After initial recognition, hedging derivatives continue to be measured at fair value. Specifically, in the case of fair value hedges, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is recognised through the recognition in the income statement of changes in value, referring both to the hedged item (as regards changes produced by the underlying risk factor) and to the hedging instrument. Any difference, representing the partial ineffectiveness of the hedge, consequently constitutes the net economic effect.

The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged instrument are offset by those of the hedging instrument. Therefore, effectiveness is appreciated by comparing the above-mentioned variations, taking into account the intent pursued at the time the hedge was implemented. Effectiveness occurs when changes in the fair value of the hedging financial instrument almost entirely neutralise changes in the hedged instrument for the hedged risk element.

Effectiveness is assessed at each balance sheet or interim reporting date using prospective tests, which justify the application of hedge accounting by demonstrating the expected effectiveness based on limits defined internally by the Group.

If the tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued, the hedging derivative contract is reclassified as a trading instrument and the hedged financial instrument regains the valuation criterion corresponding to its balance sheet classification. If the hedged asset or liability is measured at amortised cost, the higher or lower value resulting from the measurement of the hedged asset or liability at fair value due to the hedge becoming ineffective is recognised in the income statement using the effective interest rate method.

In addition, the accounting for outstanding fair value hedges ceases prospectively in the following cases:

- the hedging instrument matures, is terminated or exercised;
- the hedged item is sold, expires or is refunded;

- the decision is made to revoke the designation.

Windfall tax on "extra-profits" of banks under Italian Law no. 136/2023

Law no. 136 of 9 October 2023 converted Decree-Law no. 104 of 10 August 2023 (the "Omnibus bis Decree" or "Asset Decree"), introducing new measures aimed at economic operators and private individuals as well as confirming or modifying some already existing measures. The new measures adopted include the introduction, for 2023, of an windfall tax on net interest income (the "extra-profits") of Italian banks, even if they operate in the territory of the Italian State through a permanent establishment. In particular, it establishes the application of a 40% tax rate on a taxable base configured by comparing the "net interest income" under item 30 of the Income Statement of banking institutions (on the basis of the financial statement formats governed by Circular no. 262/2005 and subsequent updates of the Bank of Italy) of the tax year prior to the one in progress on 1 January 2022 and that of the tax year prior to the one in progress on 1 January 2024 only. In any event, the tax thus calculated may not exceed 0,26% of the risk-weighted assets (or "RWAs") on an individual basis for each Bank. In lieu of making the payment, each bank on an individual basis may elect to allocate a certain amount, not less than 2,5 times the tax calculated as above, to a non-distributable profit reserve in equity. In such a case, if you subsequently choose to use this specific reserve for the distribution of profits (and thus make it from 'non-distributable' to 'distributable'), within 30 days of the approval of the relevant resolution, the tax originally calculated must be paid with a surcharge in proportion to the interest accrued in the meantime.

From an accounting point of view, in light of the specific characteristics of the tax in question and in particular the way in which it is determined, the provisions of IFRIC Interpretation 21 "Taxes" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" were deemed applicable. In particular, according to IFRIC 21, a liability relating to the payment of a tax arises at the moment when the binding event occurs, i.e. when the obligation to pay the tax arises. The definition of a liability provided by IAS 37 also requires that an outflow of resources embodying economic benefits is deemed probable for the fulfilment of the obligation.

In this regard, it should be noted that, in relation to the provisions of the rule, the banks of the Banca Ifis Group (Banca Ifis and Banca Credifarma) have the realistic alternative of not paying the tax, by setting aside, when approving their individual 2023 financial statements, a non-distributable profit reserve equal to 2,5 times the extraordinary tax. This makes the described requirement of the accounting standard not in fact fulfilled. Consequently, since the Directors of each of the Group's banks had positively concluded on the possibility of availing themselves of this option, and having verified the reasonableness of this alternative in the case at hand, as at 30 September 2023, it was deemed that there was no binding event against which to recognise a liability and related charge for either of the two banks on an individual basis and, consequently, at the level of the Group's consolidated balances.

It should also be noted that the provision of the last part of paragraph 5-bis of Italian Law no. 136/2023 determines an obligation to be considered new and autonomous and consisting in the maintenance of the non-distributable restriction on the reserve recorded by each bank in their respective individual 2023 financial statements. In this regard, the Directors of each bank will assess over time the substantive reasonableness of the option not to distribute based on the specific facts and circumstances.

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.

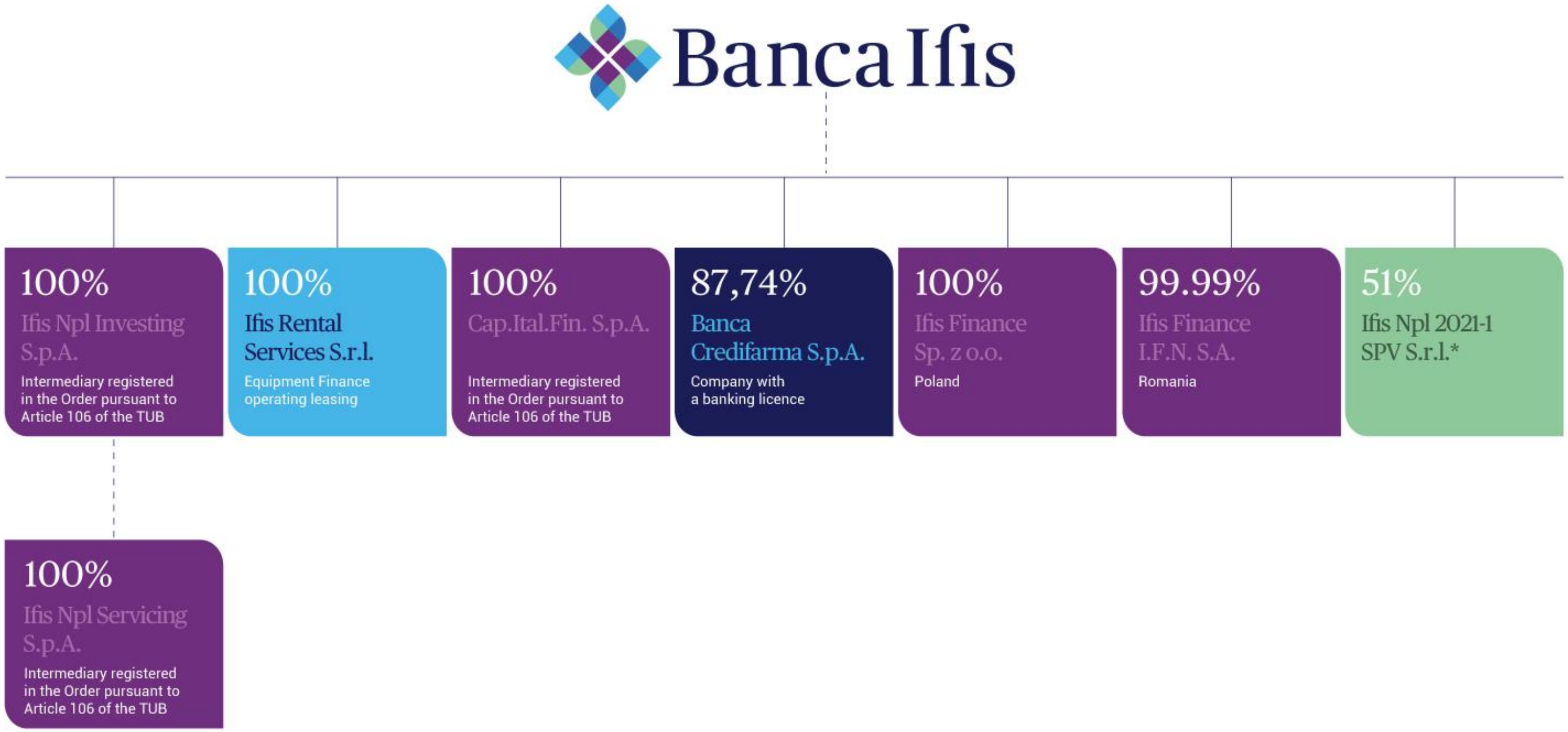
Present conditions on financial markets and in the real economy, together with the negative short-term forecasts, require particularly accurate assessments of the going concern assumption, as records of the company's profitability and easy access to financial resources may no longer be sufficient in 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 and tension in the Middle East, 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 30 September 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 30 September 2023 prepared by the directors of the companies included in the consolidation scope on the basis of homogeneous accounting standards.



- COMPANY WITH BANKING LICENCE
- FINANCIAL COMPANY
- COMPANY NOT BELONGING TO THE BANKING GROUP
- SECURITIZATION VEHICLE

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

Equity investments in exclusively controlled companies

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

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

With regard to controlled companies, classed as such on the basis of that explained below and included in the scope of consolidation as at 30 September 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. 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.

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.

Control of structured entities, i.e. entities for which voting rights are not considered relevant to establish control, is deemed to exist where the Group has contractual rights to manage the relevant assets of the entity and is exposed to the variable returns of those assets.

On this basis, the structured entities that required consolidation for the purposes of the Consolidated Interim Report as at 30 September 2023 are represented by certain vehicle companies of securitisation transactions originated by Group companies. For such vehicles, the elements considered relevant to the identification of control and the resulting consolidation are the purpose of such companies, their exposure to the results of the operation, their ability to structure operations and direct relevant activities and make critical decisions by means of servicing agreements as well as their ability to arrange for their liquidation.

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).

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 considered as "equity transactions" in accordance with paragraph 23 of IFRS 10 and are therefore recognised directly 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 recognised on the basis of the accounting rules prescribed by the applicable standard (e.g. IAS 28, in the case of residual significant influence, or IFRS 9).

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 acquisition date.

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

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

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

The consolidation process of the subsidiaries resulted in goodwill of 38,0 million Euro recognised under “intangible assets” for the consolidation of the former Fbs Group, which was acquired during 2019.

At 31 December 2022, this goodwill was subjected to the annual impairment test, 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 as at 31 December 2022.

With reference to the valuation as at 30 September 2023 concerning the presence of any trigger events, which would call for impairment testing, the analysis did not reveal any such trigger events.

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 30 September 2023, as per the international accounting standards. These processes were carried out on a going concern basis and support the carrying values as at 30 September 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 and for debt securities;
- provisions for risks and charges;
- estimated impairment of goodwill;
- deferred tax assets (DTAs).

For the types of assets listed above, the principal issues regarding risks and uncertainties associated with the use of estimates are discussed in the following paragraphs.

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. 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, starting from FY 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 and for debt securities

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 prudential adjustments were introduced to take into account the current macroeconomic environment, which continues to be characterised by significant uncertainty. Risks to growth relate in particular to the evolution of the conflict in Ukraine and core inflation, which remains high and could prolong the ongoing monetary tightening in the major advanced economies. Prudential adjustments to cover this uncertainty viewed as a whole, were therefore re-evaluated during FY 2022 and in the first nine months of 2023.

With regard to Forward Looking information, the macroeconomic scenarios incorporated in the risk parameter estimates factor in the EBA projections published at the time of the stress test exercise scheduled for 2023. These scenarios ensure a good coverage of the information reflecting the above-mentioned aspects in a prudent manner.

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.

Provisions for risks and charges

The provisions for risks and charges on commitments and guarantees granted include the provisions for credit risk set aside for loan commitments and the other guarantees granted that fall within the scope of the impairment rules in IFRS 9. As a general rule, in this case the Bank adopts the same methods for allocating items to three credit risk Stages and calculating expected credit losses as the ones described for financial assets measured at amortised cost or at fair value through other comprehensive income.

In addition, these include also the provisions for risks and charges set aside for other types of commitments and guarantees granted that, because of their specific characteristics, they do not fall within the scope of the impairment rules in IFRS 9. Specifically, other provisions for risks and charges consist of liabilities arising when:

- a legal or constructive obligation exists as a result of a past event;
- it is likely that it will be necessary to spend resources which could generate economic benefits to settle the obligation;
- the amount of the obligation can be reliably estimated.

Should all these conditions not be met, no liability is recognised.

The amount recognised as a provision represents the best estimate of the expense required to meet the obligation and reflects the risks and uncertainties regarding the facts and circumstances in question.

Where the cost deferral is significant, the amount of the provision is determined as the present value of the best estimate of the cost to settle the obligation. In this case a discount rate is used that reflects current market assessments.

The provisions made are periodically reviewed and, if necessary, adjusted to reflect the best current estimate. When the review finds that the cost is unlikely to be incurred, the provision is reversed.

Estimated impairment of goodwill

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).

On the other hand, with reference to the valuation as at 30 September 2023 concerning the presence of any trigger events, which would call for impairment testing, the analysis did not reveal any such trigger events.

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.

Deferred tax assets (DTAs)

In accordance with IAS 12, referred to in the "Group Impairment Policy", a deferred tax asset for unused tax losses and tax credits carried forward should be recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses and tax credits can be utilised. Specifically, also for the assessment of the recoverability of DTAs, the Group must assess, from time to time in relation to negative trends in the income statement:

- whether it has sufficient taxable temporary differences, with respect to the same tax jurisdiction and the same taxpayer, that will result in taxable amounts against which unused tax losses or tax credits can be utilised before they expire;
- whether it is likely to have taxable income before the expiry of unused tax losses or tax credits;
- whether the unused tax losses result from identifiable causes that are unlikely to recur; and
- whether the Group has tax planning whereby taxable income will be available in the period in which unused tax losses or tax credits can be utilised.

With reference to the recoverability of deferred tax assets recognised as at 30 September 2023 other than those transformable pursuant to Law 2014/2011, based on future taxable income inferable from the Group's 2022-2024 Business Plan to be deemed confirmed in light of the results as at 30 September 2023, no elements have emerged that could lead to deeming the DTAs in question, amounting to a total of 240,5 million Euro as at 30 September

2023, to be non-recoverable. Accordingly, the assessment of the recoverability of the aforementioned DTAs, albeit over a medium-term time horizon, made when preparing the Financial Statements for the year ended 31 December 2022, is confirmed. Specifically, out of the overall total of 240,5 million Euro, the 147,2 million Euro portion attributable to Law 214/2011 (equal to 61,2% of the total DTA) will be reversed by 2026 due to express regulatory provision. The portion referring to prior tax losses and aid for economic growth ("ACE") surpluses, totalling 40 million Euro (or 16,6% of the total DTA) is expected to be fully recovered from 2027 to 2032 (of which approximately 30 million Euro by 2028). The remaining 53,4 million Euro refers mainly to financial assets measured at fair value through other comprehensive income (FVOCI) and is therefore related to the performance of the related reserve. The uncertainty is also confirmed regarding the recoverability of the DTAs relating to the subsidiary Cap.Ital.Fin. realised mainly before the entry into the tax consolidation, which therefore, out of prudence, have not been recorded for a total of 2,4 million Euro.

Group financials and income results

Reclassified Statement of financial positions items

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Cash and cash equivalents	1.453.013	603.134	849.879	140,9%
Financial assets mandatorily measured at fair value through profit or loss	192.893	195.220	(2.327)	(1,2)%
Financial assets measured at fair value through other comprehensive income	780.762	697.611	83.151	11,9%
Receivables due from banks measured at amortised cost	616.616	565.762	50.854	9,0%
Receivables due from customers measured at amortised cost	9.908.360	10.186.932	(278.572)	(2,7)%
Property, plant and equipment and intangible assets	204.224	190.605	13.619	7,1%
Tax assets	271.668	325.181	(53.513)	(16,5)%
Other assets	492.857	497.932	(5.075)	(1,0)%
Total assets	**13.920.393**	**13.262.377**	**658.016**	**5,0%**
Payables due to banks	3.236.570	3.422.160	(185.590)	(5,4)%
Payables due to customers	5.280.665	5.103.343	177.322	3,5%
Debt securities issued	3.209.338	2.605.195	604.143	23,2%
Tax liabilities	50.449	52.298	(1.849)	(3,5)%
Provisions for risks and charges	57.960	56.225	1.735	3,1%
Other liabilities	380.312	425.375	(45.063)	(10,6)%
Consolidated equity	1.705.099	1.597.781	107.318	6,7%
Total liabilities and equity	**13.920.393**	**13.262.377**	**658.016**	**5,0%**

Cash and cash equivalents

Cash and cash equivalents include bank current accounts on demand and as at 30 September 2023 amount to 1.453,0 million Euro, up from 603,1 million Euro at the end of 2022 mainly as a result of the September 2023 issue of a 300 million Euro bond (for more details, see the section “Significant events occurred in the period”) and 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

Financial assets mandatorily measured at fair value through profit or loss total 192,9 million Euro at 30 September 2023. This item consists of loans and debt securities that did not pass the SPPI test, equity securities from minority shares and UCITS units.

Below is the breakdown of this line item.

