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**DOES**

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DIGITAL, OPEN, EFFICIENT, SUSTAINABLE

**Business Plan 2022 - 2024**

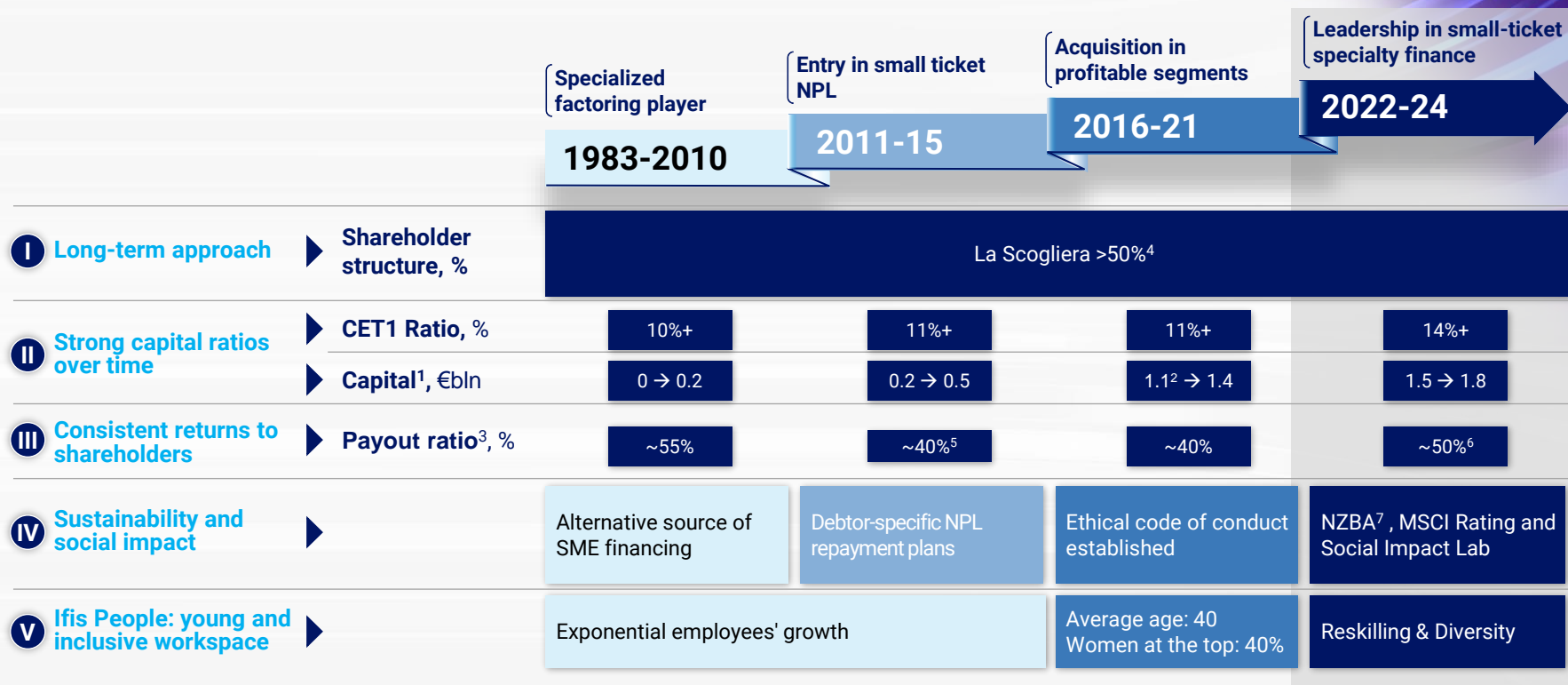
**#SmartBankSmartChoice**

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**Leadership in small-ticket specialty finance**