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Debt securities	68.901	72.844	(3.943)	(5,4)%
Equity securities	44.609	34.979	9.630	27,5%
UCITS units	65.011	70.209	(5.198)	(7,4)%
Loans	14.372	17.188	(2.817)	(16,4)%
Total	**192.893**	**195.220**	**(2.326)**	**(1,2)%**

In detail, the reduction of 1,2% compared to 31 December 2022 can be broken down as follows:

- The decrease in debt securities of 3,9 million Euro is mainly related to the normal amortisation of securities and receipts for disposals in the period:
- the 9,6 million Euro increase in equity securities is mainly due to the subscription of new securities (8,0 million Euro) and fair value changes in the period (4,8 million Euro);
- Reduction in the first nine months of 2023 in the balance of UCITS units (-7,4%), following the distribution of significant units and income during the period, the effect of which more than offset the positive contribution of new subscriptions and revaluations;
- Decrease in the carrying amount of loans with respect to 31 December 2022 (-16,4%), as a result of collections related to normal plan amortisation.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income amount to 780,8 million Euro at 30 September 2023, up 11,9% 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	
	30.09.2023	31.12.2022	ABSOLUTE	%
Debt securities	658.495	589.638	68.857	11,7%
of which government securities	*466.360*	*400.266*	*66.095*	*16,5%*
Equity securities	122.267	107.973	14.294	13,2%
Total	**780.762**	**697.611**	**83.151**	**11,9%**

The growth in debt securities owned is due to the combined effect of new subscriptions with both bank issuers (+76,6 million Euro) and non-financial issuers (+88,5 million Euro, of which +74,8 million Euro in government bonds), and the positive write-back in the first nine months of 2023 (+6,3 million Euro, mainly concentrated on the government bonds portfolio). This change more than offset the decrease related to normal collections and disposals. The related associated net negative fair value reserve amounts to 31,4 million Euro at 30 September 2023, of which 28,8 million Euro associated with Government securities.

This item also includes equity securities attributable to non-controlling interests, which amount to 122,3 million Euro at the end of September 2023, up 13,2% compared to 31 December 2022, mainly due to investments made in the first nine months of 2023 (+39,0 million Euro, of which 27,3 million Euro on foreign equity investments), the impact of which more than offset that of the disposals realised in the period (-19,6 million Euro). The net fair value reserve associated with this portfolio at 30 September 2023 shows a negative value of 17,3 million Euro, slightly worse than the negative figure posted at the end of 2022 of 14,8 million Euro.

Receivables due from banks measured at amortised cost

Total receivables due from banks measured at amortised cost amount to 616,6 million Euro at 30 September 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 performance of management activities, the item includes bank issuers' debt securities to which a "Held to Collect (HTC)" business model is associated and which have passed the SPPI Test: these securities at 30 September 2023 have a carrying amount of 568,3 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 (+28,5 million Euro) and foreign (+15,9 million Euro) bank bonds.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amount to 9.908,4 million Euro, a reduction on 31 December 2022 (10.186,9 million Euro). The item includes debt securities in the amount of 2,1 billion Euro (an increase on the figure for year-end 2022 of 1,9 billion Euro, +7,3%), of which 1,7 billion Euro related to government bonds (1,5 billion Euro at 31 December 2022). The Commercial & Corporate Banking Segment records a slight slowdown (-4,5%) concentrated in the Factoring Area (-14,4%), against the substantial stability of the Leasing Area and Corporate Banking & Lending Area. The Governance & Services and Non-Core Segment increases by 96,3 million Euro (mainly as a result of the aforementioned increase in the debt securities portfolio in the first nine months of 2023), while loans in the Npl Segment decrease slightly compared to 31 December 2022 (-5,3%).

RECEIVABLES DUE FROM CUSTOMERS BREAKDOWN BY SEGMENT (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Commercial & Corporate Banking Segment	6.220.789	6.514.989	(294.200)	(4,5)%
- of which non-performing	*236.491*	*251.024*	*(14.533)*	*(5,8)%*
Factoring Area	2.359.367	2.755.592	(396.225)	(14,4)%
- of which non-performing	*148.460*	*181.094*	*(32.634)*	*(18,0)%*
Leasing Area	1.494.185	1.472.177	22.008	1,5%
- of which non-performing	*11.663*	*14.112*	*(2.449)*	*(17,4)%*
Corporate Banking & Lending Area	2.367.237	2.287.221	80.016	3,5%
- of which non-performing	*76.368*	*55.818*	*20.550*	*36,8%*
Npl Segment	1.439.188	1.519.864	(80.676)	(5,3)%
- of which non-performing	*1.420.590*	*1.488.155*	*(67.565)*	*(4,5)%*
Governance & Services and Non-Core Segment(1)	2.248.383	2.152.078	96.305	4,5%
- of which non-performing	*26.393*	*34.083*	*(7.690)*	*(22,6)%*
Total receivables due from customers	**9.908.360**	**10.186.932**	**(278.572)**	**(2,7)%**
- of which non-performing	***1.683.474***	***1.773.261***	***(89.787)***	***(5,1)%***

(1) In the Governance & Services and Non-Core Segment, at 30 September 2023, there were government securities amounting to 1.671,6 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 1.683,5 million Euro at 30 September 2023, compared to 1.773,3 million Euro at 31 December 2022 (-5,1%).

Net of this item relative to the Npl Segment, net non-performing loans come to 262,9 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.

The Banca Ifis Group's gross and net Npe ratios for its receivables due from customers are shown below. These ratios are calculated excluding Npl Segment loans and Government bonds measured at amortised cost.

KPI	AMOUNTS		CHANGE
	30.09.2023	31.12.2022	%
Net Npe ratio	3,87%	3,99%	(0,12)%
Gross Npe ratio	6,06%	5,91%	0,15%

For a detailed analysis of receivables due from customers, please see the section "Contribution of operating Segments to Group results" of the Interim Directors' report on the Group.

Intangible assets and property, plant and equipment

Intangible assets come to 71,8 million Euro, up 11,7% from 64,3 million Euro at 31 December 2022.

This item refers to software in the amount of 33,8 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 as at 30 September 2023 concerning the presence of any trigger events, which would call for impairment testing, the analysis did not reveal any such trigger events.

The item Property, plant and equipment comes to 132,4 million Euro, as compared with the 126,3 million Euro booked at 31 December 2022, up 4,8%.

At the end of September 2023, the properties recognised under property, plant and equipment included the important historical building "Villa Marocco", located in Mestre – Venice and housing Banca Ifis's registered office. Since Villa Marocco is a luxury property, it is not depreciated, but it is tested for impairment at least annually. To this end, they are appraised by experts specialising in luxury properties. During the period, there were no indications requiring to test the assets for impairment.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Tax assets amounted to 271,7 million Euro, a decrease of 16,5% compared to 31 December 2022, mainly due to the collection of 21,3 million Euro related to an IRES credit previously requested for reimbursement and to the release of the portions of deferred tax assets pursuant to Law 214/11 that were prepaid under current legislation.

Specifically, current tax assets amount to 31,2 million Euro, a significant decrease compared to the figure at 31 December 2022 (-48,8%) due to both the settlement of taxes for the previous year and the previously mentioned collection.

Deferred tax assets amount to 240,5 million Euro compared to the figure of 264,3 million Euro at 31 December 2022 and consist mainly of 147,2 million Euro of assets recognised for impairment losses on receivables due from customers, potentially convertible into tax credits in accordance with Italian Law no. 214/2011 (balance reducing as a result of the releases envisaged for 2023), 40,0 million Euro of assets recognised for prior tax losses and aid for economic growth ("ACE") benefit (39,6 million Euro at 31 December 2022) and 53,4 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).

With reference to the recoverability of deferred tax assets recognised as at 30 September 2023 other than those transformable pursuant to Law 2014/2011, based on future taxable income inferable from the Group's 2022-2024 Business Plan to be deemed confirmed in light of the results as at 30 September 2023, no elements have emerged that could lead to deeming the DTAs in question, amounting to a total of 240,5 million Euro as at 30 September

2023, to be non-recoverable. Accordingly, the assessment of the recoverability of the aforementioned DTAs, albeit over a medium-term time horizon, made when preparing the Financial Statements for the year ended 31 December 2022, is confirmed. Specifically, out of the overall total of 240,5 million Euro, the 147,2 million Euro portion attributable to Law 214/2011 (equal to 61,2% of the total DTA) will be reversed by 2026 due to express regulatory provision. The portion referring to prior tax losses and aid for economic growth ("ACE") surpluses, totalling 40 million Euro (or 16,6% of the total DTA) is expected to be fully recovered from 2027 to 2032 (of which approximately 30 million Euro by 2028). The remaining 53,4 million Euro refers mainly to financial assets measured at fair value through other comprehensive income (FVOCI) and is therefore related to the performance of the related reserve. The uncertainty is also confirmed regarding the recoverability of the DTAs relating to the subsidiary Cap.Ital.Fin. realised mainly before the entry into the tax consolidation, which therefore, out of prudence, have not been recorded for a total of 2,4 million Euro.

Tax liabilities amount to 50,4 million Euro (52,3 million Euro at 31 December 2022) and are made up as follows:

- current tax liabilities of 20,3 million Euro (22,0 million Euro as at 31 December 2022) representing the tax burden accrued during the period;
- deferred tax liabilities, amounting to 30,2 million Euro, in line with the previous year's balance, mainly include 28,8 million Euro on receivables recognised for interest on arrears that will be taxed upon collection.

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 30 September 2023:

- the "deferred tax assets that rely on future profitability and do not arise from temporary differences" are subject to deduction from CET1; at 30 September 2023, the deduction is 40 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 8,5 million Euro by the corresponding deferred tax liabilities. This deduction will be gradually absorbed by the future use of these deferred tax assets;
- the "deferred tax assets that rely on future profitability and arise from temporary differences" are not deducted from CET1 and receive instead a 250% risk weight: at 30 September 2023, these assets amount to 47 million Euro. The amount weighted according to a factor of 250%, as provided for in Art. 38 para. 5 ex CRR, is already shown net of the offsetting with the corresponding deferred tax liabilities in the amount of 21,6 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 30 September 2023, the corresponding weight totals 147,2 million Euro;
- "current tax assets" receive a 0% weight as they are exposures to the Central Government.

Other assets and liabilities

Other assets, of 492,9 million Euro as compared to a balance of 497,9 million Euro at 31 December 2022, mainly include:

- financial assets held for trading in the amount of 21,8 million Euro (down from the figure of 26,9 million Euro at 31 December 2022), almost entirely referring to transactions in derivatives (the value of which has fallen compared with the figure of 25,6 million Euro at 31 December 2022) substantially hedged by mirror positions recorded under financial liabilities held for trading. The figure at 31 December 2022 for this item included 1,3 million Euro of debt and equity securities belonging to the Group's trading portfolio, which were entirely sold in the first nine months of 2023;

- derivative hedging assets as part of the micro fair value hedging strategy on the interest rate risk associated with government bonds held by the Group, which show a positive fair value of 4,8 million Euro at 30 September 2023, compared to a zero balance at 31 December 2022 as this strategy was activated during the first nine months of 2023,
- non-current assets and groups of assets held for sale, the balance of which amounts to 0,8 million Euro at 30 September 2023 and refers to a building in Rome owned by the subsidiary Banca Credifarma that was earmarked for sale (this item had a nil balance at 31 December 2022, as it was earmarked for sale in the first half of 2023);
- other assets for 465,5 million Euro (471,1 million Euro at 31 December 2022), of which 217,9 million Euro relate to tax credits for superbonuses and other construction tax bonuses (with a nominal amount of 245,2 million Euro) and 15,3 million Euro in receivables due from the La Scogliera tax consolidation (5,6 million Euro at 31 December 2022). It should be noted that the balance as at 31 December 2022 relating to the receivable from the tax consolidating company La Scogliera was entirely collected during the first half of 2023, and therefore the balance due from the tax consolidating company as at 30 September 2023 refers exclusively to advances paid in respect of 2023.

Other liabilities come to 380,3 million Euro as compared with 425,4 million Euro at 31 December 2022, and mainly consist of:

- trading derivatives for 20,9 million Euro, mainly referring to transactions hedged by opposite positions entered amongst financial assets held for trading;
- 7,2 million Euro liabilities for post-employment benefits (essentially in line with 31 December 2022);
- 352,1 million Euro for other liabilities (391,7 million Euro at 31 December 2022), largely referred to amounts due to customers that have not yet been credited, to operating payables for 96,3 million Euro and to payables due to the tax consolidating company La Scogliera for 23,2 million Euro (33,7 million Euro at 31 December 2022). In particular, it should be noted that the debt exposure at 31 December 2022 towards La Scogliera was entirely paid off during the first half of 2023 and, therefore, the balance towards the tax consolidating company at 30 September 2023 refers exclusively to tax items pertaining to the first nine months of 2023.

Funding

FUNDING (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Payables due to banks	**3.236.570**	**3.422.160**	**(185.590)**	**(5,4)%**
- Payables due to Central banks	2.070.525	2.423.647	(353.122)	(14,6)%
of which: TLTRO	*2.070.525*	*2.023.162*	*47.363*	*2,3%*
of which: LTRO	*-*	*400.485*	*(400.485)*	*(100,0)%*
- Repurchase agreements	899.017	731.791	167.226	22,9%
- Other payables	267.028	266.722	306	0,1%
Payables due to customers	**5.280.665**	**5.103.343**	**177.322**	**3,5%**
- Repurchase agreements	71.681	50.003	21.678	43,4%
- Retail	4.363.712	4.159.855	203.857	4,9%
- Other term deposits	130.322	116.339	13.983	12,0%
- Lease payables	22.337	21.733	604	2,8%
- Other payables	692.613	755.413	(62.800)	(8,3)%
Debt securities issued	**3.209.338**	**2.605.195**	**604.143**	**23,2%**
Total funding	**11.726.573**	**11.130.698**	**595.875**	**5,4%**

Total funding amounts to 11,7 billion Euro at 30 September 2023 and is essentially in line with the figure at 31 December 2022; it is represented for 45,0% by payables due to customers (45,8% at 31 December 2022), for 27,6%

by payables due to banks (30,7% at 31 December 2022), and for 27,4% by debt securities issued (23,4% at 31 December 2022).

Payables due to banks come to 3,2 billion Euro, down 5,4% compared to the figure for end December 2022 mainly due to the onset maturity of short-term payables due to central banks (LTRO). As at 30 September 2023, the balance of payables due to banks is mainly represented by TLTRO transactions in the amount of 2,1 billion Euro and repo transactions in the amount of 0,9 billion Euro. For the purposes of accounting for interest on TLTRO loans, actual data recorded up to the reference date are used.

Payables due to customers at 30 September 2023 total 5,3 billion Euro, up 3,5% compared to 31 December 2022. The growth is driven by both retail funding, which amounts to 4,4 billion Euro as at the end of September 2023 (+4,9%), and the repurchase agreement (repo) component, which grows by 21,7 million Euro compared to 31 December 2022.

Debt securities issued amount to 3,2 billion Euro at 30 September 2023 and consist of:

- securities issued by the SPV ABCP Programme for 1,0 billion Euro relating to the senior tranche;
- securities issued by the Indigo Lease vehicle in the amount of 0,4 billion Euro relating to the senior tranche, following the restructuring of the transaction during the third quarter of 2023;
- securities issued by the Emma SPV for 0,4 billion Euro relating to the senior tranche;
- 0,4 billion Euro related to subordinated loans, in line with 31 December 2022;
- bonds issued by Banca Ifis for 1,1 billion Euro. Compared to 31 December 2022, the following changes have occurred:
    - 600 million Euro relating to the two senior bonds, each with a nominal amount of 300 million Euro and a maturity of 4 years and 5 years respectively, issued in January 2023 and September 2023 (for more details, refer to the section “Significant events occurred in the period”);
    - 45 million Euro related to the second tranche issued in March 2023 and related to a senior bond with a duration of 4 years and a total nominal amount of 110 million Euro;
    - redemption of 300 million Euro of the senior bond issued in 2018 and maturing in April 2023.

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

RETAIL FUNDING (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Short-term funding (within 18 months)	3.355.936	2.976.991	378.945	12,7%
of which: DEREGULATED	*533.265*	*728.224*	*(194.959)*	*(26,8)%*
of which: LIKE/ONE	*456.654*	*747.970*	*(291.316)*	*(38,9)%*
of which: RESTRICTED	*2.132.521*	*1.437.863*	*694.658*	*48,3%*
of which: GERMAN DEPOSIT	*233.496*	*62.934*	*170.562*	*271,0%*
Long-term funding (beyond 18 months)	1.007.776	1.182.864	(175.088)	(14,8)%
Total retail funding	**4.363.712**	**4.159.855**	**203.857**	**4,9%**

Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	5.751	9.364	(3.613)	(38,6)%
FITD and Single Resolution Fund	7.265	-	7.265	n.a.
Provisions for pensions	180	-	180	n.a.
Legal and tax disputes	35.459	37.543	(2.084)	(5,6)%
Personnel expenses	2.685	2.800	(115)	(4,1)%
Other provisions	6.620	6.518	102	1,6%
Total provisions for risks and charges	**57.960**	**56.225**	**1.735**	**3,1%**

Below is the breakdown of the provision for risks and charges at 30 September 2023 by type of dispute compared with the amounts for the end of the prior year.

Provisions for credit risk related to commitments and financial guarantees granted

At 30 September 2023, this item amounts to 5,8 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 30 September 2023 includes an estimate of 7,3 million Euro for the annual contribution to the Interbank Deposit Protection Fund (FITD) due at the end of the year.

Provisions for pensions

The item includes the internal provision related to the post-retirement medical plan in favour of certain employees of the Banca Ifis Group, introduced in the third quarter of 2023: this is a defined benefit plan that provides for healthcare and other benefits to employees, even after retirement. The Group is responsible for the costs and risks associated with the provision of such benefits.

With reference to this fund, as a supplementary defined-benefit pension fund, the determination of the actuarial values required by the application of IAS 19 “Employee Benefits” is carried out by an independent actuary, using the “Project Unit Credit Method”. The liability is recognised in the balance sheet net of any plan assets, and actuarial gains and losses calculated in the plan valuation process are recognised in the statement of comprehensive income and, therefore, in equity.

As at 30 September 2023, this fund amounts to 180 thousand Euro.

Legal and tax disputes

At 30 September 2023, provisions have been made for 35,5 million Euro for legal and tax disputes. This amount mainly breaks down as follows:

- 8,9 million Euro (the plaintiffs seek 14,4 million Euro in damages) for 18 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. During the period, a dispute whose associated provision for risks and charges amounted to 40 thousand Euro was closed, and, in addition, utilisations of 0,8 million Euro were recorded on disputes still outstanding as at 30 September 2023;
- 18,2 million Euro for 25 disputes concerning the Factoring Area (the plaintiffs seek 39,9 million Euro in damages), mainly connected with the request for the repetition of amounts collected or payments under guarantee in relation to factoring positions without recourse. Compared to 31 December 2022, only one new case was received with a corresponding provision of 50 thousand Euro, while 4 cases were closed with a total provision of 140 thousand Euro;

- 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. This provision is unchanged from 31 December 2022;
- 1,3 million Euro (the plaintiffs seek 1,6 million Euro in damages) for 16 disputes concerning the Leasing Area and tax receivables. During the first nine months of 2023, 5 cases were closed, the provision for risks and charges for which amounts to 238 thousand Euro as at 31 December 2022, while no new disputes were received during the period;
- 2,6 million Euro (the plaintiffs seek 7,1 million Euro in damages) for 51 disputes of Ifis Npl Investing. In the first nine months of 2023, 13 disputes were closed for a provision of 87 thousand Euro and 29 new cases were received, for which the provision made as at 30 September 2023 was 240 thousand Euro;
- 451 thousand Euro relating to various disputes concerning Banca Credifarma (the plaintiffs seek 4,4 million Euro). No new litigations were notified to the company in the first nine months of 2023, while 2 cases were settled during the period, the provision for which amounts to 21 thousand Euro as at 31 December 2022;
- 654 thousand Euro (the plaintiffs seek 3,4 million Euro) for disputes with customers and agents relating to Cap.Ital.Fin.. Compared to the end of the previous year, 7 cases were closed (to which a provision of 60 thousand Euro corresponded) and 13 new ones were opened, for which the related provision for risks and charges set aside as at 30 September 2023 amounts to 32 thousand Euro;
- 30 thousand Euro (the plaintiffs seek the same amount in damages) for disputes concerning the investee Ifis Rental Services.

Personnel expenses

At 30 September 2023, provisions are entered for staff for 2,7 million Euro (2,8 million Euro at 31 December 2022) of which 1,9 million Euro relating to the Solidarity Fund established in 2020.

Other provisions for risks and charges

At 30 September 2023, “Other provisions” are in place for 6,6 million Euro, in line with the figure recorded at 31 December 2022. The item mainly consists of 3,6 million Euro for Supplementary Customer Indemnity in connection with the Leasing Area's operations, 1,5 million Euro for the provision for risks linked to the assignment of receivables under the scope of securitisations of bad loans guaranteed by Italian Treasury Department (GACS) and 0,8 million Euro for the provision for complaints.

Contingent liabilities

The most significant potential liabilities existing as at 30 September 2023, for which a negative outcome is held to be merely “possible” are detailed below by way of information only. The amount sought in association with these contingent liabilities totals 471,6 million Euro as at 30 September 2023.

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 Ifis Finance Sp. z o.o., 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 hearing at the Tax Court of Justice of First Instance is scheduled for 22 November 2023.

2017:

- In September 2022, the Notices of Assessment for 2017 were also served containing the same objections and arguments as for the previous year. These deeds will be challenged within the terms of the law.

Consolidated equity

Consolidated equity at 30 September 2023 totals 1.705,1 million Euro, up 6,7% 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	
	30.09.2023	31.12.2022	ABSOLUTE	%
Share capital	53.811	53.811	-	0,0%
Share premiums	84.108	83.767	341	0,4%
Valuation reserves:	(57.021)	(59.722)	2.701	(4,5)%
- Securities	*(48.711)*	*(50.634)*	*1.923*	*(3,8)%*
- Defined benefit plans (e.g.: Post-employment benefits)	*556*	*381*	*175*	*45,9%*
- Exchange differences	*(8.866)*	*(9.469)*	*603*	*(6,4)%*
Reserves	1.507.460	1.440.944	66.516	4,6%
Interim dividends (-)	-	(52.433)	52.433	(100,0)%
Treasury shares (-)	(21.817)	(22.104)	287	(1,3)%
Equity attributable to non-controlling interests	13.817	12.432	1.385	11,1%
Profit for the period attributable to the Parent company	124.741	141.086	(16.345)	(11,6)%
Consolidated equity	**1.705.099**	**1.597.781**	**107.318**	**6,7%**

CONSOLIDATED EQUITY: CHANGES	(in thousands of Euro)
Consolidated equity at 31.12.2022	**1.597.781**
Increases:	**128.911**
Net profit attributable to the Parent company	124.741
Sale/assignment of treasury shares	341
Change in valuation reserve:	778
- Defined benefit plans (e.g.: Post-employment benefits)	*175*
- Exchange differences	*603*
Stock options	820
Equity attributable to non-controlling interests	1.385
Other changes	846
Decreases:	**21.593**
Dividends distributed	20.985
Change in valuation reserve on securities (net of realisations)	608
Consolidated equity at 30.09.2023	**1.705.099**

Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS	
	30.09.2023	31.12.2022
Common Equity Tier 1 (CET1) capital	1.536.437	1.520.570
Tier 1 (T1) capital	1.537.420	1.521.490
Total Own Funds	**1.822.028**	**1.906.288**
Total RWAs	**9.892.146**	**10.128.064**
CET1 Ratio	15,53%	15,01%
Tier 1 Ratio	15,54%	15,02%
Total Capital Ratio	**18,42%**	**18,82%**

CET1, Tier 1 and Total Capital at 30 September 2023 include the profits generated by the Banking Group in the first nine months of 2023, net of the interim dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

Consolidated own funds, risk-weighted assets and prudential ratios at 30 September 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 30 September 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 reference period 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 30 September 2023, taking into account the transitional treatment adopted to mitigate the impacts of IFRS 9 on CET1, Own funds amount to 1.822,0 million Euro, recording a negative change of 84,3 million Euro compared to 31 December 2022. This change is mainly attributable to the following components:

- inclusion of profits generated by the Banking Group as at 30 September 2023, net of the foreseeable dividend in accordance with Article 2 of EU Regulation 241/2014. The positive change amounts to 43,6 million Euro;
- 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 6,4 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, which has entailed a total reduction of 100,3 million Euro;
- deduction of intangible assets in the form of software following the prudential treatment introduced by EU Regulation 2176/2020, the negative change of which amounted to 3,3 million Euro;
- higher deduction resulting from the deduction from CET1 of what is termed "Calendar provisioning", for 12 million Euro;
- the lesser deduction of other income statement items attributable to the valuation reserve for equities measured at fair value through other comprehensive income (FVOCI) of a positive change of 2,7 million Euro.

The negative change in Own funds due to the above-mentioned phenomena was essentially offset by a reduction in the RWA component. As at 30 September 2023, the CET1 Ratio stands at 15,53%, up on 31 December 2022, while the Total Capital Ratio stands at 18,42%, down 40 basis points.

At 30 September 2023, not considering the filter related to the IFRS 9 transitional regime, fully loaded Own funds amount to 1.796,8 million Euro and consequently the RWAs, when fully applied, come to 9.888,5 million Euro.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS WITHOUT IFRS 9 TRANSITIONAL ARRANGEMENTS (in thousands of Euro)	AMOUNTS	
	30.09.2023	31.12.2022
Common Equity Tier 1 (CET1) capital	1.511.206	1.475.910
Tier 1 capital	1.512.189	1.476.830
Total Own Funds	**1.796.797**	**1.861.628**
Total RWAs	**9.888.468**	**10.115.502**
CET1 Ratio	15,28%	14,59%
Tier 1 Ratio	15,29%	14,60%
Total Capital Ratio	**18,17%**	**18,40%**

CET1, Tier 1 and Total Capital at 30 September 2023 include the profits generated by the Banking Group in the first nine months of 2023, net of the interim dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

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	**5.326.767**	***2.275.094***	***1.309.455***	***1.742.218***	**1.696.810**	**1.778.316**	**8.801.893**
RWA for market risk	X	*X*	*X*	*X*	X	X	55.321
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	118.990
Total RWAs	**X**	***X***	***X***	***X***	**X**	**X**	**9.892.146**

As at 30 September 2023, taking into account the transitional treatment adopted to mitigate the impact of IFRS 9, risk-weighted assets (RWAs) amount to 9.892,1 million Euro, a decrease of 235,9 million Euro compared to December 2022. Specifically, please note:

- a reduction in credit risk of 317,6 million Euro mainly attributable to the following changes:
  - a reduction of 332,8 million Euro recorded on the Corporate portfolio related to a decrease in loans on the Factoring Area;
  - an increase of 91,6 million Euro related to an increase in repo investments with banking counterparties, partially offset by a reduction in RWA on other regulatory asset classes;
  - a reduction of 140 million Euro recorded in the "Exposures in default" portfolio, of which 70 million Euro was attributable to a reduction in non-performing loans in the Factoring Area and 70 million Euro to lower purchases of non-performing portfolios;
  - net increase in the Retail portfolio of 63,5 million Euro;
- an increase of 34,6 million Euro in market risk mainly attributable to the following components:
  - an increase in the total net foreign exchange position, which exceeds the threshold of 2% of total Own Funds (Art. 351 CRR) and led to the calculation of the requirement. The increase amounts to 43 million Euro compared to December 2022;
  - a reduction in market risk on debt and equity securities totalling 8,4 million Euro;
- an increase in CVA (Credit Valuation Adjustment) of 47 million Euro, due to the restructuring of derivative transactions during the first nine months of 2023, also as a result of the activation of banking book micro fair value hedge transactions on government securities in the banking book (HTC).

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 Tier 1 Ratio of 9,75% and a target component of 0,75%;

- Total Capital Ratio of 12,90%, consisting of an OCR Total Capital Ratio of 12,15% and a target component of 0,75%.

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

(1) RCC: capital conservation buffer.

At 30 September 2023, the Banca Ifis Group met the above prudential requirements.

The minimum own funds and eligible liabilities (MREL) requirements communicated by the Bank of Italy to the Parent company Banca Ifis and its subsidiary Banca Credifarma are as follows:

MREL REQUIREMENT	
Banca Ifis	Banca Credifarma
12,15% of the Total Risk Exposure Amount	8% of the Total Risk Exposure Amount
4,25% of Leverage Ratio Exposure	3% of Leverage Ratio Exposure

At 30 September 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 30 September 2023 the carrying amount of sovereign debt exposures is 2.169 million Euro, net of the negative valuation reserve of 28,3 million Euro.

These securities, with a nominal amount of 2.193 million Euro have a weighted residual average life of 35 months.

The fair values used to measure the exposures to sovereign debt securities at 30 September 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 30 September 2023 amount to 238 million Euro, of which 81 million Euro related to tax credits.

Group liquidity position and coefficients

During the first nine months 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 at 30 September 2023 (in reserves and free assets that can be financed in the ECB) such as to enable it to easily respect the LCR limits (with index more than of 1.200%).

Reclassified income statements items

Formation of net banking income

Net banking income totals 512,4 million Euro, up 4,8% from 488,7 million Euro at 30 September 2022.

The main components of net banking income and their changes compared to the same period of the previous year are presented below.

NET BANKING INCOME (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	409.506	392.504	17.002	4,3%
Net commission income	74.299	65.210	9.089	13,9%
Other components of net banking income	28.552	30.978	(2.426)	(7,8)%
Net banking income	**512.357**	**488.692**	**23.665**	**4,8%**

Net interest income increases by 4,3%, going from 392,5 million Euro at 30 September 2022 to 409,5 million Euro at 30 September 2023. The main growth factor is the 20,7 million Euro increase in the Commercial & Corporate Banking Segment's net interest income compared to the corresponding period of the previous year, which benefited from the positive trend in interest rates during the first nine months of 2023.

Net commissions amount to 74,3 million Euro, an increase of 13,9% compared to the figure at 30 September 2022: this trend is mainly attributable to the higher contribution of commission income, linked to the increase in yields on loans of the Factoring Area compared to 30 September 2022, against a stable incidence of commission expenses. In particular:

- Commission income, totalling 84,4 million Euro, up 12,5% on 30 September 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 10,1 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 28,6 million Euro at 30 September 2023, down by 2,4 million Euro compared with the first nine months of 2022, and broke down as follows:

- 13,4 million Euro for dividends generated by shares held in the Group-owned portfolio (9,0 million Euro in the first nine months of 2022);
- 3,1 million Euro as a net loss from trading, a deterioration from the positive result of 4,7 million Euro in the first nine months of 2022 mainly generated by trading activities in the Proprietary Finance division;
- 0,8 million Euro for the net negative result of hedging activities, which started in the first half of 2023 to hedge the interest rate risk associated with the portfolio of government bonds at amortised cost held by the Group;
- 10,5 million Euro for net gains from the sale or buy-back of financial assets and liabilities (net profits of 11,3 million Euro at 30 September 2022), mainly comprising 6,1 million Euro from the sale of loans in the Npl Segment, as well as 3,4 million Euro related to securities transactions in the proprietary portfolio;
- 8,6 million Euro from the net positive result of other financial assets and liabilities at fair value through profit or loss (showing significant growth on the 6,0 million Euro at 30 September 2022, which suffered the changed macroeconomic context of the first nine months of 2022 in terms of market rates), primarily

represented by the net positive change in the fair value, during the first nine months of 2023, of UCITS fund units for 2,2 million Euro and equity securities for 4,8 million Euro.

Formation of net profit (loss) from financial activities

The Group's net profit from financial activities totals 481,5 million Euro, compared to 439,8 million Euro at 30 September 2022 (+9,5%).

FORMATION OF NET PROFIT (LOSS) FROM FINANCIAL ACTIVITIES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net banking income	**512.357**	**488.692**	**23.665**	**4,8%**
Net credit risk losses/reversals	(30.870)	(48.874)	18.004	(36,8)%
Net profit (loss) from financial activities	**481.487**	**439.818**	**41.669**	**9,5%**

Net credit risk losses of 30,9 million Euro are down 18,0 million Euro compared to September 2022. The change is mainly related to significant recoveries on written-down or written-off positions and the positive resolution of a restructured position. 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)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net profit (loss) from financial activities	**481.487**	**439.818**	**41.669**	**9,5%**
Operating costs	**(288.525)**	**(278.538)**	**(9.987)**	**3,6%**
Net allocations to provisions for risks and charges	(6.717)	(4.515)	(2.202)	48,8%
Value adjustments of goodwill	-	(762)	762	(100,0)%
Gains (Losses) on disposal of investments	-	304	(304)	(100,0)%
Pre-tax profit from continuing operations	**186.245**	**156.307**	**29.938**	**19,2%**
Income taxes for the period relating to continuing operations	(60.120)	(50.190)	(9.930)	19,8%
Profit for the period attributable to non-controlling interests	(1.384)	(574)	(810)	141,1%
Profit for the period attributable to the Parent company	**124.741**	**105.543**	**19.198**	**18,2%**

Operating costs total 288,5 million Euro, showing an increase on 30 September 2022 (+3,6%).

OPERATING COSTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Administrative expenses:	292.861	282.769	10.092	3,6%
a) personnel expenses	*120.466*	*111.244*	*9.222*	*8,3%*
b) other administrative expenses	*172.395*	*171.525*	*870*	*0,5%*
Net impairment losses/reversals on property, plant and equipment and intangible assets	13.024	12.320	704	5,7%
Other operating income/expenses	(17.360)	(16.551)	(809)	4,9%
Operating costs	**288.525**	**278.538**	**9.987**	**3,6%**

Personnel expenses, at 120,5 million Euro, increase by 8,3%, which can be attributed to the increase in personnel, higher variable remuneration as well as additional allocations for the renewal of the National Collective Bargaining Agreement (NCBA) for bank employees. The number of Group employees at 30 September 2023 is 1.933 as compared with 1.867 resources at 30 September 2022.

Other administrative expenses at 30 September 2023 are 172,4 million Euro, in line with 30 September 2022. The change in this item is due to the contrasting effect in some items, as summarised in the table below.