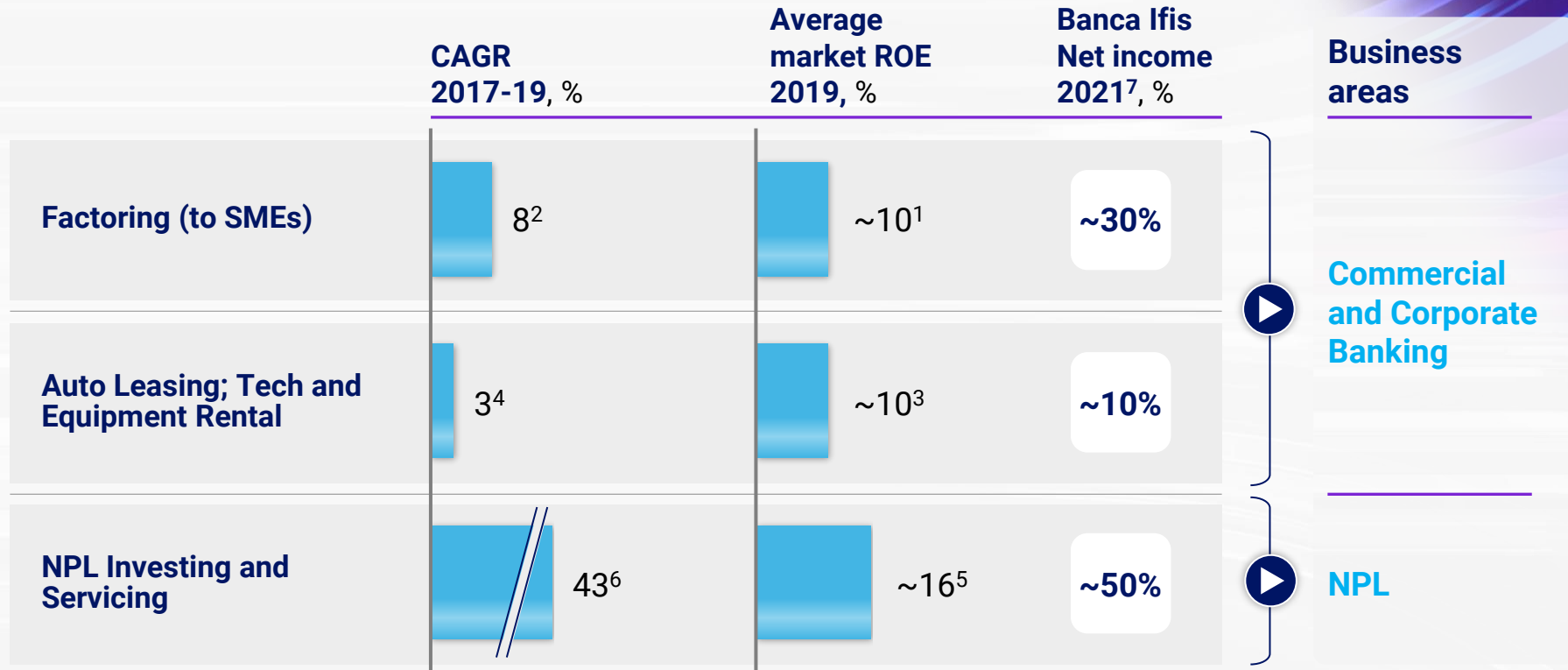
Milan – February 10, 2022

# Banca Ifis: a long-term track record of sustainable growth



1. Own funds; 2. Increase in the capital levels driven by the acquisition of the former GE Capital Interbanca Group on 30 November 2016, with a gain on bargain purchase of 623.6 €mln recognized in the income statement and as such included in the Group's post-transaction capital position at 31 December 2016; 3. Average payout ratio within the time period; 4. Decision 139 of 22/5/2020 from ECB, authorizing the transfer of 50.99% of La Scogliera S.p.A. (n. 1.130,682 shares) in ownership in favor of Ernesto Fürstenberg Fassio; 5. Excluding gain from the rebalancing of the government bond portfolio from the profit of 2015; 6. Subject to approval by Banca d'Italia and capital requirements; 7. Net-Zero Banking Alliance

# Present in profitable and growing market segments



1. Average of top 6 players by turnover in the Italian market (including Banca Ifis); Included Mediocredito Italiano with last available financial reports (2018); 2. Based on factoring turnover, source: Assifact; 3. Annual reports of 10+ among top players focused on auto leasing in the Italian market and top 8 players focused on tech and equipment rental in the Italian market; 4. Source: Assilea; 5. Source: annual reports of top 7 NPL servicers in Italy; 6. NPL cumulated disposals; 7. Does not include Governance & Services

# A challenger, but with 40 years of track record

## Commercial and Corporate Banking



- ▶ **Specialised player for SMEs**, with a broad range of credit products (factoring, lending, leasing, and rental)
- ▶ **Market leader in profitable businesses** (e.g., SME factoring, Tech Rental, Pharmacies)
- ▶ **"Light" commercial network** (without cash services) rooted in the most industrialized areas of the country
- ▶ Customer interaction based **on a high-performance service model** and a **reputation for efficiency**

~100k

active enterprise clients

~7 €bln

customer loans

75%

of credit portfolio with <1-year maturity

## NPL



- ▶ **Investor and servicer** specialized in **small ticket NPEs**, with a distinctive vertically integrated business model
- ▶ **Execution track record** with **originators, investors**, and other **servicers**, supported by pricing capabilities and proprietary debtors' database
- ▶ **Proven collection strategy** with distinctive skip tracing<sup>1</sup> capabilities and internal "legal factory" team

~2 mln

debtors' records

1.5 €bln

net book value

6.0

years for cash-to-cash 2x

Know-how in small tickets valuation and management

Short-term maturity of all asset classes

Proven capabilities in risk management and credit

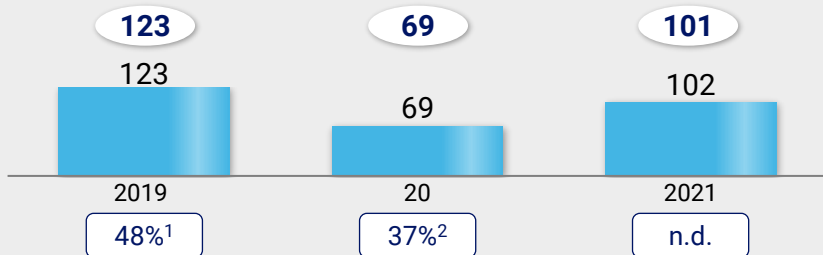
Flexible capital allocation

# A solid financial starting point

## Consistently profitable

### Net income, €mln

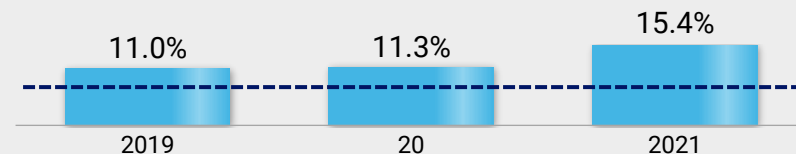
% Dividend payout, %  
 x Parent Company's Net Income



## Robust

### CET1 ratio<sup>5</sup>, %

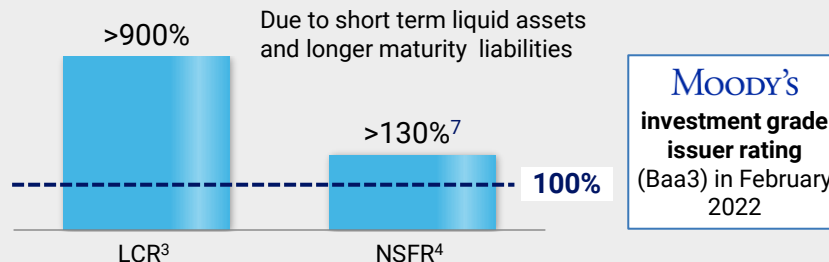
--- 8.12% SREP minimum regulatory requirement



## Strong liquidity position

### 2021 LCR e NSFR, %

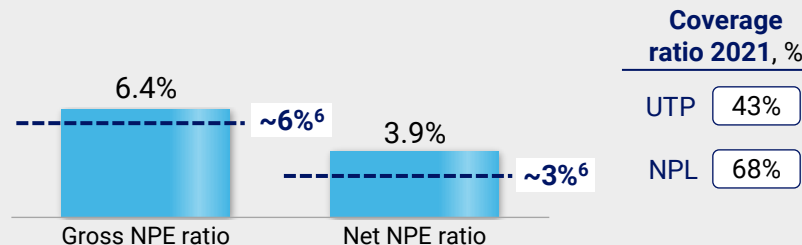
--- Regulatory requirement



## Credit quality in line with Italian market

### NPE ratio 2021, %

--- Market average



1. Dividends approved and not distributed which the Bank will continue to keep as a decrease in the Group's Net Equity and to account for under Other Liabilities at least until 30 September 2021, in accordance with the Bank of Italy Recommendation of 16 December 2020. Dividend paid on 26 May 2021 with record date on 25 May 2021

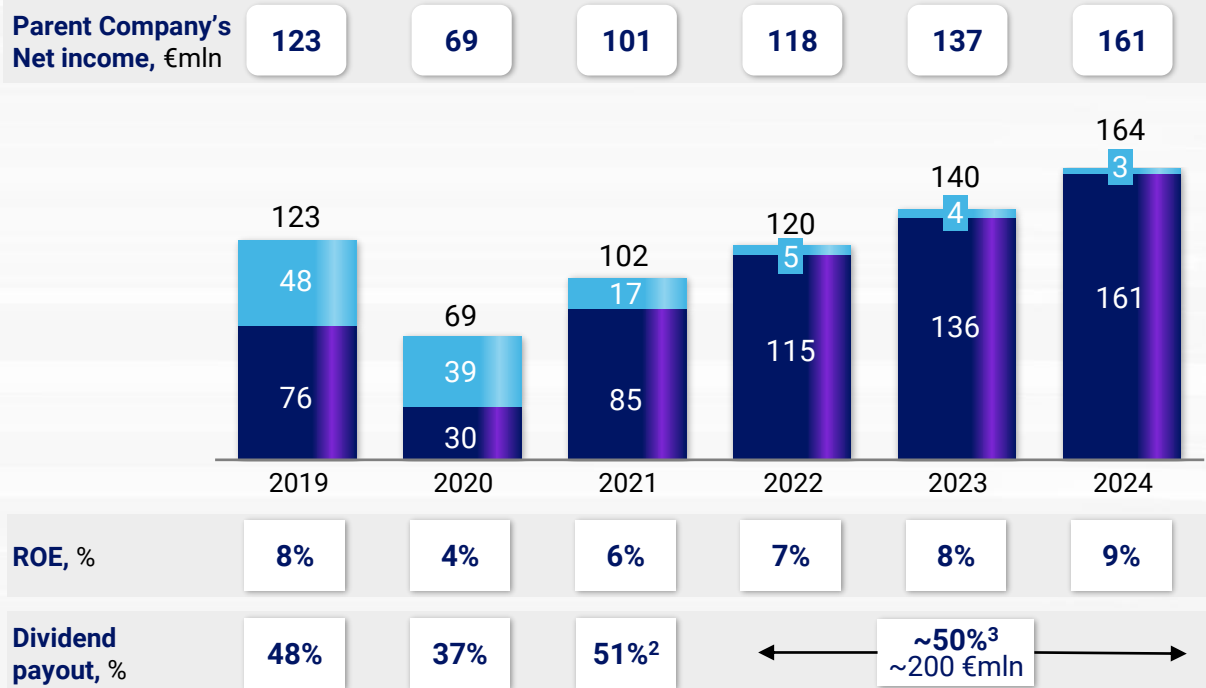
3. Liquidity Coverage Ratio  
 4. Net Stable Funding Ratio

5. Including holding delocalization  
 6. Source: top 10 Italian banks by asset as of YE2020  
 7. Best estimate at the present time

# Our 3 year plan: consistent “core net income” growth, driven by our capabilities, with a low risk profile

## Net income, €mIn

■ PPA<sup>1</sup> (net of taxes) ■ Core Net Profit




## Banca Ifis' risk profile:

- ▶ Structurally protected liquidity position (maturities)
- ▶ Marginal contribution of extraordinary revenues
- ▶ Diversification
- ▶ Fragmentation of exposures and prudent credit policies
- ▶ Progressive cost/income reduction through resource re-skilling

1. Purchase Price Allocation  
2. Subject to approval by the regulator  
3. Subject to achievement of target profits and approval by the regulator

# Leadership in small-ticket specialty finance: Ifis D.O.E.S.

Pillars	Why	Main initiatives
 <p><b>D</b>igital</p>	<p>Expand competitive advantage and enable growth through enhanced distribution</p>	<ul style="list-style-type: none"> <li>▶ Fully seamless omnichannel experience for SMEs, distinctive in the Italian market</li> <li>▶ Multichannel NPL debtor contact capabilities; robotics and analytics to streamline recovery strategies</li> </ul>
 <p><b>O</b>pen  <i>(Bank as-a-platform)</i></p>	<p>Capture opportunities with partners, at variable costs</p>	<ul style="list-style-type: none"> <li>▶ Partnerships for SME business with non-competing banks (i.e., asset gatherers) and nonbanking players to enhance distribution capacity and expand into adjacent markets</li> <li>▶ Forward flow agreements with NPE originators for sustainable value creation and co-investments via dedicated vehicles</li> </ul>
 <p><b>E</b>fficient</p>	<p>Self-finance growth and investments over the plan horizon</p>	<ul style="list-style-type: none"> <li>▶ End-to-end process simplification and automation</li> <li>▶ Rigorous management of suppliers and external partners and optimization of NPL recovery strategies</li> </ul>
 <p><b>S</b>ustainable</p>	<p>Deliver tangible impact to clients, employees, and the community</p>	<ul style="list-style-type: none"> <li>▶ Join Net-Zero Banking Alliance and support the SME clients' environmental transition</li> <li>▶ Establishment of a Social Impact Lab to foster diversity and inclusion</li> <li>▶ Practical customer assistance to NPL debtors (financial "re-inclusion")</li> <li>▶ Sustainability Committee and A rating grade from MSCI</li> </ul>

# Digital | Enable cost-efficient growth and streamline processes

## Strategic initiatives

### Omnichannel experience for SMEs



- 1 Web marketing** solutions based on customer profiling to improve number and quality of commercial leads
- 2 Omnichannel distribution** of the Group's product offer (including lending, factoring, CQS e CQP<sup>1</sup>, leasing and rental)
- 3 Enhanced commercial suite for partner distributors** to enable effective customer interaction and enable sales
- 4 Workflow digitalisation and automation** of low-value added manual tasks (end-to-end)
- 5 Unified digital multi-product credit workflow** to reduce time-to-yes (including auto decisioning) and improve governance of credit risk

### Multichannel contact strategy, and advanced analytics for NPL



- 6 Multichannel debtor contact strategy**, including SMS and instant messaging, for handling higher volumes at lower costs
- 7 Robotics and Artificial Intelligence (AI)** to speed up recovery processes (e.g., automation of payment verification on >70% of total payments, semantic recognition for document verification)
- 8 Single Control Tower** to improve collection strategies (e.g., advanced customer profiling; "best action"/"best match" lists)