OTHER ADMINISTRATIVE EXPENSES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Expenses for professional services	**81.441**	**88.251**	**(6.810)**	**(7,7)%**
Legal and consulting services	61.522	59.611	1.911	3,2%
Fees to auditing firms	547	847	(300)	(35,4)%
Outsourced services	19.372	27.793	(8.421)	(30,3)%
Direct and indirect taxes	**30.220**	**30.738**	**(518)**	**(1,7)%**
Expenses for purchasing goods and other services	**60.734**	**52.536**	**8.198**	**15,6%**
Software assistance and hire	15.285	14.096	1.189	8,4%
Advertising and inserts	9.939	7.295	2.644	36,2%
Customer information	7.777	6.380	1.397	21,9%
Property expenses	4.880	4.573	307	6,7%
FITD and Single Resolution Fund	4.110	4.650	(540)	(11,6)%
Securitisation costs	3.749	3.059	690	22,6%
Postage and archiving of documents	2.811	3.489	(678)	(19,4)%
Telephone and data transmission expenses	2.662	2.796	(134)	(4,8)%
Car fleet management and maintenance	2.417	1.912	505	26,4%
Business travel and transfers	2.386	1.040	1.346	129,5%
Other sundry expenses	4.718	3.246	1.472	45,4%
Total other administrative expenses	**172.395**	**171.525**	**870**	**0,5%**

The sub-item “Legal and consulting services” comes to 61,5 million Euro at 30 September 2023, up 3,2% on the figure recorded for the same period of last year. The change in the item is mainly attributable to the cost of judicial recovery activities for non-performing loans, which amounts to 30,7 million Euro as at 30 September 2023, the growth of which compared to the balance of 23,5 million Euro in the same period of the previous year more than offset the absence of certain costs associated with the implementation of the Banca Ifis Group's strategic projects closed in 2022, as well as the costs associated with the integration of the subsidiaries Farbanca and Credifarma.

“Outsourced services”, amounting to 19,4 million Euro at 30 September 2023, record a slight decrease (-30,3%) on the figure of the same period of the previous year, and mainly refer to the lesser non-judicial collections made.

“Direct and indirect taxes” come to 30,2 million Euro, in line with the figure at 30 September 2022. The item mainly consists of the registration tax incurred for the judicial recovery of receivables belonging to non-performing loans for an amount of 20,4 million Euro at 30 September 2023 in line with the figure for the same period of last year, and also includes costs for stamp duty for 8,8 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 60,7 million Euro, up 15,6% from the 52,5 million Euro at 30 September 2022. The top factors that mainly influence the result are:

- software support and rental, which increase by 8,4% compared to the first nine months of 2022, almost entirely attributable to higher support services for the Group's software;
- advertising expenses increase from 7,3 million Euro to 9,9 million Euro in September 2023, following the setting of new advertising campaigns in the first nine months of 2023 (the year in which the 40th anniversary of Banca Ifis' foundation falls) compared to the same period of 2022;
- customer information expenses, amounting to 7,8 million Euro, increase by 21,9% mainly due to the cyclical nature of the expenses related to the processing of portfolios under the Group's management and the type of acquisitions of non-performing portfolios performed at the end of the previous year.

Net adjustments and reversals of property, plant and equipment and intangible assets at 30 September 2023 amount to 7,1 million Euro and 6,0 million Euro, respectively, essentially in line with the figures for the same period of the previous year.

Other net operating income, amounting to 17,4 million Euro at 30 September 2023, records growth of 0,8 million Euro on the figure for the equivalent period last year.

As a result of the dynamics outlined above, operating costs in September 2023 amount to 288,5 million Euro, up from the balance of 278,5 million Euro in September 2022.

Net allocations to provisions for risks and charges at 30 September 2023, amount to 6,7 million Euro and are almost entirely represented by the provision for the Single Resolution Fund. The balance worsened by 2,2 million Euro compared to 30 September 2022 (+48,8%), mainly due to the fact that the comparative balance for the first nine months of 2022 included the 5,6 million Euro reversal of provisions for risks related to securitisations of bad loans guaranteed by Italian Treasury Department (GACS) credit assignment transactions.

It should also be noted that the comparative figures for the first nine months of 2022 included:

- the complete write-down of 762 thousand Euro of the goodwill allocated to the Polish subsidiary Ifis Finance Sp z o.o., recorded in the item "adjustments to goodwill";
- the net effects of the sale of the subsidiary Ifis Real Estate and the reorganisation of the ownership structure of Banca Credifarma, which impacted the item "Gains (losses) on disposal of investments" for a total of 0,3 million Euro.

Pre-tax profit from continuing operations amounts to 186,2 million Euro, up 19,2% compared to 30 September 2022.

Income tax at 30 September 2023 comes to 60,1 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 124,7 million Euro, up 18,2% 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 "Media section" of the institutional website www.bancaifis.it to view all press releases.

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

January 2023 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 was 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.

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.

The Board of Directors of Banca Ifis appoints Simona Arduini as Vice Chair

The Board of Directors of Banca Ifis S.p.A. met on 13 July 2023 and unanimously approved the appointment of Professor Simona Arduini as Vice Chair. Simona Arduini will support the bank, amongst other matters, in the pursuit of projects in the area of sustainability in all its forms. Prof. Arduini will retain her role as Chair of the Audit and Risk Committee until her term expires and will also join the Sustainability Committee. It has also been confirmed that Prof. Arduini meets the independence requirements.

Restructuring of Italy's first securitisation of Npl loans backed by an Garnishment Order

On 28 July 2023, with the support of JP Morgan SE as co-arrangers, Banca Ifis finalised the restructuring of the non-performing loan securitisation realised in March 2021 through the Ifis NPL 2021-1 SPV.

The restructuring of the Ifis NPL 2021-1 SPV falls within the scope of funding activities and allows Banca Ifis to raise liquidity on the institutional market without deconsolidating the underlying loans from the balance sheet of the Ifis Npl Investing subsidiary. The transaction also generated a strengthening of the Banca Ifis Group's liquidity profile, while allowing Ifis Npl Investing to increase its ability to self-finance its investment activities in new Npl portfolios.

Specifically, the securitisation restructuring involves the sale to the SPV of a new portfolio of non-performing loans owned by the subsidiary Ifis Npl Investing. The assigned portfolio mainly comprises unsecured loans backed by Garnishment Orders over one-fifth salary or subject to amicable collection.

As a result of the further sale, the SPV issued on 28 July 2023 three tranches of new senior, mezzanine and junior securities with a total nominal amount of 630 million Euro. The senior securities, with a nominal amount of 515 million Euro, were partly allocated to the repayment of existing senior securities and the remainder subscribed by Ifis Npl Investing (subsequently sold by the latter to the Parent company Banca Ifis) and are used for financing transactions through repurchase agreements (repos) on the institutional market. The mezzanine securities, which will be partly used to repay the existing mezzanine securities, and the junior securities will instead be fully subscribed by Ifis Npl Investing.

The senior bonds received investment grade ratings from three leading rating agencies (Moody's, Scope Ratings and ARC Ratings) and were listed on the ExtraMOT PRO professional segment of the Borsa Italiana market regulation.

Approval of Banca Ifis's new dividend policy

The Board of Directors of Banca Ifis approved the new shareholder remuneration policy on 3 August 2023. This Dividend Policy provides for a progressive mechanism with an increase in the payout ratio when the threshold of earnings needed to meet the Bank's capital requirements (retained earnings) is exceeded, in accordance with the reference macroeconomic and regulatory context and the progress of the Business Plan in force over time. The Board may propose to the Shareholders' Meeting to distribute a portion of the Bank's net profit for the year up to 50% of the consolidated net profit attributable to Banca Ifis up to the Materiality Threshold identified when defining the annual budget and 100% of the consolidated net profit attributable to Banca Ifis in excess of the Materiality Threshold. The Materiality Threshold, for 2023, is set at 100 million Euro. This is without prejudice, in any case, to the Board's full discretion in defining, on a case-by-case basis, the dividend distribution proposal to be submitted to the Shareholders' Meeting, in accordance with Article 28 CRR.

Publication of Banca Ifis's first TCFD Report

On 3 August 2023, the Board of Directors of Banca Ifis has approved the first edition of the TCFD Report, presenting useful information for investors and stakeholders to correctly assess the Bank's climate-related risks and opportunities. The document, drawn up on a voluntary basis and aligned with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), created on the initiative of the Financial Stability Board, further expands the Group's ESG reporting, representing, among other projects, the strategy to reduce emissions financed on the credit portfolio that the Bank has defined by joining, first in Italy, the Net-Zero Banking Alliance (NZBA), the initiative promoted by the United Nations to accelerate the sustainable transition of the international banking sector. The TCFD Report of Banca Ifis is available at www.bancaifis.it in the “Sustainability” section, subsection “Environment”.

September 2023 issue of the 300 million Euro bond maturing in 5 years

On 6 September 2023, Banca Ifis completed the placement of a 300 million Euro senior preferred bond issue aimed at institutional investors. The transaction is part of the 5 billion Euro EMTN issuance programme, as envisaged in the Bank's 2022-2024 Business Plan. In detail, the bond issue has a term of 5 years, with a settlement date of 13 September 2023 and maturity on 13 September 2028. The reoffer price was set at par, with an annually payable coupon of 6,875%. The bond is listed on the Luxembourg Stock Exchange and has a rating of Baa3 by Moody's and BB+ by Fitch.

Roberto Ferrari appointed as Banca Ifis's new CFO

Banca Ifis has strengthened its management team with the addition of Roberto Ferrari who, starting 20 September 2023, has been appointed Chief Financial Officer (CFO). In his new role, Ferrari reports directly to the CEO, Frederik Geertman. In compliance with the provisions contained in the Instructions to the Rules of Markets organised and managed by Borsa Italiana S.p.A., we inform that Mr Ferrari does not hold shares of Banca Ifis.

Significant subsequent events

Windfall tax on “extra-profits” of banks under Italian Law no. 136/2023

On 9 October 2023, Law no. 136 converted Decree-Law no. 104 of 10 August 2023 (the “Omnibus bis Decree” or the “Asset Decree”), introducing, for 2023, an extraordinary tax on net interest income (the “extra-profits”) of Italian banks, even if they operate in the territory of the Italian State through a permanent establishment. For an assessment and information on the impact of this extraordinary tax on the Group's banks (Banca Ifis and Banca Credifarma), refer to the specific paragraph in the section on “Accounting Policies”.

Npl industrial partnership perfected with the Mediobanca Group

On 31 October 2023, Banca Ifis and the Mediobanca Group perfected the long-term partnership agreement signed the previous May for the management of non-performing loans (Npls). In particular, following the obtainment of the necessary regulatory authorisations, Banca Ifis finalised the acquisition from Mediobanca Group, for a consideration of 100 million Euro, of Revalea S.p.A., a company created in 2022 from the spin-off of Npls deriving from the acquisition of non-performing loan portfolios with a gross carrying amount of 6,5 billion Euro and a net carrying amount of 232,1 million Euro at 30 September 2023. The transaction consolidates Banca Ifis's position as a key player in the market for non-performing loans in the small-ticket unsecured segment and allows Mediobanca to exit the Npl business, no longer among the Group's core activities, while also consolidating MBCredit Solutions's specialisation in management and recovery activities, being able to count on constant business volumes for the coming years. With the completion of the transaction, the multi-year servicing agreement entered into force, under which MBCredit Solutions will continue to support Banca Ifis in the management and recovery of non-performing loans. In the context of the acquisition, 18 Revalea employees joined the Banca Ifis Group team.

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

It should be noted that the macroeconomic and geopolitical trend recorded in the first nine months of 2023 is continuing. The US and European economies have proven resilient to rising interest rates, reducing the risks associated with a severe recession. Inflation, while remaining at high levels, has started a downward trend, commodity and energy prices have fallen significantly in recent months, and consumer spending and excess demand in the labour market are declining.

To stop inflationary growth, the European Central Bank decided on 14 September 2023 to raise interest rates on refinancing operations by 25 basis points to 4,5%, a level not seen since 2001.

Moreover, the war in Ukraine was not to cause further shocks to the world economy by remaining confined to Russia and Ukraine. However, tensions have risen in the Middle East with developments to date difficult to predict.

High inflation, restrictive monetary policy and the impact of the continuing conflict in Ukraine and now the Middle East on commodities are very likely to lead to a further economic slowdown in the coming quarters.

Venice - Mestre, 9 November 2023

For the Board of Directors

The CEO

Frederik Herman Geertman

Banca Ifis
1983 | 2023

2023 Interim Dividend Distribution Report

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

Considerations on the distribution of dividends

This report is presented in order to approve the distribution of interim dividends on 2023 pursuant to art. 2433-bis of the Italian Civil Code.
Article 2433-bis of the Italian Civil Code provides that the distribution of interim dividends is permitted to companies whose financial statements are subject to statutory audits, if such distribution is provided for by the Articles of Association and in the presence of a positive opinion on the previous year's financial statements by the entity entrusted with the statutory audit and its approval by the competent bodies. It is also established that the distribution of interim dividends is not permitted when the last approved financial statements show losses for the year or previous years.
In addition, the distribution must be approved by the Board of Directors on the basis of a statement of accounts and a directors' report showing that the company's equity, economic and financial situation permits the distribution. The opinion of the statutory auditor must be obtained on these documents.

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

In line with the 2022-2024 Business Plan approved by the Board of Directors on 10 February 2022 and with the new remuneration policy for Banca Ifis shareholders approved on 3 August 2023, the Banca Ifis Group envisages the payment, out of the 2023 results, of an amount of dividends corresponding to 50% of the Group's consolidated net profit up to the materiality threshold identified when defining the annual budget (and equal to 100 million Euro for FY 2023) and 100% of the Group's consolidated net profit above that threshold.
Banca Ifis S.p.A meets all the requirements of the aforementioned article of the Italian Civil Code for the exercise of the right to pay an interim dividend for the current year.
In particular, it should be noted that the financial statements of Banca Ifis at 31 December 2022:

- did not show any losses for the year or previous years;
- were audited by EY S.p.A., which issued a positive opinion on 29 March 2023;
- were approved by the Shareholders' Meeting on 20 April 2023.

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

Banca Ifis has determined the distribution of the interim dividend on the basis of the financial statements at 30 September 2023 prepared in accordance with the recognition and measurement criteria established by the International Financial Reporting Standards - IFRS endorsed by the European Union (IFRS-EU) as described in the "Basis of preparation and accounting policies" paragraph in the Explanatory notes, to which we refer for a more complete presentation.

The Statements consist of the Balance Sheet at 30 September 2023, the Income Statement for the period from 1 January 2023 to 30 September 2023, the Statement of Comprehensive Income for the same period, the Statement of Changes in Equity for the period from 1 January 2023 to 30 September 2023 and the Statement of Cash Flows for the period from 1 January 2023 to 30 September 2023.

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

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

Banca Ifis S.p.A. - Item description	30.09.2023
Period profit (1 January 2023 - 30 September 2023)	134.112
Share of profit for the period to be allocated to the legal reserve (1)	-
Available period profit	134.112
Available reserves	1.186.083
Distributable interim dividend (Art. 2433-bis, para. 4, Italian Civil Code)	134.112
Proposed interim dividend (2)	62.962
Proposed interim dividend per outstanding share (net of treasury shares)	1,2

(1) The legal reserve, amounting to 10,8 million Euro at 30 September 2023, represents 20,0% of the share capital.
(2) The amount of the proposed advance payment was defined on the basis of a payout ratio of approximately 50% of the consolidated profit for the period attributable to the Parent company.

Therefore, pursuant to Article 2433-bis, paragraph 4 of the Italian Civil Code, the maximum amount distributable as an interim dividend would be 134 million Euro.

The amount of the proposed 2023 interim dividend is 62.961.692,40 Euro and was determined based on a payout ratio of approximately 50% of consolidated profit attributable to the Group within the limits of Banca Ifis's shareholder remuneration policy approved on 3 August 2023.

The interim payment of 1,2 Euro per share (gross of legal withholdings) shall be allocated to each of the 52.468.077 issued and outstanding shares constituting the share capital of Banca Ifis net of treasury shares amounting to 1.343.018 shares. Naturally, should the total number of outstanding Banca Ifis shares change, the total amount of the interim dividend will remain unchanged and the unit amount will be automatically adjusted to the new number of outstanding shares. The interim dividend 2023 will be paid with ex-dividend no. 28 dated 20 November 2023, record date of 21 November and payment date of 22 November 2023.

The determination of the advance payment as indicated above also takes into account how the Board of Directors of Banca Ifis has resolved to commit as of now that approximately 16,6 million Euro will be allocated to a non-distributable reserve when it makes its proposal to the Shareholders' Meeting that will approve the 2023 financial statements. This amount corresponds to 250% of the tax estimated to date of the “extra profits tax” attributable to Law 136/2023, which is discussed in more detail in the following chart of accounts, and which the law expressly provides can be allocated to a non-distributable equity reserve in lieu of the payment of the extraordinary tax estimated to date to be approximately 6,6 million Euro. The exercise of this option is entirely feasible since the profits earned in the first nine months of the current financial year would already allow for the allocation of part of them to a specific unavailable reserve, while at the same time permitting compliance with the Dividend Policy in place at Group level. The viability of this option is further confirmed by the fact that the Group expects to close FY 2023, also taking into account the current macroeconomic situation of the markets, both national and supranational, with a higher net result, both at an individual level and at the level of the Banca Ifis Group, than that already achieved in the first nine months of the year.