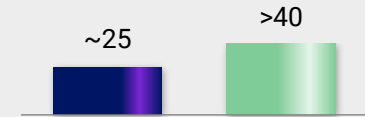
## Examples

*Client acquired by online marketing, onboarded remotely, is digitally given credit and is assisted by Ifis remote assistant in uploading invoices in a fully omnichannel experience*

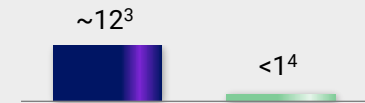
*Newly acquired NPL portfolio automatically analyzed at entry by the system and single files routed to optimal recovery strategy*

## Selected KPIs

### Online client acquisition<sup>2</sup>, %



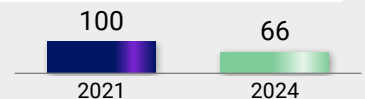
### Time-to-yes, # of days



### Contact frequency, index



### Time-to-onboard<sup>5</sup>, index



~76 €mIn investment in 3 years, with 60 dedicated IT FTEs

1. CQS / CQP – Cessione del Quinto dello Stipendio / Pensione

2. Factoring and Lending products

3. Lending, excluding suspension periods (e.g., failure to provide documentation) and nonstandard loans

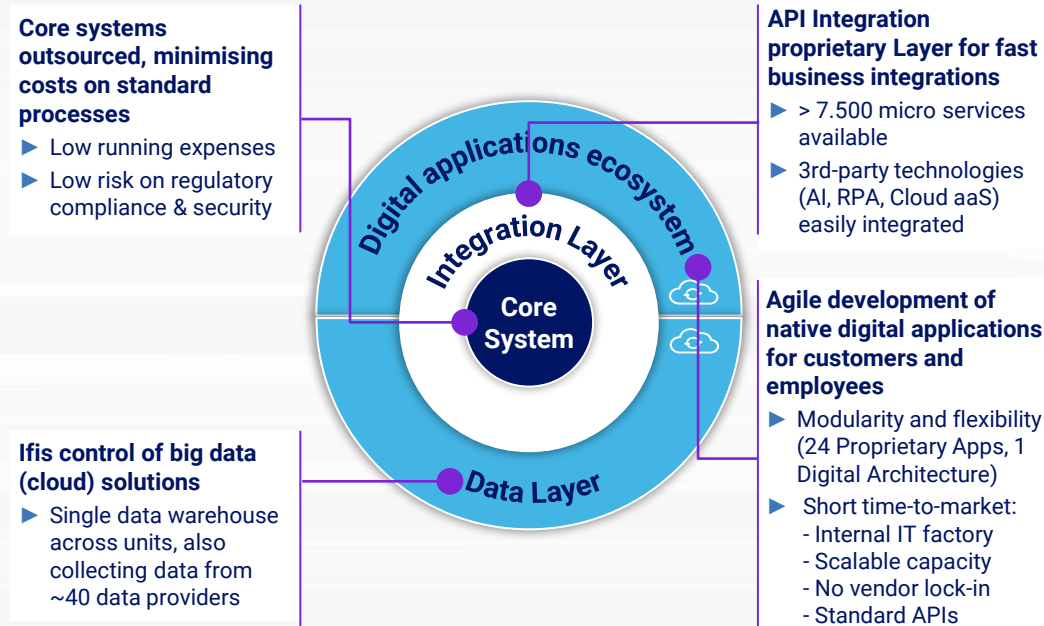
4. Varies by type and size of loan request, excluding document collection by clients

5. Only for positions with digital documentation available



# Digital | IT Architecture in place to support the transformation

## State-of-the-art proprietary IT digital architecture



## Innovations delivered in 2021

### Commercial & Corporate Banking

- ▶ **Advanced CRM** covering all main products implemented in <9 months
- ▶ **Online leads** integrated with CRM already generating ~25% of client acquisition
- ▶ **Omnichannel distribution** of guaranteed lending products (>2000 leads in 6 months)
- ▶ **Digital selling platform** for leasing & rental (delivered in 12 and 6 months each)
- ▶ **Digital workflow of multi-product credit in place for leasing and rental** (>90% of requests approved in <3 minutes)

### NPL

- ▶ **Advanced digital platform** for legal recovery (>100k legal actions/year; real estate workflows delivered in 6 months)
- ▶ **Artificial Intelligence** prioritizing positions to call center and agents (~15% of total positions)
- ▶ **Robotic** to optimize operations (~30% time saved on payments reconciliation)

### Governance

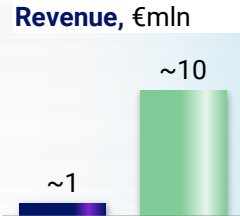
- ▶ **Fast M&A integration:** 13 operations in 5 years, Aigis integrated in 5 months

# Open | Bank-as-a-platform: driving growth with commercial and strategic partnerships

## Commercial & Corporate Banking: boost distribution with plug and play

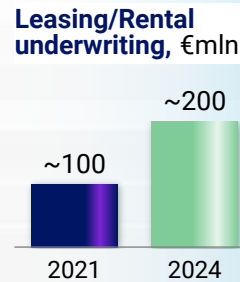
### Banking partners

Agreements for the distribution of Banca Ifis' specialized credit and products to partners' clients (e.g., Banca Generali)



### Industrial Partners

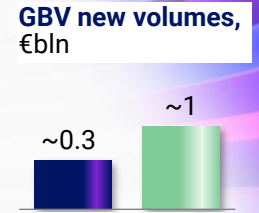
Broadening of existing agreements to new solutions/client segments (e.g., digital leasing, rental to individuals) and launch of new partnerships offering Banca Ifis' unique products (e.g., Canon, Xerox, Apple, MediaWorld, Tesla, Samsung Medical, Esaote, etc.)