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

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	BALANCES 30.09.2023	
	Banca Ifis Group	Banca Ifis
Common Equity Tier 1 (CET1) capital	1.536.437	1.268.742
Tier 1 (T1) capital	1.537.420	1.268.742
Total Own Funds	1.822.028	1.552.038
Total RWAs	**9.892.146**	**8.389.855**
CET1 Ratio	15,53%	15,12%
Tier 1 Ratio	15,54%	15,12%
Total Capital Ratio	**18,42%**	**18,50%**

CET1, Tier 1 and Total Capital at 30 September 2023 include the profits generated in the first nine months of 2023, net of the interim dividend. The generated profits allocated to Own Funds also take into account the foreseeable dividend pursuant to Article 2 of EU Regulation no. 241/2014.

General aspects

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

- net allocations to 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 and to financial assets measured at fair value through other comprehensive income;
- net allocation to provisions for risks and charges for credit risk relating to commitments and guarantees granted;
- the balance sheet components were aggregated without reclassification.

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

Pursuant to Article 2433-bis, paragraph 5, of the Italian Civil Code, an accounting statement was prepared at 30 September 2023 showing a net profit of 134,1 million Euro. The main balance sheet aggregates of Banca Ifis at 30 September 2023 are set out below.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Cash and cash equivalents	1.278.418	440.114	838.304	190,5%
Financial assets mandatorily measured at fair value through profit or loss	186.150	187.594	(1.444)	(0,8)%
Financial assets measured at fair value through other comprehensive income	780.757	697.606	83.151	11,9%
Receivables due from banks measured at amortised cost	613.639	562.336	51.303	9,1%
Receivables due from customers measured at amortised cost	8.654.956	8.755.082	(100.126)	(1,1)%
Equity investments	674.257	661.332	12.925	2,0%
Property, plant and equipment and intangible assets	159.198	145.158	14.040	9,7%
Tax assets	246.350	296.853	(50.503)	(17,0)%
Other assets	391.572	455.376	(63.804)	(14,0)%
Total assets	**12.985.297**	**12.201.451**	**783.846**	**6,4%**
Payables due to banks measured at amortised cost	3.269.562	3.485.345	(215.783)	(6,2)%
Payables due to customers measured at amortised cost	6.507.951	5.947.294	560.657	9,4%
Debt securities issued	1.451.894	1.109.027	342.867	30,9%
Tax liabilities	37.127	36.009	1.118	3,1%
Provisions for risks and charges	52.727	50.370	2.357	4,7%
Other liabilities	260.866	283.223	(22.357)	(7,9)%
Equity	1.405.170	1.290.183	114.987	8,9%
Total liabilities and equity	**12.985.297**	**12.201.451**	**783.846**	**6,4%**

Cash and cash equivalents

Cash and cash equivalents include bank current accounts on demand and at 30 September 2023 amount to 1.278,4 million Euro, up from 440,1 million Euro at the end of 2022 mainly due to the growth in overnight deposits held by the Bank of Italy.

Financial assets mandatorily measured at fair value through profit or loss

Other financial assets mandatorily measured at fair value through profit or loss total 186,1 million Euro at 30 September 2023. This item consists of loans and debt securities that did not pass the SPPI test, equity securities from minority shares and UCITS units. The item remains substantially in line with the figure at 31 December 2022 (-0,8%), where the normal amortisation of debt securities and loans at fair value and the redemption of UCITS units was offset by new investments in equity securities made in the first nine months of 2023.

FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Debt securities	67.310	70.917	(3.607)	(5,1)%
Equity securities	44.585	34.955	9.630	27,5%
UCITS units	59.883	64.533	(4.650)	(7,2)%
Loans	14.372	17.189	(2.817)	(16,4)%
Total	**186.150**	**187.594**	(1.444)	(0,8)%

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income amount to 780,8 million Euro at 30 September 2023, up 11,9% 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	
	30.09.2023	31.12.2022	ABSOLUTE	%
Debt securities	658.495	589.638	68.857	11,7%
Equity securities	122.262	107.968	14.294	13,2%
Total	**780.757**	**697.606**	**83.151**	11,9%

The growth in debt securities owned is due to the combined effect of new subscriptions with both bank issuers (+76,6 million Euro) and non-financial issuers (+88,5 million Euro, of which +74,8 million Euro in government bonds), and the positive write-back in the first nine months of 2023 (+6,3 million Euro, mainly concentrated on the government bonds portfolio). This change more than offset the decrease related to normal collections and disposals. The related associated net negative fair value reserve amounts to 31,4 million Euro at 30 September 2023, of which 28,8 million Euro associated with Government securities; the corresponding negative reserve at 31 December 2022 amounted to 35,8 million Euro, of which 33,1 million Euro related to government securities.

This item also includes equity securities attributable to non-controlling interests, which amount to 122,3 million Euro at the end of September 2023, up 13,2% compared to 31 December 2022, mainly due to investments made in the first nine months of 2023 (+39,0 million Euro, of which 27,3 million Euro on foreign equity investments), the impact of which more than offset that of the disposals realised in the period (-19,6 million Euro). The net fair value reserve associated with this portfolio at 30 September 2023 has a negative value of 17,3 million Euro (-14,8 million Euro at 31 December 2022).

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amount to 8.655,0 million Euro, a reduction on 31 December 2022 (8.755,1 million Euro). The item includes debt securities in the amount of 2.568,4 million Euro (an increase on the figure for year-end 2022 of 2.130,1 million Euro, +20,6%), of which 1.671,6 million Euro related to government bonds (up 8,4% on the figure posted at end 2022 of 1.541,5 million Euro). While assets related to leasing operations remain substantially stable and loans related to the Corporate Banking & Lending business increase, factoring exposures decrease by 14,7%. Finally, the Bank's Governance & Services and Non-Core exposures increase by 14,7%, mainly as a result of investments in debt securities made during the period.

Credit quality item 40 customers

(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 30.09.2023						
Nominal amount	109.411	176.053	126.967	**412.431**	8.501.880	**8.914.311**
Losses	(78.772)	(72.377)	(7.523)	**(158.672)**	(100.683)	**(259.355)**
Carrying amount	30.639	103.676	119.444	**253.759**	8.401.197	**8.654.956**
Coverage ratio	*(72,0)%*	*(41,1)%*	*(5,9)%*	***(38,5)%***	*(1,2)%*	***(2,9)%***
POSITION AT 31.12.2022						
Nominal amount	97.186	171.827	147.507	**416.520**	8.567.595	**8.984.115**
Losses	(67.913)	(64.885)	(9.161)	**(141.958)**	(87.074)	**(229.032)**
Carrying amount	29.273	106.942	138.347	**274.562**	8.480.521	**8.755.082**
Coverage ratio	*(69,9)%*	*(37,8)%*	*(6,2)%*	***(34,1)%***	*(1,0)%*	***(2,5)%***

Non-performing loans record a decrease of 7,6% compared to 31 December 2022 due to a decrease of approximately 18,9 million Euro in the non-performing past due component almost entirely attributable to the Factoring Area. Net probable defaults also decrease, mainly as a result of an individually significant adjustment in the third quarter of 2023 related to the Corporate Banking business.

Net non-performing loans increase, albeit slightly, by 1,3 million Euro (+4,7%), although the coverage ratio increased from 69,9% to 72,0%.

Intangible assets and property, plant and equipment

Intangible assets come to 29,4 million Euro, up (+29,8%) on the figure recorded at 31 December 2022. The item refers entirely to software.

Property, plant and equipment amount to 129,8 million Euro, up 6% from 122,5 million Euro at 31 December 2022. This increase is mainly attributable to work on some of the Group's leased premises.

At the end of September 2023, the properties recognised under property, plant and equipment included the important historical building "Villa Marocco", located in Mestre – Venice and housing Banca Ifis's registered office. Since Villa Marocco is a luxury property, it is not depreciated, but it is tested for impairment at least annually. To this end, they are appraised by experts specialising in luxury properties. During the period, there were no indications requiring to test the assets for impairment.

Tax assets and liabilities

These items include current and deferred tax assets and liabilities.

Tax assets amounted to 246,3 million Euro, a decrease of 17% compared to 31 December 2022, mainly due to the collection of 21,3 million Euro related to an IRES credit previously requested for reimbursement and to the release of the portions of Deferred Tax Assets pursuant to Law 214/11 that were prepaid under current legislation.

Specifically, current tax assets amount to 23,8 million Euro, a significant decrease compared to the figure at 31 December 2022 (-49,2%) due to both the settlement of taxes for the previous year and the previously mentioned collection.

Prepaid tax assets come to 222,5 million Euro as compared with 249,9 million Euro at 31 December 2022 and mainly comprise 143,5 million Euro in assets entered for impairment of loans, potentially able to be transformed into tax credits (166,5 million Euro at 31 December 2022), and 40,0 million Euro assets entered on previous tax losses and the aid for economic growth ("ACE") benefit (39,6 million Euro at 31 December 2022).

With reference to the recoverability of deferred tax assets recognised as at 30 September 2023 other than those transformable pursuant to Law 2014/2011, based on future taxable income inferable from the Group's 2022-2024 Business Plan to be deemed confirmed in light of the results as at 30 September 2023, no elements have emerged that could lead to deeming the DTAs in question, amounting to a total of 222,5 million Euro as at 30 September 2023, to be non-recoverable. Accordingly, the assessment of the recoverability of the aforementioned DTAs, albeit over a medium-term time horizon, made when preparing the Financial Statements for the year ended 31 December 2022, is confirmed. Specifically, out of the overall total of 222,5 million Euro, the 143,4 million Euro portion attributable to Law 214/2011 (equal to 64,4% of the total DTA) will be reversed by 2026 due to express regulatory provision. The portion referring to prior tax losses and aid for economic growth ("ACE") surpluses, totalling 40 million Euro (or 18,0% of the total DTA) is expected to be fully recovered from 2027 to 2032 (of which approximately 30 million Euro by 2028). The remaining 39,1 million Euro (equal to 17,6% of total DTAs) refers mainly to financial assets measured at fair value with through other comprehensive income (FVOCI) and is therefore related to the performance of the related reserve.

Tax liabilities total 37,1 million Euro, up 3,0% from 31 December 2022, equal to 36,0 million Euro.

Current tax liabilities, amounting to 7,0 million Euro, represent the tax burden for the relevant period, up 1,3 million Euro from 5,7 million Euro as of 31 December 2022.

Deferred tax liabilities, amounting to 30,1 million Euro, mainly include 28,8 million Euro on receivables recognised for interest on arrears that will be taxed upon collection.

Other assets

Other assets, of 391,6 million Euro as compared to a balance of 455,4 million Euro at 31 December 2022, mainly include:

- financial assets held for trading in the amount of 1,2 million Euro (down from the figure of 1,8 million Euro as at 31 December 2022), referring almost entirely to transactions in derivatives, mainly hedged by mirror positions recorded under financial liabilities held for trading;
- derivative hedging assets amounting to 4,8 million Euro; micro fair value hedging was introduced from June 2023 to manage the interest rate risk associated with government bonds held by Banca Ifis;
- other assets for 385,6 million Euro (453,6 million Euro at 31 December 2022, -15,0%), of which 217,9 million Euro relate to tax credits for superbonuses and other construction tax bonuses (with a nominal amount of 245,2 million Euro), down 39,0 million Euro compared with 31 December 2022.

Funding

Total funding as of 30 September 2023 was 11.229,4 million Euro, up +6,5% from 31 December 2022. Amounts due to customers continue to represent the majority of funding at 58,0% (56,4% at 31 December 2022), followed by payables due to banks at 29,1% (33,1% at 31 December 2022), and debt securities issued at 12,9% (10,5% at 31 December 2022).

Payables due to customers amount to 6.508 million Euro at 30 September 2023, up 9,4% from the 31 December 2022 figure as a result of the increase in time deposits and loans, which offset the 6,2% decrease in payables due to banks compared to the December 2022 figure, which amounted to 3.270 million Euro.

Debt securities issued amount to 1.451,9 million Euro, an increase of 30,9%, and consist of bonds issued by Banca Ifis in the amount of 1,1 billion Euro and 0,4 billion Euro in subordinated loans. Below are the changes with respect to 31 December 2022:

- 600 million Euro relating to the two senior bonds, each with a nominal amount of 300 million Euro and a maturity of 4 years and 5 years respectively, issued in January 2023 and September 2023;
- 45 million Euro related to the second tranche issued in March 2023 and related to a senior bond with a duration of 4 years and a total nominal amount of 110 million Euro;

- redemption of 300 million Euro of the senior bond issued in 2018 and maturing in April 2023.

Provisions for risks and charges

Provisions for risks and charges amount to 52,7 million Euro at 30 September 2023 and are broken down as follows:

PROVISIONS FOR RISKS AND CHARGES (in thousands of Euro)	AMOUNTS		CHANGE	
	30.09.2023	31.12.2022	ABSOLUTE	%
Provisions for credit risk related to commitments and financial guarantees granted	5.640	9.107	(3.467)	(38,1)%
FITD and Single Resolution Fund	7.050	-	7.050	n.a.
Provisions for pensions	175	-	175	n.a.
Legal disputes	31.685	33.095	(1.410)	(4,3)%
Personnel charges	1.989	2.322	(333)	(14,3)%
Other provisions	6.188	5.846	342	5,9%
Total provisions for risks and charges	**52.727**	**50.370**	**2.357**	**4,70%**

The increase of 2,4 million Euro compared to the figure at 31 December 2022 is mainly attributable to the provision to the FITD (Interbank Deposit Protection Fund) fund, only partially offset by lower provisions on commitments to disburse.

In addition, the settlement of certain legal disputes led to a reduction in outstanding amounts as at 31 December 2022 of approximately 1,4 million Euro.

The corporate retirement provisions item includes the internal provision related to the post-retirement medical plan in favour of certain employees of the Bank, introduced in the third quarter of 2023: this is a defined benefit plan that provides for healthcare and other benefits to employees, even after retirement. The Bank is responsible for the costs and risks associated with the provision of such benefits. As at 30 September 2023, this fund amounts to 0,2 million Euro.

Other liabilities

Other liabilities amount to 260,9 million Euro at 30 September 2023, up 7,9% from 283,2 million Euro at 31 December 2022. They are made up of:

- trading derivatives in the amount of 20,9 million Euro (26,0 million Euro at 31 December 2022), essentially referring to a transaction related to the securitisation of loans in the Npl Segment;
- 5,1 million Euro liabilities for post-employment benefits (5,4 million Euro at 31 December 2022);
- other liabilities for 234,9 million Euro (251,8 at 31 December 2022), largely referred to amounts due from suppliers for 64,7 million Euro and amounts available to customers for 21,2 million Euro, transitional items for 27,8 million Euro and collections awaiting allocation for 50,6 million Euro.

Economic aggregates of Banca Ifis S.p.A.

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

(in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	**179.323**	**164.729**	**14.594**	**8,9%**
Net commission income	**66.732**	**58.417**	**8.315**	**14,2%**
Other components of net banking income	111.276	44.070	67.206	152,5%
Net banking income	**357.331**	**267.216**	**90.115**	**33,7%**
Net credit risk losses/reversals	(31.510)	(46.198)	14.688	(31,8)%
Net profit (loss) from financial activities	**325.821**	**221.018**	**104.803**	**47,4%**
Administrative expenses:	(172.592)	(164.463)	(8.129)	4,9%
a) personnel expenses	(90.178)	(83.603)	(6.575)	7,9%
b) other administrative expenses	(82.414)	(80.860)	(1.554)	1,9%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(11.467)	(10.740)	(727)	6,8%
Other operating income/expenses	28.870	25.818	3.052	11,8%
Operating costs	**(155.189)**	**(149.385)**	**(5.804)**	**3,9%**
Net allocations to provisions for risks and charges	(6.394)	(2.978)	(3.416)	114,7%
Profit (loss) on equity investments	(2.012)	(1.451)	(561)	38,7%
Pre-tax profit (loss) for the period from continuing operations	**162.226**	**67.204**	**95.022**	**141,4%**
Income taxes for the period relating to continuing operations	(28.114)	(2.902)	(25.212)	868,8%
Profit (loss) for the period	**134.112**	**64.302**	**69.810**	**108,6%**

Formation of net banking income

Net banking income totals 357,3 million Euro, up 33,7% from 267,2 million Euro at 30 September 2022.

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

NET BANKING INCOME (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net interest income	179.323	164.729	14.594	8,9%
Net commission income	66.732	58.417	8.315	14,2%
Other components of net banking income	111.276	44.070	67.206	152,5%
Net banking income	**357.331**	**267.216**	**90.115**	**33,7%**

Net interest income increases by 8,9%, going from 164,7 million Euro at 30 September 2022 to 179,3 million Euro at 30 September 2023, due in part to the positive trend in interest rates and higher volumes in all areas of the bank's operations.

Net commissions amount to 66,7 million Euro, up 14,2% compared to the figure at 30 September 2022 following the improvement in the contribution from commission income, which benefited from the growth in turnover from Factoring and the structured Finance business.

Commission expense, totalling 7,8 million Euro, in line with the figure of 7,9 million Euro in 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 increase of 67,2 million Euro compared to the first 9 months of 2022 in the other components of net banking income is mainly attributable to the receipt of the 89 million Euro dividend from the subsidiary Ifis Npl Investing S.p.A. (40 million Euro at 30 September 2022), and lower losses from trading of 12,9 million Euro. In the first nine months of 2022, this item had recorded negative changes concentrated in particular on a single derivative used for management hedging of speculative transactions carried out by subsidiaries.

Formation of net profit (loss) from financial activities

The net profit from financial activities totals 325,8 million Euro, compared to 221,0 million Euro at 30 September 2022 (+47,4%).

FORMATION OF NET PROFIT (LOSS) FROM FINANCIAL ACTIVITIES (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net banking income	**357.331**	**267.216**	**90.115**	**33,7%**
Net credit risk losses/reversals	(31.510)	(46.198)	14.688	(31,8)%
Net profit (loss) from financial activities	**325.821**	**221.018**	**104.803**	**47,4%**

Net credit risk losses total 31,5 million Euro at 30 September 2023, down 14,7 million Euro on the 46,2 million Euro at 30 September 2022. The reduction is mainly linked to higher write-backs recorded on impaired positions that had previously been written down.

Formation of net profit for the period

Operating costs total 155,2 million Euro at 30 September 2023, showing an increase on 30 September 2022 (+3,9%).

OPERATING COSTS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Administrative expenses:	(172.592)	(164.463)	(8.129)	4,9%
a) personnel expenses	*(90.178)*	*(83.603)*	*(6.575)*	7,9%
b) other administrative expenses	*(82.414)*	*(80.860)*	*(1.554)*	1,9%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(11.467)	(10.740)	*(727)*	6,8%
Other operating income/expenses	28.870	25.818	*3.052*	11,8%
Operating costs	**(155.189)**	**(149.385)**	**(5.804)**	**3,9%**

Personnel expenses at 30 September 2023 amount to 90,2 million Euro. The increase compared to the figure at 30 September 2022 is mainly due to the increase in the workforce (+4,6%), higher variable remuneration as well as additional allocations for the renewal of the collective national employment contracts (NCBA) for bank employees.

Other administrative expenses, at 30 September 2023, which come to 82,4 million Euro rise by 1,9% on 30 September 2022. The most significant increases relate to advertising and marketing costs and software support and rental; on the other hand, legal and consulting costs decrease.

Other net operating income, amounting to 28,9 million Euro at 30 September 2023, records an increase of 3,1 million Euro on the figure for the corresponding period of last year (25,8 million Euro). The item refers mainly to revenue from the recovery of expenses charged to third parties and Group companies. The relevant cost component is included in other administrative expenses, namely under legal expenses and indirect taxes, as well as recoveries of expenses associated with leasing operations.

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

FORMATION OF NET PROFIT (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2023	2022	ABSOLUTE	%
Net profit (loss) from financial activities	**325.821**	**221.018**	**104.803**	**47,4%**
Operating costs	**(155.189)**	**(149.385)**	**(5.804)**	**3,9%**
Net allocations to provisions for risks and charges	(6.394)	(2.978)	(3.416)	114,7%
Profit (loss) on equity investments	(2.012)	(1.451)	(561)	38,7%
Pre-tax profit from continuing operations	**162.226**	**67.204**	**95.022**	**141,4%**
Income taxes for the period relating to continuing operations	(28.114)	(2.902)	(25.212)	n.s.
Profit for the period	**134.112**	**64.302**	**69.810**	**108,6%**

Net allocations to provisions for risks and charges show a balance of 6,4 million Euro at the end of September 2023, up from 3,0 million Euro in the same period last year. The balance as at 30 September 2022 included a write-back of 5,6 million Euro on the provisions for risks related to securitisations of bad loans guaranteed by Italian Treasury Department (GACS) credit assignment transactions.

The increase in the tax burden at 30 September 2023 compared to 30 September 2022 is related to the lower incidence of dividends received in the period (which are taxed at 4,13%) on the total pre-tax profit for the period compared to the corresponding period of the previous year.

Risk control

Information on the role played by Banca Ifis in ensuring effective and efficient risk management at Group level can be found in the corresponding sections of the Notes to the Financial statements as at 31 December 2022 and the Notes to the Condensed Half-Year Financial Statements as at 30 June 2023 to which reference is made.

With regard to credit risk, as a result of uncertainties in the outlook for the economy, in 2023, the Bank decided to further strengthen its conservatism profile in the determination of expected credit losses by introducing additional non-model hedges on the performing portfolio (see management overlay).

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

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

With regard to interest rate risk, the methodology for calculating and monitoring the risk was refined in order to be compliant with the new regulations and to have an accurate and up-to-date view of the Bank's net interest income performance. The investments made in terms of technical resources in pursuit of this objective also allow for better monitoring of liquidity risk.

Significant events after 30 September 2023

Windfall tax on "extra-profits" of banks under Italian Law no. 136/2023

On 9 October 2023, Law no. 136 converted Decree-Law no. 104 of 10 August 2023 (the "Omnibus bis Decree" or the "Asset Decree"), introducing, for 2023, an windfall tax on net interest income (the "extra-profits") of Italian banks, even if they operate in the territory of the Italian State through a permanent establishment. For an assessment and information on the impact of this extraordinary tax on Banca Ifis, as described in the "Basis of preparation and accounting policies" paragraph in the Explanatory notes, to which we refer for a more complete presentation.

Npl industrial partnership perfected with the Mediobanca Group

On 31 October 2023, Banca Ifis and the Mediobanca Group perfected the long-term partnership agreement signed the previous May for the management of non-performing loans (Npls). In particular, following the obtainment of the necessary regulatory authorisations, Banca Ifis finalised the acquisition from Mediobanca Group, for a consideration of 100 million Euro, of Revalea S.p.A., a company created in 2022 from the spin-off of Npls deriving from the acquisition of non-performing loan portfolios with a gross carrying amount of 6,5 billion Euro and a net carrying amount of 232,1 million Euro at 30 September 2023. The transaction consolidates Banca Ifis's position as a key player in the market for non-performing loans in the small-ticket unsecured segment and allows Mediobanca to exit the Npl business, no longer among the Group's core activities, while also consolidating MBCredit Solutions's specialisation in management and recovery activities, being able to count on constant business volumes for the coming years. With the completion of the transaction, the multi-year servicing agreement entered into force, under which MBCredit Solutions will continue to support Banca Ifis in the management and recovery of non-performing loans. In the context of the acquisition, 18 Revalea employees joined the Banca Ifis Group team.

Subsequent to 30 September 2023, no events occurred that would negatively affect the Group and the Banca Ifis Statement of Financial Position at 30 September 2023.

Information on the economic outlook and business outlook

On the basis of the information in our possession at the date of this Report and given the current macroeconomic situation of the markets, both national and supranational, we believe that the Banca Ifis Group is able to close FY 2023 with a net result of approximately 160 million Euro, in line with the guidance presented to the market on 3 August 2023 and in excess of the 137 million Euro target for the second year of the 2022-2024 Business Plan, approved by the Banca Ifis S.p.A. Board of Directors on 10 February 2022.

As far as the Bank is concerned, the net result for FY 2023 is expected to be higher than in the first nine months of the year.

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

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

With regard to the Group's dividend distribution based on the 2023 results, the distribution of a cash dividend amount in accordance with the new dividend policy approved by the Board of Directors on 3 August 2023 is envisaged, with 50% of the consolidated net profit up to the materiality threshold identified as 100 million Euro and 100% of Banca Ifis's consolidated net profit exceeding 100 million Euro. Taking into account that the Bank's shareholder remuneration policy provides for the distribution of an interim dividend in November, the Board of Directors is scheduled to approve today an interim dividend of 1,2 Euro per share or a total of 63 million Euro to be paid on 22 November 2023.

Venice - Mestre, 9 November 2023

For the Board of Directors

The CEO

Frederik Herman Geertman

It should be noted that during the meeting of the Board of Directors held on 9 November 2023, after the approval of this document, the auditing firm PricewaterhouseCoopers S.p.A. issued its regulatory opinion.

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

Statement of financial position

	ASSETS (in Euro)	30.09.2023	31.12.2022
10.	Cash and cash equivalents	1.278.418.259	440.113.632
20.	Financial assets measured at fair value through profit or loss	187.328.330	189.364.286
	a) financial assets held for trading	1.177.844	1.770.200
	c) other financial assets mandatorily measured at fair value	186.150.486	187.594.086
30.	Financial assets measured at fair value through other comprehensive income	780.757.040	697.606.474
40.	Financial assets measured at amortised cost	9.268.595.210	9.317.417.852
	a) receivables due from banks	613.639.372	562.336.322
	b) receivables due from customers	8.654.955.838	8.755.081.530
50.	Hedging derivatives	4.818.549	-
70.	Equity investments	674.256.853	661.332.156
80.	Property, plant and equipment	129.807.957	122.515.526
90.	Intangible assets	29.390.236	22.641.532
100.	Tax assets:	246.350.020	296.853.729
	a) current	23.824.172	46.951.327
	b) prepaid	222.525.848	249.902.402
120.	Other assets	385.574.746	453.604.458
	Total assets	**12.985.297.200**	**12.201.449.645**

	LIABILITIES AND EQUITY (in Euro)	30.09.2023	31.12.2022
10.	Financial liabilities measured at amortised cost	11.229.407.066	10.541.665.757
	a) payables due to banks	3.269.562.128	3.485.344.719
	b) payables due to customers	6.507.951.076	5.947.293.799
	c) debt securities issued	1.451.893.862	1.109.027.238
20.	Financial liabilities held for trading	20.932.787	25.981.863
60.	Tax liabilities:	37.126.900	36.009.281
	a) current	7.051.161	5.735.357
	b) deferred	30.075.739	30.273.924
80.	Other liabilities	234.872.113	251.813.515
90.	Post-employment benefits	5.061.240	5.426.669
100.	Provisions for risks and charges:	52.726.995	50.370.168
	a) commitments and guarantees granted	12.689.680	9.107.111
	b) pensions and similar obligations	175.025	-
	c) other provisions for risks and charges	39.862.290	41.263.057
110.	Valuation reserves	(48.252.984)	(50.653.450)
140.	Reserves	1.203.210.129	1.197.999.003
145.	Interim dividends	-	(52.433.114)
150.	Share premiums	84.107.651	83.766.584
160.	Share capital	53.811.095	53.811.095
170.	Treasury shares (-)	(21.817.335)	(22.104.058)
180.	Profit (loss) for the period (+/-)	134.111.543	79.796.332
	Total liabilities and equity	**12.985.297.200**	**12.201.449.645**

Income Statement

	ITEMS (in Euro)	30.09.2023	30.09.2022
10.	Interest receivable and similar income	402.864.920	239.506.886
	of which: interest income calculated using the effective interest method	*393.319.523*	*236.543.386*
20.	Interest due and similar expenses	(223.541.856)	(74.777.611)
30.	**Net interest income**	**179.323.064**	**164.729.275**
40.	Commission income	74.543.080	66.285.332
50.	Commission expense	(7.811.253)	(7.868.151)
60.	**Net commission income**	**66.731.827**	**58.417.181**
70.	Dividends and similar income	102.418.786	49.040.340
80.	Net profit (loss) from trading	(4.128.411)	(16.994.868)
90.	Net result from hedging	(834.320)	-
100.	Profit (loss) from sale or buyback of:	4.385.706	4.756.148
	a) financial assets measured at amortised cost	2.036.394	4.849.933
	b) financial assets measured at fair value through other comprehensive income	1.343.873	(87.666)
	c) financial liabilities	1.005.439	(6.120)
110.	Net result of other financial assets and liabilities measured at fair value through profit or loss	9.434.080	7.269.396
	b) other financial assets mandatorily measured at fair value	9.434.080	7.269.396
120.	**Net banking income**	**357.330.732**	**267.217.471**
130.	Net credit risk losses/reversals on:	(33.745.784)	(46.912.354)
	a) financial assets measured at amortised cost	(33.512.202)	(46.225.865)
	b) financial assets measured at fair value through other comprehensive income	(233.582)	(686.489)
150.	**Net profit (loss) from financial activities**	**323.584.948**	**220.305.118**
160.	Administrative expenses:	(172.591.983)	(164.463.150)
	a) personnel expenses	(90.178.448)	(83.603.656)
	b) other administrative expenses	(82.413.535)	(80.859.494)
170.	Net allocations to provisions for risks and charges	(4.157.710)	(2.263.304)
	a) commitments and guarantees granted	(3.770.511)	(7.348.777)
	b) other net allocations	(387.199)	5.085.473
180.	Net impairment losses/reversals on property, plant and equipment	(6.315.589)	(5.879.508)
190.	Net impairment losses/reversals on intangible assets	(5.151.438)	(4.860.322)
200.	Other operating income/expenses	28.868.877	25.816.483
210.	**Operating costs**	**(159.347.843)**	**(151.649.801)**
220.	Profit (loss) on equity investments	(2.011.562)	(1.450.914)
260.	**Pre-tax profit (loss) for the period from continuing operations**	**162.225.543**	**67.204.402**
270.	Income taxes for the period relating to continuing operations	(28.114.000)	(2.901.960)
280.	**Profit (loss) from continuing operations, net of taxes**	**134.111.543**	**64.302.442**
300.	**Profit (loss) for the period**	**134.111.543**	**64.302.442**

Statement of Comprehensive Income

	ITEMS (in Euro)	30.09.2023	30.09.2022
10.	**Profit (Loss) for the period**	**134.111.543**	**64.302.442**
	Other comprehensive income, net of taxes, not to be reclassified to profit or loss	**(4.570.666)**	**(2.351.229)**
20.	Equity securities measured at fair value through other comprehensive income	(4.714.501)	(2.880.117)
30.	Financial liabilities measured at fair value through profit or loss (changes in own credit risk)	-	-
40.	Hedging of equity securities measured at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	143.835	528.948
80.	Non-current assets and disposal groups	-	-
90.	Share of valuation reserves of equity accounted investments	-	-
	Other comprehensive income, net of taxes, to be reclassified to profit or loss	**4.440.585**	**(34.481.926)**
100.	Foreign investment hedges	-	-
110.	Exchange differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated items)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	4.440.585	(34.481.926)
150.	Non-current assets and disposal groups	-	-
160.	Share of valuation reserves of equity accounted investments	-	-
170.	**Total other comprehensive income, net of taxes**	**(130.081)**	**(36.833.156)**
180.	**Total comprehensive income (Item 10 + 170)**	**133.981.462**	**27.469.286**

Statement of Changes in Equity at 30 September 2023

(in units of Euro)	Balance at 31.12.2022	Change in opening balances	Balance at 01.01.2023	Allocation of profit from previous year		Changes in the period									Equity at 30.09.2023
							Equity transactions								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Buyback of treasury shares	Interim dividends	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Comprehensive income for the period at 30.09.2023	
Share capital:															
a) ordinary shares	53.811.095	-	53.811.095	-	-	-	-	-	-	-	-	-	-	-	**53.811.095**
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Share premiums	83.766.584	-	83.766.584	-	-	286.724	54.343	-	-	-	-	-	-	-	**84.107.651**
Reserves:															
a) retained earnings	1.194.780.799	-	1.194.780.799	6.378.451	-	(1.987.806)	-	-	-	-	-	-	-	-	**1.199.171.444**
b) other	3.218.204	-	3.218.204	-	-		-	-	-	-	-	-	820.481	-	**4.038.685**
Valuation reserves	(50.653.450)	-	(50.653.450)	-	-	2.530.546	-	-	-	-	-	-	-	(130.081)	**(48.252.984)**
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Interim dividends	(52.433.114)	-	(52.433.114)	-	52.433.114	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	(22.104.058)	-	(22.104.058)	-	-	-	286.723	-	-	-	-	-	-	-	**(21.817.335)**
Profit (loss) for the period	79.796.332	-	79.796.332	(6.378.451)	(73.417.881)	-	-	-	-	-	-	-	-	134.111.543	**134.111.543**
Equity	**1.290.182.392**	**-**	**1.290.182.392**	**-**	**(20.984.767)**	**829.464**	**341.066**	**-**	**-**	**-**	**-**	**-**	**820.481**	**133.981.462**	**1.405.170.099**