## NPL: align interests and reduce complexity

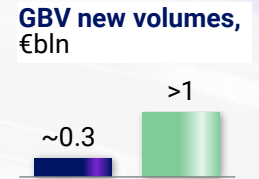
### NPE originators<sup>1</sup>

Expansion of forward flow agreements from cumulative ~€1bln in 2021 up to ~€2bln in 2024, to improve stability and reduce complexity



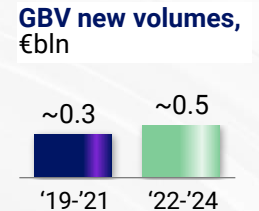
### NPL investors

Growth of co-investments to align interests of different players (e.g., NPE originators, specialist servicers, banks)



### Specialized servicers

Further leveraging 3rd-party servicing on «non-core» segment (e.g., large tickets, secured) to optimize recovery and contain fixed costs



# Open | Calendar provisioning impact mitigated by selective open architecture

## Mitigating levers

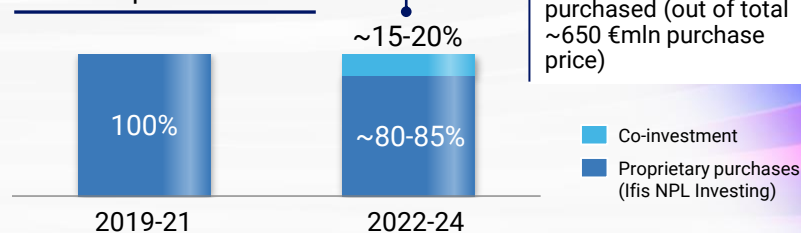
### Financial Structuring

- ▶ Co-investment via **special purpose vehicles** with originators, specialized funds, and other industry players
- ▶ **De-consolidation** of portfolios with **highest penetration of calendar provisioning**
- ▶ Banca Ifis acting as a **co-investor, master servicer, servicer**

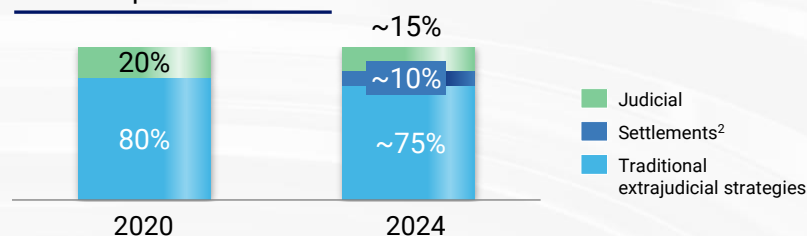
### Adapted collection approach

- ▶ **Reduction of recovery time frame** to anticipate capital requirements, via:
  - Settlements ("saldo e stralcio")
  - Reduction of onboarding time frame through digital and semantics<sup>1</sup>
  - More selective use of judicial recovery

### Investment model, % of new portfolios



### Servicing strategies, % of new portfolios

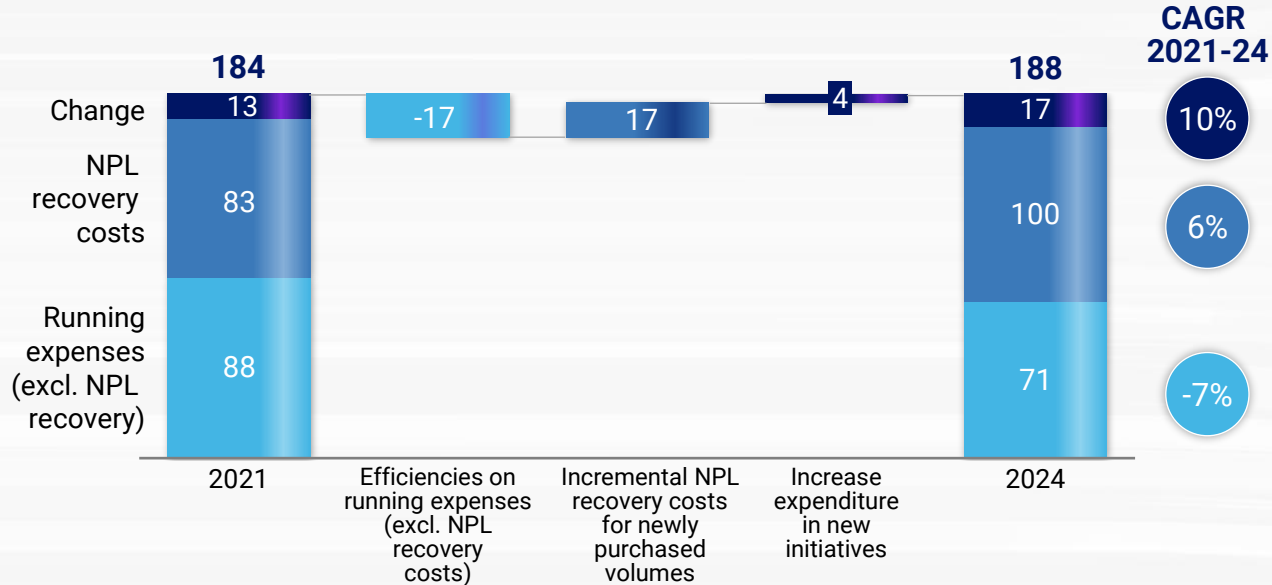


The combination of co-investments and faster recovery strategies almost offsets the impact of calendar provisioning on capital, with marginal impact on the Banks's profitability

1. Digital documentation must be available  
2. "Saldi e Stralci"

# Efficient | Tight cost management to self-finance transformation (1/2)

## Other administrative expenses<sup>1</sup> 2021 vs. 2024, €mln



Cost/Income Ratio (%)

~62%

~56%

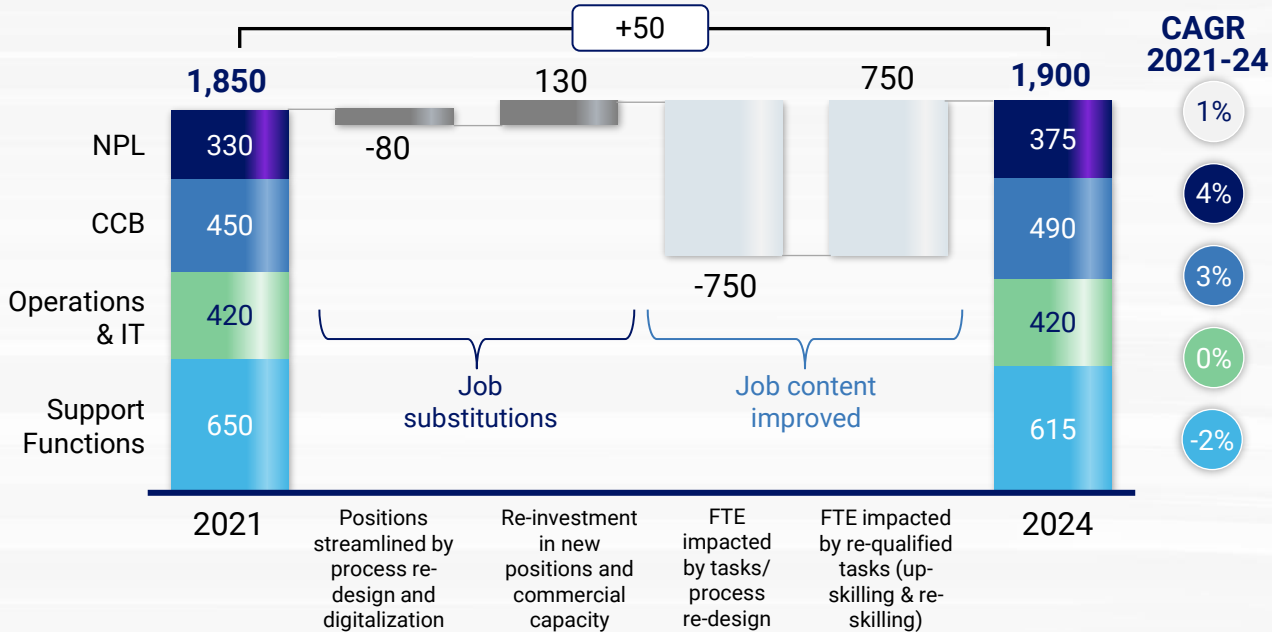
**ICT project commitment increased by +80%, from 42 €mln (2019-2021) to 76 €mln (2022-2024),**