Statement of Changes in Equity at 30 September 2022

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

Statement of Cash Flows

STATEMENT OF CASH FLOWS Indirect method (in Euro)	30.09.2023	30.09.2022
A. OPERATING ACTIVITIES		
1. Operations	**123.173.959**	**101.633.037**
- profit (loss) for the period (+/-)	134.111.543	64.302.442
- profit/loss on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	(5.305.669)	9.725.473
- gains/losses on hedging (-/+)	834.321	-
- net credit risk losses/reversals (+/-)	33.745.784	46.912.354
- net impairment losses/reversals on property, plant and equipment and intangible assets (+/-)	11.467.027	10.739.830
- net allocations to provisions for risks and charges and other expenses/income (+/-)	7.884.960	4.526.608
- unpaid taxes, duties and tax credits (+/-)	28.114.000	2.901.960
- other adjustments (+/-)	(87.678.007)	(37.475.629)
2. Cash flows generated/absorbed by financial assets	**26.434.936**	**555.849.712**
- financial assets held for trading	(3.536.055)	(21.872.981)
- other assets mandatorily measured at fair value	10.877.680	9.724.035
- financial assets measured at fair value through other comprehensive income	(80.983.682)	(11.991.777)
- financial assets measured at amortised cost	10.133.368	547.155.396
- other assets	89.943.625	32.835.040
3. Cash flows generated/absorbed by financial liabilities	**660.072.058**	**(628.981.304)**
- financial liabilities measured at amortised cost	686.838.479	(644.847.260)
- financial liabilities held for trading	(5.049.076)	19.678.403
- other liabilities	(21.717.345)	(3.812.446)
Net cash flows generated/absorbed by operating activities A (+/-)	**809.680.953**	**28.501.446**
B. INVESTING ACTIVITIES		
1. Cash flows generated by	**89.000.000**	**41.147.382**
- sale of equity investments	-	1.147.422
- dividends collected on equity investments	89.000.000	39.999.960
2. Cash flows absorbed by	**(39.542.332)**	**(28.751.158)**
- purchases of equity investments	(14.937.000)	(14.922.549)
- purchases of property, plant and equipment	(12.705.190)	(8.502.699)
- purchases of intangible assets	(11.900.142)	(5.325.910)
Net cash flows generated/absorbed by investing activities B (+/-)	**49.457.668**	**12.396.224**
C. FINANCING ACTIVITIES		
- issues/buyback of treasury shares	-	(19.300.440)
- distribution of dividends and other	(20.833.994)	(49.733.642)
Net cash flows generated/absorbed by financing activities C (+/-)	**(20.833.994)**	**(69.034.082)**
NET CASH GENERATED/USED DURING THE PERIOD D=A+/-B+/-C	**838.304.627**	**(28.136.412)**

KEY: (+) generated (-) used

Reconciliation of the Statement of Cash Flows

ITEMS (in Euro)	30.09.2023	30.09.2022
OPENING CASH AND CASH EQUIVALENTS E	440.113.632	86.518.994
TOTAL NET CASH GENERATED/USED DURING THE PERIOD D	838.304.627	(28.136.412)
CASH AND CASH EQUIVALENTS: EFFECT OF CHANGES IN EXCHANGE RATES F	-	-
CLOSING CASH AND CASH EQUIVALENTS G=E+/-D+/-F	1.278.418.259	58.382.582

Explanatory notes

Basis of preparation and accounting policies

These financial statements at 30 September 2023, prepared in accordance with Article 2433-bis of the Italian Civil Code, consist of the financial statements (balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows) and these Notes. The aforementioned statements were prepared by applying the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS-IC) endorsed by the European Commission in accordance with the procedure set forth in Article 6 of European Regulation no. 1606/2002. This regulation was implemented in Italy with Italian Legislative Decree no. 38 of 28 February 2005.

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

The accounting standards used in preparing the accounting statements at 30 September 2023, as far as the classification, recognition, measurement, and derecognition of financial assets and liabilities as well as the methods for recognising revenue and costs are concerned, are unchanged compared to the ones used in preparing the financial statements as at 31 December 2022 of Banca Ifis S.p.A, to which specific reference is made, with the exception of:

- the criteria for hedge accounting classification, posting, measurement and cancellation adopted by Banca Ifis for the first time in 2023, illustrated in the following section "Hedging transactions";
- the accounting provisions and interpretations applicable to the case of the extraordinary tax on net interest income (termed "extra-profits") of Italian banks, introduced by Law no. 136 of 9 October 2023, for which please refer to the following paragraph "Windfall tax on "extra-profits" of banks under Italian Law no. 136/2023".

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

Hedge accounting

Classification criteria

With reference to hedging, Banca Ifis has chosen to adopt the provisions of IFRS 9 for first-time application and not to avail itself of the option, provided by the same standard, to apply the hedge accounting rules dictated by IAS 39, in the version endorsed by the European Commission (the "carved out" version), with the exception of the specific cases provided for in IFRS 9 (par. 6.1.3) and not governed by the same standard.

Risk hedging transactions are intended to neutralise, from an accounting point of view, potential recognisable losses on a particular financial instrument or group of financial instruments, attributable to a particular risk, by means of recognisable gains on a different financial instrument or group of financial instruments should that particular risk actually arise.

Only instruments involving a counterparty outside the Group can be designated as hedging instruments.

The only type of hedge used by Banca Ifis as at 30 September 2023 is the specific fair value hedge ("micro" fair value hedge), which is intended to hedge the exposure to changes in the fair value of a balance sheet asset or liability attributable to a particular risk and, in particular, from changes in interest rates.

A derivative instrument may be considered to be a hedging instrument if there is formalised documentation of the unique relationship to the hedged item and if it is effective at the time the hedge commences and, prospectively, over the life of the hedge.

At the start of the hedging relationship there must be a formal designation and documentation of the hedging relationship, the company's risk management objectives, and the hedging strategy. This documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how to assess the effectiveness of the hedging instrument in offsetting the exposure to changes in the fair value of the hedged item.

Recognition criteria

Derivative hedging instruments are recognised at fair value, on the date the relevant contracts are entered into, and are classified as assets under item “50. Hedging derivatives” or on the liabilities side of the balance sheet under item “40. Hedging derivatives” depending on whether the value is positive or negative.

Measurement criteria

After initial recognition, hedging derivatives continue to be measured at fair value. Specifically, in the case of fair value hedges, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is recognised through the recognition in the income statement of changes in value, referring both to the hedged item (as regards changes produced by the underlying risk factor) and to the hedging instrument. Any difference, representing the partial ineffectiveness of the hedge, consequently constitutes the net economic effect.

The effectiveness of the hedge depends on the extent to which changes in the fair value of the hedged instrument are offset by those of the hedging instrument. Therefore, effectiveness is appreciated by comparing the above-mentioned variations, taking into account the intent pursued at the time the hedge was implemented. Effectiveness occurs when changes in the fair value of the hedging financial instrument almost entirely neutralise changes in the hedged instrument for the hedged risk element.

Effectiveness is assessed at each balance sheet or interim reporting date using prospective tests, which justify the application of hedge accounting by demonstrating the expected effectiveness based on limits defined internally by the Bank.

If the tests do not confirm the effectiveness of the hedge, hedge accounting is discontinued, the hedging derivative contract is reclassified as a trading instrument and the hedged financial instrument regains the valuation criterion corresponding to its balance sheet classification. If the hedged asset or liability is measured at amortised cost, the higher or lower value resulting from the measurement of the hedged asset or liability at fair value due to the hedge becoming ineffective is recognised in the income statement using the effective interest rate method.

In addition, the accounting for outstanding fair value hedges ceases prospectively in the following cases:

- the hedging instrument matures, is terminated or exercised;
- the hedged item is sold, expires or is refunded;
- the decision is made to revoke the designation.

Windfall tax on “extra-profits” of banks under Italian Law no. 136/2023

Law no. 136 of 9 October 2023 converted Decree-Law no. 104 of 10 August 2023 (the “Omnibus bis Decree” or “Asset Decree”), introducing new measures aimed at economic operators and private individuals as well as confirming or modifying some already existing measures. The new measures adopted include the introduction, for 2023, of an windfall tax on net interest income (the “extra-profits”) of Italian banks, even if they operate in the territory of the Italian State through a permanent establishment. In particular, it establishes the application of a 40% tax rate on a taxable base configured by comparing the “net interest income” under item 30 of the Income Statement of banking institutions (on the basis of the financial statement formats governed by Circular no.

262/2066 and subsequent updates of the Bank of Italy) of the tax year prior to the one in progress on 1 January 2022 and that of the tax year prior to the one in progress on 1 January 2024 only. In any event, the tax thus calculated may not exceed 0,26% of the risk-weighted assets (or “RWAs”) on an individual basis for each Bank. In lieu of making the payment, each bank on an individual basis may elect to allocate a certain amount, not less than 2,5 times the tax calculated as above, to a non-distributable profit reserve in equity. In such a case, if you subsequently choose to use this specific reserve for the distribution of profits (and thus make it from 'non-distributable' to 'distributable'), within 30 days of the approval of the relevant resolution, the tax originally calculated must be paid with a surcharge in proportion to the interest accrued in the meantime.

From an accounting point of view, in light of the specific characteristics of the tax in question and in particular the way in which it is determined, the provisions of IFRIC Interpretation 21 “Taxes” and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” were deemed applicable. In particular, according to IFRIC 21, a liability relating to the payment of a tax arises at the moment when the binding event occurs, i.e. when the obligation to pay the tax arises. The definition of a liability provided by IAS 37 also requires that an outflow of resources embodying economic benefits is deemed probable for the fulfilment of the obligation.

In this regard, it should be noted that, in relation to the provisions of the rule, Banca Ifis has the realistic alternative of not paying the tax, by setting aside, when approving the 2023 financial statements, a non-distributable profit reserve equal to 2,5 times the extraordinary tax. This makes the described requirement of the accounting standard not in fact fulfilled. Consequently, since the Bank's Directors had positively concluded on the possibility of availing themselves of this option, and having verified the reasonableness of this alternative in the case at hand, as at 30 September 2023, it was deemed that there was no binding event against which to recognise a liability and related charge.

It should also be noted that the provision of the last part of paragraph 5-bis of Italian Law no. 136/2023 determines an obligation to be considered new and autonomous and consisting in the maintenance of the non-distributable restriction on the reserve recorded by the bank in the individual 2023 financial statements. In this regard, the Directors of Banca Ifis will assess over time the substantive reasonableness of the option not to distribute based on the specific facts and circumstances.

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.

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 and the tension in the Middle East, Banca Ifis can indeed be considered as a going concern, in that it can be reasonably expected to continue operating in the foreseeable future. Therefore, the accounting schedules at 30 September 2023 are prepared in accordance with this assumption.

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 Banca Ifis has consistently achieved, to the quality of its loans, and to its current access to financial resources.

Other aspects

Risks and uncertainties related to estimates

Using accounting standards often requires management to make estimates and assumptions that affect the carrying amounts of assets and liabilities in the accounts and disclosure of contingent assets and liabilities. In making the assumptions underlying the estimates, management considers all available information at the reporting date of these accounting statements, as well as any other factor deemed reasonable for this purpose, also as a consequence of the current macroeconomic scenario.

Specifically, it made estimates on the carrying amounts of some items recognised in this document at 30 September 2023, as per the international accounting standards. These estimates are largely based on the expected future recoverability of the amounts recognised and were made on a going concern basis. Such estimates support the carrying amounts reported at 30 September 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 linked to the National Health System (NHS), and specifically the interest on arrears considered recoverable;
- measurement of the expected credit loss;
- provisions for risks and charges;
- deferred tax assets (DTAs);
- equity investments.

For the types of assets listed above (with the exception of equity investments), the principal issues regarding risks and uncertainties associated with estimates are discussed in the following paragraphs. As instead regards the situations relative to provisions for risks and charges and equity investments, reference should be made to the valuation criteria described in paragraph A.2 - Part relating to the main items of the individual financial statements at 31 December 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 individual 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 Bank'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 and for debt securities

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

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

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

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

In particular, during 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 prudential adjustments were introduced to take into account the current macroeconomic environment, which continues to be characterised by significant uncertainty. Risks to growth relate in particular to the evolution of the conflict in Ukraine and core inflation, which remains high and could prolong the ongoing monetary tightening in the major advanced economies. Prudential adjustments to cover this uncertainty viewed as a whole, were therefore re-evaluated during FY 2022 and in the first nine months of 2023.

With regard to Forward Looking information, the macroeconomic scenarios incorporated in the risk parameter estimates factor in the EBA projections published at the time of the stress test exercise scheduled for 2023. These scenarios ensure a good coverage of the information reflecting the above-mentioned aspects in a prudent manner.

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 Individual financial statements at 31 December 2022.

Provisions for risks and charges

The provisions for risks and charges on commitments and guarantees granted include the provisions for credit risk set aside for loan commitments and the other guarantees granted that fall within the scope of the impairment rules in IFRS 9. As a general rule, in this case the Bank adopts the same methods for allocating items to three credit risk Stages and calculating expected credit losses as the ones described for financial assets measured at amortised cost or at fair value through other comprehensive income.

In addition, these include also the provisions for risks and charges set aside for other types of commitments and guarantees granted that, because of their specific characteristics, they do not fall within the scope of the impairment rules in IFRS 9. Specifically, other provisions for risks and charges consist of liabilities arising when:

- a legal or constructive obligation exists as a result of a past event;
- it is likely that it will be necessary to spend resources which could generate economic benefits to settle the obligation;
- the amount of the obligation can be reliably estimated.

Should all these conditions not be met, no liability is recognised.

The amount recognised as a provision represents the best estimate of the expense required to meet the obligation and reflects the risks and uncertainties regarding the facts and circumstances in question.

Where the cost deferral is significant, the amount of the provision is determined as the present value of the best estimate of the cost to settle the obligation. In this case a discount rate is used that reflects current market assessments.

The provisions made are periodically reviewed and, if necessary, adjusted to reflect the best current estimate. When the review finds that the cost is unlikely to be incurred, the provision is reversed.

Deferred tax assets (DTAs)

In accordance with IAS 12, referred to in the “Group Impairment Policy”, a deferred tax asset for unused tax losses and tax credits carried forward should be recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses and tax credits can be utilised. Specifically, also for the assessment of the recoverability of DTAs, Banca Ifis must assess, from time to time in relation to negative trends in the income statement:

- whether it has sufficient taxable temporary differences, with respect to the same tax jurisdiction and the same taxpayer, that will result in taxable amounts against which unused tax losses or tax credits can be utilised before they expire;
- whether it is likely to have taxable income before the expiry of unused tax losses or tax credits;
- whether the unused tax losses result from identifiable causes that are unlikely to recur; and
- whether Banca Ifis has tax planning whereby taxable income will be available in the period in which unused tax losses or tax credits can be utilised.

With reference to the recoverability of deferred tax assets recognised as at 30 September 2023 other than those transformable pursuant to Law 2014/2011, based on future taxable income inferable from the Group's 2022-2024 Business Plan to be deemed confirmed in light of the results as at 30 September 2023, no elements have emerged that could lead to deeming the DTAs in question, amounting to a total of 222,5 million Euro as at 30 September 2023, to be non-recoverable. Accordingly, the assessment of the recoverability of the aforementioned DTAs, albeit over a medium-term time horizon, made when preparing the Financial Statements for the year ended 31 December 2022, is confirmed. Specifically, out of the overall total of 222,5 million Euro, the 143,4 million Euro portion attributable to Law 214/2011 (equal to 64,4% of the total DTA) will be reversed by 2026 due to express regulatory provision. The portion referring to prior tax losses and aid for economic growth (“ACE”) surpluses, totalling 40 million Euro (or 18,0% of the total DTA) is expected to be fully recovered from 2027 to 2032 (of which approximately 30 million Euro by 2028). The remaining 39,1 million Euro (equal to 17,6% of total DTAs) refers mainly to financial assets measured at fair value with through other comprehensive income (FVOCI) and is therefore related to the performance of the related reserve.

Information on the Russia-Ukraine conflict

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

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

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

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

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

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

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

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

For more detailed information on the impact generated by the Russia-Ukraine conflict on the various types of risk inherent in Banca Ifis (credit risk, interest rate risk, price risk, exchange rate risk, liquidity risk and operational risk), please refer to the specific sections prepared in the Notes to the Financial Statements under section "4.3.3 Prudential consolidation risk" of the Consolidated Half-Year Financial Report at 30 June 2023.

Declaration of the Manager Charged

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

The Manager Charged with preparing the Company's financial reports, in the person of Massimo Luigi Zanaboni, hereby

DECLARES

pursuant to Article 154-bis, paragraph 2, of Italian Legislative Decree no. 58 of 24 February 1998, "Consolidated Law on Financial Intermediation", that the accounting information contained in this Consolidated Interim Report at 30 September 2023 and the 2023 Interim Dividend Distribution Report of Banca Ifis coincides with the documented results, books and accounting records.