### Key initiatives

- ▶ **Reduction in unit costs:**
  - Renegotiation of contracts with external vendors
  - Setup of new centralized procurement function to leverage scale
- ▶ **Cost synergies from integrations** (e.g. IT, real estate)
- ▶ **Efficiencies in NPL recovery costs** from low-cost channels and extrajudicial strategies
- ▶ **"Change" expenses** driven primarily by:
  - ICT development
  - C&CB growth initiatives

# Efficient | Tight cost management to self-finance transformation (2/2)

## Jobs 2021 vs. 2024, FTEs



HR costs (€mln)	142
Net Revenues/Employee (€k)	325

159
360

## Key initiatives

- ▶ **Processes digitalization:**
  - Credit management
  - Advance payments handling
- ▶ **Re-design of sales, servicing and operations processes**
- ▶ **Recourse to robotics for less added value activities (e.g.: receipts reconciliation, semantic reading of contracts)**
- ▶ **Re-skilling and Up-skilling of 750 resources in IT, operations and commercial support functions, in order to better support business development**

# Sustainable | Deliver tangible impact to clients, employees, and the community

## Environmental



### ▶ Net-Zero Banking Alliance<sup>1</sup>

State and deliver on carbon objectives, as the **first Italian bank** to join the Net-Zero Banking Alliance (achieve net-zero emissions on own loans portfolio by 2050, by setting intermediate targets on priority sectors<sup>2</sup> by 2030)

### ▶ SME clients' environmental transition

Support SME clients' environmental transition via subsidized loans, advisory, and scoring service (even with other partners)

## Social



### ▶ Social impact lab

Manage projects to foster diversity and social inclusion in a dedicated Social Impact Lab focused on Culture, Community, and Health

### ▶ Debtors' financial recovery

Set the market benchmark in supporting the financial recovery of debtors: ethical collection model, access to credit, support to fragile families

### ▶ Ifis People

Invest in the growth and development of a young and dynamic workforce with training inclusion programs; smart working and flexible work hours

## Governance



### ▶ ESG governance

Further strengthen inclusion and diversity (nationality/heritage as well as gender) and empower the Sustainability Committee through chairmanship of VP Ernesto Fürstenberg Fassio

### ▶ ESG rating

Obtained A rating grade from MSCI. Management committed to improve the rating level already obtained in the course of the plan



1. Industry-led, UN-convened Net-Zero Banking Alliance brings together banks from ~30 countries representing almost a quarter of global banking assets (over 38.6 US\$trillion), which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050

2. Includes power and utilities, waste, mining, building, agriculture, and transport

# Sustainable | Leveraging a young and versatile community of Ifis people

## Average age 40, of which 35% under 35

Young and motivated employees, including management (average age of top management is 49), with 35% of the Bank's employees under the age of 35, allowing greater flexibility to ever-changing market needs



150 new hires of young people or freshly graduated students (in 2022-2024)



## Highly specialised resources

Inclusive leadership model and an Academy capable of preparing "ready to race" colleagues



Strong investments in talents and knowledge through specific training, upskilling and reskilling paths

## Experienced management with diverse background

Top management with diverse backgrounds: 40% banking, 40% consulting, 20% internal promotion. 40% of women in top management, 54% total female presence



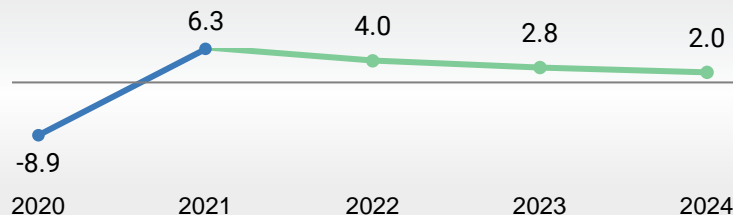
Diversity program and unique proposition in the industry in terms of smart working and flexible work hours

# Prudent macro-economic and market assumptions

## Business Plan Assumptions

### GDP (var %)

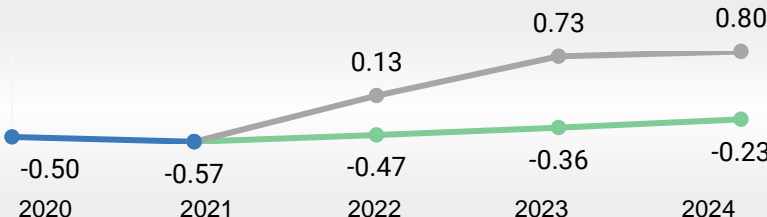
— Gross Domestic Product (Expected)  
— Gross Domestic Product



Source: "Prometeia - Rapporto di previsione" | December 2021

### Interest rates (Euribor 3M)

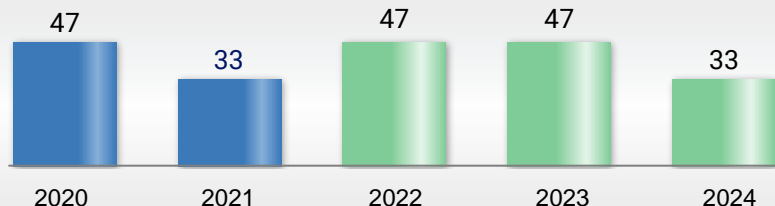
— Actual EUR3M  
— EUR3M BP Baseline  
— Forwards in EUR3M February 8<sup>th</sup>, 2022



Source: Bloomberg

### NPE disposals (€bln)

— Effective  
— Expected



Source: Banca Ifis Research Office estimates | January 2022

## Comments

▶ **Rebound and recover to pre-crisis levels in the second quarter of 2022**

▶ **Upward trend in 3M Euribor market expectation, but prudently kept <0% throughout plan**

▶ **Expected levels of disposals in line with recent years:**

- ~11 €bln of UTP and ~36 €bln of bad loans sold in 2022 and 2023
- ~5 €bln of UTP and ~28 €bln of bad loans sold in 2024



# Sound financial performance throughout the period

€mln	2021	2024	CAGR 2021-24 % Δ 2021-24 p.p./bps
<b>Net revenues<sup>1</sup></b>	<b>603</b>	<b>689</b>	<b>5%</b>
Loan loss provisions (LLP)	-77	-62	-7%
Operating costs	-348	-372	2%
Other costs <sup>2</sup>	-28	-12	-24%
<b>Pre-tax profit</b>	<b>150</b>	<b>243</b>	<b>17%</b>
<b>Net income</b>	<b>102</b>	<b>164</b>	<b>17%</b>
<b>Parent Company's Net income</b>	<b>101</b>	<b>161</b>	<b>17%</b>
Customer loans (inc. NPL)	10.3 €bln	12.1 €bln	5%
Cost/income, %	62%	56%	~ -6 p.p.
Cost of credit <sup>3</sup> , bps	64	56	-8 bps
Gross NPE ratio <sup>3</sup> , %	6.4%	5.7%	~ -0.7 p.p.
<b>Cost of funding, bps</b>	<b>84</b>	<b>102</b>	<b>7%</b>
<b>CET1<sup>4</sup> ratio, %</b>	<b>~15.4%</b>	<b>~15.1%</b>	<b>~ -0.3 p.p.</b>
ROE, %	~6%	~9%	~ 3 p.p.

1. Including: dividends, results from trading and hedging, profits / losses from sales
2. Including: FITD-Fondo di risoluzione, Extraordinary Items, Bargain, provisions
3. Excluding Ifis NPL investing and Ifis NPL servicing
4. Considers the transfer of LS in CH

## Considerations

**2021** | COVID-19 still affecting C&CB and NPL in Q1, back to pre-COVID-19 performances from Q2

**2024** | Full potential executed (e.g., strategic partnerships, new products launch, efficiency initiatives)

# Balanced contribution of both Commercial & Corporate Banking and NPL business

€mln	Commercial & Corporate Banking			NPL			G&S e Non-Core	
	2021	2024	CAGR% Δ p.p.	2021	2024	CAGR% Δ p.p.	2021	2024
<b>Net revenues<sup>1</sup></b>	<b>284</b>	<b>353</b>	<b>+7%</b>	<b>258</b>	<b>313</b>	<b>+7%</b>	<b>61</b>	<b>24</b>
Loan loss provisions (LLP)	-45	-59	+9%	~ -18 <sup>5</sup>	-	n.s.	-14	-3
Operating costs	-154	-169	+3%	- 166	-174	+1%	-28	-29
Other costs <sup>2</sup>	-5	-1	n.s.	-	-	n.s.	-22	-11
<b>Pre-tax profit</b>	<b>79</b>	<b>123</b>	<b>+16%</b>	<b>73</b>	<b>139</b>	<b>+24%</b>	<b>-3</b>	<b>-20</b>
<b>Net income</b>	<b>54</b>	<b>83</b>	<b>+15%</b>	<b>50</b>	<b>94</b>	<b>+23%</b>	<b>-2</b>	<b>-13</b>
Contribution to Group Net Income, %	53%	51%	-2% p.p.	49%	57%	+8% p.p.	-2%	-8%
Customer loans/Net NPLs <sup>3</sup>	6.6 €bln	8.3 €bln	+8%	1.5 €bln	1.7 €bln	+3%	2.2 €bln	2.1 €bln
Cost-income, %	56%	48%	-8% p.p.	64%	55%	-9% p.p.	n.s.	n.s.
ROAC <sup>4</sup> , %	~9%	~10%	+1% p.p.	~18%	~40%	+22% p.p.	n.s	n.s

1. Including: dividends, results from trading and hedging, profits / losses from sales

2. Including: FITD-Resolution Fund, Extraordinary Items, Bargain, provisions

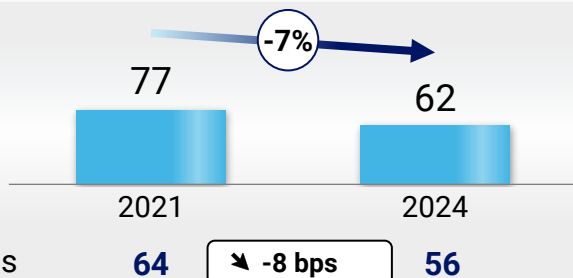
3. Reported as Net Book Value for NPL business