Venice - Mestre, 9 November 2023

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

Reconciliation between reclassified consolidated financial statements and consolidated financial statements

RECONCILIATION BETWEEN ASSETS ITEMS AND RECLASSIFIED ASSETS ITEMS (in thousands of Euro)			30.09.2023	31.12.2022
Cash and cash equivalents			**1.453.013**	**603.134**
+	*10.*	*Cash and cash equivalents*	*1.453.013*	*603.134*
Financial assets held for trading			**21.771**	**26.868**
+	*20.a*	*Financial assets measured at fair value through profit or loss: a) financial assets held for trading*	*21.771*	*26.868*
Financial assets mandatorily measured at fair value through profit or loss			**192.893**	**195.220**
+	*20.c*	*Financial assets measured at fair value through profit or loss: c) other financial assets mandatorily measured at fair value*	*192.893*	*195.220*
Financial assets measured at fair value through other comprehensive income			**780.762**	**697.611**
+	*30.*	*Financial assets measured at fair value through other comprehensive income*	*780.762*	*697.611*
Receivables due from banks measured at amortised cost			**616.616**	**565.762**
+	*40.a*	*Financial assets measured at amortised cost: a) receivables due from banks*	*616.616*	*565.762*
Receivables due from customers measured at amortised cost			**9.908.360**	**10.186.932**
+	*40.b*	*Financial assets measured at amortised cost: b) receivables due from customers*	*9.908.360*	*10.186.932*
Hedging derivatives			**4.819**	**-**
+	*50.*	*Hedging derivatives*	*4.819*	*-*
Property, plant and equipment			**132.435**	**126.341**
+	*90.*	*Property, plant and equipment*	*132.435*	*126.341*
Intangible assets			**71.789**	**64.264**
+	*100.*	*Intangible assets*	*71.789*	*64.264*
of which: - goodwill			***38.020***	***38.020***
Tax assets			**271.668**	**325.181**
a) current			**31.214**	**60.924**
+	*110.a*	*Tax assets: a) current*	*31.214*	*60.924*
b) prepaid			**240.454**	**264.257**
+	*110.b*	*Tax assets: b) prepaid*	*240.454*	*264.257*
Non-current assets and disposal groups			**813**	**-**
+	*120.*	*Non-current assets and disposal groups*	*813*	*-*
Other assets			**465.454**	**471.064**
+	*130.*	*Other assets*	*465.454*	*471.064*
Total assets			**13.920.393**	**13.262.377**

RECONCILIATION BETWEEN ASSETS AND LIABILITIES ITEMS AND RECLASSIFIED ASSETS AND LIABILITIES ITEMS (in thousands of Euro)			30.09.2023	31.12.2022
Payables due to banks			**3.236.570**	**3.422.160**
+	*10.a*	*Financial liabilities measured at amortised cost: a) payables due to banks*	*3.236.570*	*3.422.160*
Payables due to customers			**5.280.665**	**5.103.343**
+	*10.b*	*Financial liabilities measured at amortised cost: b) payables due from customers*	*5.280.665*	*5.103.343*
Debt securities issued			**3.209.338**	**2.605.195**
+	*10.c*	*Financial liabilities measured at amortised cost: c) securities issued*	*3.209.338*	*2.605.195*
Financial liabilities held for trading			**20.933**	**25.982**
+	*20.*	*Financial liabilities held for trading*	*20.933*	*25.982*
Tax liabilities			**50.449**	**52.298**
a) current			**20.296**	**21.961**
+	*60.a*	*Tax liabilities: a) current*	*20.296*	*21.961*
b) deferred			**30.153**	**30.337**
+	*60.b*	*Tax liabilities: b) deferred*	*30.153*	*30.337*
Other liabilities			**352.148**	**391.697**
+	*80.*	*Other liabilities*	*352.148*	*391.697*
Post-employment benefits			**7.231**	**7.696**
+	*90.*	*Post-employment benefits*	*7.231*	*7.696*
Provisions for risks and charges			**57.960**	**56.225**
+	*100.a*	*Provisions for risks and charges: a) commitments and guarantees granted*	*13.016*	*9.364*
+	*100.b*	*Provisions for risks and charges: b) pensions and similar obligations*	*180*	*-*
+	*100.c*	*Provisions for risks and charges: c) other provisions for risks and charges*	*44.764*	*46.861*
Valuation reserves			**(57.021)**	**(59.722)**
+	*120.*	*Valuation reserves*	*(57.021)*	*(59.722)*
Reserves			**1.507.460**	**1.440.944**
+	*150.*	*Reserves*	*1.507.460*	*1.440.944*
Interim dividends (-)			**-**	**(52.433)**
+	*155.*	*Interim dividends (-)*	*-*	*(52.433)*
Share premiums			**84.108**	**83.767**
+	*160.*	*Share premiums*	*84.108*	*83.767*
Share capital			**53.811**	**53.811**
+	*170.*	*Share capital*	*53.811*	*53.811*
Treasury shares (-)			**(21.817)**	**(22.104)**
+	*180.*	*Treasury shares (-)*	*(21.817)*	*(22.104)*
Equity attributable to non-controlling interests (+/-)			**13.817**	**12.432**
+	*190.*	*Equity attributable to non-controlling interests (+/-)*	*13.817*	*12.432*
Profit (loss) for the period			**124.741**	**141.086**
+	*200.*	*Profit (loss) for the period (+/-)*	*124.741*	*141.086*
Total liabilities and equity			**13.920.393**	**13.262.377**

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of Euro)			30.09.2023	30.09.2022
Net interest income			**409.506**	**392.504**
+	*30.*	*Net interest income*	*324.358*	*300.770*
+	*130.a (Partial)*	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*85.148*	*91.734*
Net commission income			**74.299**	**65.210**
+	*60.*	*Net commission income*	**74.299**	*65.210*
Other components of net banking income			**28.552**	**30.978**
+	*70.*	*Dividends and similar income*	*13.419*	*9.040*
+	*80.*	*Net profit (loss) from trading*	*(3.065)*	*4.654*
+	*90.*	*Net result from hedging*	*(834)*	*-*
+	*100.a*	*Gains (losses) on sale/buyback of: a) financial assets measured at amortised cost*	*8.132*	*11.351*
+	*100.b*	*Gains (losses) on sale/buyback of: b) financial assets measured at fair value through other comprehensive income*	*1.344*	*(88)*
+	*100.c*	*Gains (losses) on sale/buyback of: c) financial liabilities*	*1.005*	*(6)*
+	*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*	*8.551*	*6.027*
Net banking income			**512.357**	**488.692**
Net credit risk losses/reversals			**(30.870)**	**(48.874)**
+	*130.a*	*Net credit risk losses/reversals related to: a) financial assets measured at amortised cost*	*52.128*	*42.712*
-	*130.a (partial)*	*Net impairments/reversals of impairments of the Npl Segment to the extent representative of business operations*	*(85.148)*	*(91.734)*
+	*130.b*	*Net credit risk losses/reversals related to: b) financial assets measured at fair value through other comprehensive income*	*(234)*	*(686)*
+	*200.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*2.384*	*834*
Net profit (loss) from financial activities			**481.487**	**439.818**
Administrative expenses			**(292.861)**	**(282.769)**
+	*190.a*	*a) personnel expenses*	*(120.466)*	*(111.244)*
+	*190.b*	*b) other administrative expenses*	*(172.395)*	*(171.525)*
Net impairment losses/reversals on property, plant and equipment and intangible assets			**(13.024)**	**(12.320)**
+	*210.*	*Net impairment losses/reversals on property, plant and equipment*	*(7.068)*	*(6.645)*
+	*220.*	*Net impairment losses/reversals on intangible assets*	*(5.956)*	*(5.675)*
Other operating income/expenses			**17.360**	**16.551**
+	*230.*	*Other operating income/expenses*	*17.360*	*16.551*

RECONCILIATION BETWEEN THE CONSOLIDATED INCOME STATEMENT AND THE RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in thousands of Euro)			30.09.2023	30.09.2022
Operating costs			**(288.525)**	**(278.538)**
+	*240.*	*Operating costs*	*(292.858)*	*(282.219)*
-	*200.*	*Net allocations to provisions for risks and charges*	*4.333*	*3.681*
Net allocations to provisions for risks and charges			**(6.717)**	**(4.515)**
+	*200.a*	*Net allocations to provisions for risks and charges: a) commitments and guarantees granted*	*(3.838)*	*(7.534)*
-	*200.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*(2.384)*	*(834)*
+	*200.b*	*Net allocations to provisions for risks and charges: b) other net allocations*	*(495)*	*3.853*
Value adjustments of goodwill			**-**	**(762)**
+	*270.*	*Value adjustments of goodwill*	*-*	*(762)*
Gains (Losses) on disposal of investments			**-**	**304**
+	*280.*	*Gains (Losses) on disposal of investments*	*-*	*304*
Pre-tax profit (loss) for the period from continuing operations			**186.245**	**156.307**
Income taxes for the period relating to continuing operations			**(60.120)**	**(50.190)**
+	*300.*	*Income taxes for the period relating to continuing operations*	*(60.120)*	*(50.190)*
Profit (loss) for the period			**126.125**	**106.117**
(Profit) loss for the period attributable to non-controlling interests			**(1.384)**	**(574)**
+	*340.*	*Profit (loss) for the period attributable to non-controlling interests*	*(1.384)*	*(574)*
Profit (loss) for the period attributable to the Parent company			**124.741**	**105.543**

Reconciliation between reclassified financial statements and the financial statements of Banca Ifis

RECONCILIATION BETWEEN ASSETS ITEMS AND RECLASSIFIED ASSETS ITEMS (in thousands of Euro)			30.09.2023	31.12.2022
Cash and cash equivalents			**1.278.418**	**440.114**
+	*10.*	*Cash and cash equivalents*	*1.278.418*	*440.114*
Financial assets held for trading			**1.178**	**1.770**
+	*20.a*	*Financial assets measured at fair value through profit or loss: a) financial assets held for trading*	*1.178*	*1.770*
Financial assets mandatorily measured at fair value through profit or loss			**186.150**	**187.594**
+	*20.c*	*Financial assets measured at fair value through profit or loss: c) other financial assets mandatorily measured at fair value*	*186.150*	*187.594*
Financial assets measured at fair value through other comprehensive income			**780.757**	**697.606**
+	*30.*	*Financial assets measured at fair value through other comprehensive income*	*780.757*	*697.606*
Receivables due from banks measured at amortised cost			**613.639**	**562.336**
+	*40.a*	*Financial assets measured at amortised cost: a) receivables due from banks*	*613.639*	*562.336*
Receivables due from customers measured at amortised cost			**8.654.956**	**8.755.082**
+	*40.b*	*Financial assets measured at amortised cost: b) receivables due from customers*	*8.654.956*	*8.755.082*
Hedging derivatives			**4.819**	**-**
+	*50.*	*Hedging derivatives*	*4.819*	*-*
Equity investments			**674.257**	**661.333**
+	*70*	*Equity investments*	*674.257*	*661.333*
Property, plant and equipment			**129.808**	**122.516**
+	*80.*	*Property, plant and equipment*	*129.808*	*122.516*
Intangible assets			**29.390**	**22.642**
+	*90.*	*Intangible assets*	*29.390*	*22.642*
of which: - goodwill			**-**	**-**
Tax assets			**246.350**	**296.853**
a) current			**23.824**	**46.951**
+	*100.a*	*Tax assets: a) current*	*23.824*	*46.951*
b) prepaid			**222.526**	**249.902**
+	*110.b*	*Tax assets: b) prepaid*	*222.526*	*249.902*
Other assets			**385.575**	**453.606**
+	*120.*	*Other assets*	*385.575*	*453.606*
Total assets			**12.985.297**	**12.201.451**

RECONCILIATION BETWEEN ASSETS AND LIABILITIES ITEMS AND RECLASSIFIED ASSETS AND LIABILITIES ITEMS (in thousands of Euro)			30.09.2023	31.12.2022
Payables due to banks			**3.269.562**	**3.485.345**
+	*10.a*	*Financial liabilities measured at amortised cost: a) payables due to banks*	*3.269.562*	*3.485.345*
Payables due to customers			**6.507.951**	**5.947.294**
+	*10.b*	*Financial liabilities measured at amortised cost: b) payables due from customers*	*6.507.951*	*5.947.294*
Debt securities issued			**1.451.894**	**1.109.027**
+	*10.c*	*Financial liabilities measured at amortised cost: c) securities issued*	*1.451.894*	*1.109.027*
Financial liabilities held for trading			**20.933**	**25.982**
+	*20.*	*Financial liabilities held for trading*	*20.933*	*25.982*
Tax liabilities			**37.127**	**36.009**
a) current			**7.051**	**5.735**
+	*60.a*	*Tax liabilities: a) current*	*7.051*	*5.735*
b) deferred			**30.076**	**30.274**
+	*60.b*	*Tax liabilities: b) deferred*	*30.076*	*30.274*
Other liabilities			**234.871**	**251.814**
+	*80.*	*Other liabilities*	*234.871*	*251.814*
Post-employment benefits			**5.061**	**5.427**
+	*90.*	*Post-employment benefits*	*5.061*	*5.427*
Provisions for risks and charges			**52.727**	**50.370**
+	*100.a*	*Provisions for risks and charges: a) commitments and guarantees granted*	*12.690*	*9.107*
+	*100.b*	*Provisions for risks and charges: b) pensions and similar obligations*	*175*	*-*
+	*100.c*	*Provisions for risks and charges: c) other provisions for risks and charges*	*39.862*	*41.263*
Valuation reserves			**(48.253)**	**(50.653)**
+	*110.*	*Valuation reserves*	*(48.253)*	*(50.653)*
Reserves			**1.203.210**	**1.197.999**
+	*140.*	*Reserves*	*1.203.210*	*1.197.999*
Interim dividends (-)			**-**	**(52.433)**
+	*145.*	*Interim dividends (-)*	*-*	*(52.433)*
Share premiums			**84.108**	**83.767**
+	*150.*	*Share premiums*	*84.108*	*83.767*
Share capital			**53.811**	**53.811**
+	*160.*	*Share capital*	*53.811*	*53.811*
Treasury shares (-)			**(21.817)**	**(22.104)**
+	*170.*	*Treasury shares (-)*	*(21.817)*	*(22.104)*
Profit (loss) for the period (+/-)			**134.112**	**79.796**
Total liabilities and equity			**12.985.297**	**12.201.451**

RECONCILIATION BETWEEN THE INDIVIDUAL INCOME STATEMENT AND THE RECLASSIFIED INCOME STATEMENT (in thousands of Euro)			30.09.2023	30.09.2022
Net interest income			**179.323**	**164.729**
+	*30.*	*Net interest income*	*179.323*	*164.729*
Net commission income			**66.732**	**58.417**
+	*60.*	*Net commission income*	*66.732*	*58.417*
Other components of net banking income			**111.276**	**44.070**
+	*70.*	*Dividends and similar income*	*102.419*	*49.040*
+	*80.*	*Net profit (loss) from trading*	*(4.128)*	*(16.995)*
+	*90.*	*Net result from hedging*	*(834)*	*-*
+	*100.a*	*Gains (losses) on sale/buyback of: a) financial assets measured at amortised cost*	*2.036*	*4.850*
+	*100.b*	*Gains (losses) on sale/buyback of: b) financial assets measured at fair value through other comprehensive income*	*1.344*	*(88)*
+	*100.c*	*Gains (losses) on sale/buyback of: c) financial liabilities*	*1.005*	*(6)*
+	*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*	*9.434*	*7.269*
Net banking income			**357.331**	**267.216**
Net credit risk losses/reversals			**(31.510)**	**(46.198)**
+	*130.a*	*Net credit risk losses/reversals related to: a) financial assets measured at amortised cost*	*(33.512)*	*(46.226)*
+	*130.b*	*Net credit risk losses/reversals related to: b) financial assets measured at fair value through other comprehensive income*	*(234)*	*(686)*
+	*170.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*2.236*	*714*
Net profit (loss) from financial activities			**325.821**	**221.018**
Administrative expenses			**(172.592)**	**(164.463)**
+	*160.a*	*a) personnel expenses*	*(90.178)*	*(83.603)*
+	*160.b*	*b) other administrative expenses*	*(82.414)*	*(80.860)*
Net impairment losses/reversals on property, plant and equipment and intangible assets			**(11.467)**	**(10.740)**
+	*180.*	*Net impairment losses/reversals on property, plant and equipment*	*(6.316)*	*(5.880)*
+	*190.*	*Net impairment losses/reversals on intangible assets*	*(5.151)*	*(4.860)*
Other operating income/expenses			**28.870**	**25.818**
+	*200.*	*Other operating income/expenses*	*28.870*	*25.818*
Operating costs			**(155.189)**	**(149.385)**
+	*210.*	*Operating costs*	*(159.347)*	*(151.649)*
-	*170.*	*Net allocations to provisions for risks and charges*	*4.158*	*2.264*
Net allocations to provisions for risks and charges			**(6.394)**	**(2.978)**
+	*170.a*	*Net allocations to provisions for risks and charges: a) commitments and guarantees granted*	*(3.771)*	*(7.349)*
-	*170.a (partial)*	*Net allocations for credit risk related to commitments and guarantees granted*	*(2.236)*	*(714)*
+	*170.b*	*Net allocations to provisions for risks and charges: b) other net allocations*	*(387)*	*5.085*

RECONCILIATION BETWEEN THE INDIVIDUAL INCOME STATEMENT AND THE RECLASSIFIED INCOME STATEMENT (in thousands of Euro)	30.09.2023	30.09.2022
Profit (loss) on equity investments	**(2.012)**	**(1.451)**
+ *220. Profit (loss) on equity investments*	*(2.012)*	*(1.451)*
Pre-tax profit (Loss) for the period from continuing operations	**162.226**	**67.204**
Income taxes for the period relating to continuing operations	**(28.114)**	**(2.902)**
+ *270. Income taxes for the period relating to continuing operations*	*(28.114)*	*(2.902)*
Profit for the period	**134.112**	**64.302**

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