4. Return On Allocated Capital at 12% CET1 ratio

5. One-off effect

# Combined cost of credit reduction and NPE ratio improvement

Net adjustments and provisions, €mln

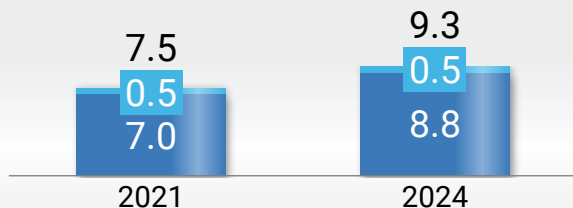


Cost of credit<sup>2</sup>, bps

64 ↘ -8 bps 56

Gross exposures, book value €bln

■ Non-Performing  
■ Bonis



Gross NPE ratio, %

6.4% ↘ -70 bps 5.7%

Net NPE ratio, %

3.9% ↘ -110 bps 2.8%

Coverage ratio UTP, %

43% ↗ +4 p.p. 47%

Coverage ratio NPL, %

68% ↗ +6 p.p. 74%

## Potential COVID19 impact already fully accounted for

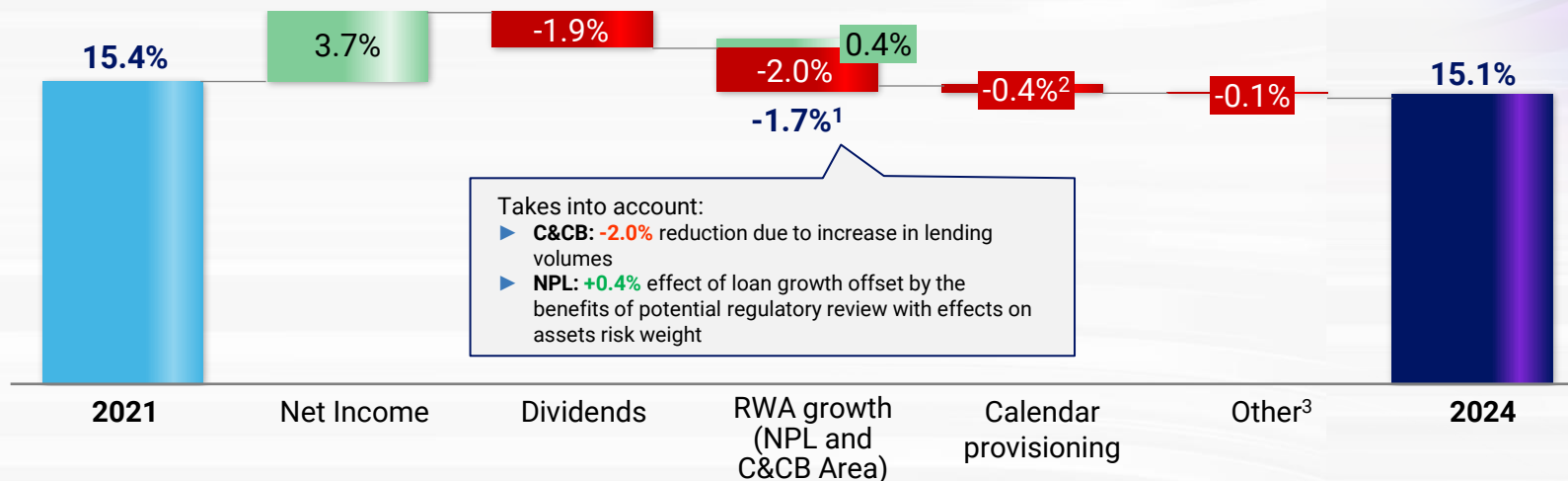
- ▶ ~43 €mln additional LLPs in 2020-21 (sectoral / concentration risk)
- ▶ Expected +0.8% gross NPE ratio in 2022 (7.2%), gradually improving in 2023-24

## Risk management initiatives already executed

- ▶ Strengthening of organizational structures (CLO and "Credit Committee")
- ▶ Revision of Credit Policies with introduction of limits by counterparty type (SME Retail – SME Corporate – Corporate)
- ▶ Review of Technical Forms/Risk Classes in line with the Group's clients and products characteristics
- ▶ Review of the Delegated Authorities System with reduction of autonomy on higher risk classes to 1/3 of previous level
- ▶ Reduction of concentration risk consistent with "small ticket" positioning (single name risk from 1.2% in 2018 to 0.8% in 2021)

# CET1 remains above 14% over the plan period, protecting the cost of funding and the sustainability of dividends

## CET1 ratio 2022-24, %



CET1 (€bln)	~1.5	~1.6
RWA (€bln)	~9.6	~10.7

Note: the figures shown take into account the positive outcome of the LS transfer to CH.

1. Credit risk only. Including both Commercial and Corporate Banking (-2.0%) and NPL business (+0.4%); the latter benefits from the change in the weighting from 132% in 2021 to 100% in the following years

2. 43 €mln of volumes subject to calendar provisioning, of which ~15 €mln Commercial and Corporate Banking (distressed factoring and leasing exposures), and ~27 €mln NPL (volumes subject to calendar provisioning purchased in 2021)

3. Includes: capital, share premium, reserves, proprietary shares, minorities, intangible assets including goodwill, DTAs, prudential filters, transitional arrangements, other credit RWA and operating RWA, market RWA and CVA

# Resilience in adverse scenarios (1/2)

Macro Scenarios	Negative	Base	Positive	Rationale
<b>Euribor3M<sup>1</sup></b>  <b>Parent Company's Net Income 2024, €mln</b>	<b>-0.57%</b> (2021 levels) <hr/> <b>~152</b>	<b>-0.23%</b> <hr/> <b>161</b>	<b>0.27%</b> (+50 bps) <hr/> <b>~177</b>	<ul style="list-style-type: none"> <li>▶ <b>Positive impact</b> from <b>interest rate increase</b> due to almost instant <b>repricing of factoring portfolio</b> (short-term)</li> <li>▶ Decreasing <b>interest rates</b> mitigated by existing floors on rates on medium/long-term credit (in particular leasing)</li> </ul>
<b>Credit quality, NPE ratio %</b>  <b>CET1 ratio 2024, %</b>	<b>6.3%</b> <hr/> <b>~14.9%</b>	<b>5.7%</b> <hr/> <b>~15.1%</b>	- <hr/> -	<ul style="list-style-type: none"> <li>▶ Sensitivity measured via <b>cost of credit impact</b></li> <li>▶ Assumption that <b>~80 €mln Stage 2 exposures</b> migrate to <b>UtP in 2022</b> and to <b>bad loans by 2024</b> (positions already closely monitored and with low probability of switching to NPLs)</li> </ul>
<b>Spread BTP-Bund, bps</b>  <b>CET1 ratio 2024, %</b>	<b>&gt;300 bps</b> (+200 bps) <hr/> <b>~14.5%</b>	<b>~110 bps</b> <hr/> <b>~15.1%</b>	- <hr/> -	<ul style="list-style-type: none"> <li>▶ <b>Increase in credit spread on proprietary portfolio</b> with negative impact on <b>securities reserves</b> (FVOCI<sup>1</sup>) and CET1 (~50 €mln reduction in CET1)</li> <li>▶ Rebalancing of the <b>proprietary portfolio mix</b> can be introduced to mitigate changes in the BTP-Bund spread (not simulated)</li> </ul>

1. Parallel shifting of the interest rate curve

# Resilience in adverse scenarios (2/2)

## NPL Market Scenarios

### Negative

### Base

### Positive

### Rationale

**Total purchases  
(cumulated 2022-24), €bln**

~6 (-25%)

~7.4 €bln

~9 (+25%)

**Parent Company's Net  
Income 2024, €mln**

~151

161

~171

- ▶ Changes in **portfolio purchased** have **limited impact** in the short term as volumes relative to existing stock
- ▶ **Cost management** (e.g., variable costs) as **mitigant** in case of downturns (not simulated)

**Purchases subject to  
calendar provisioning  
(cumulated 2022-24), €bln**

~2.5 (~40%)

~1 (~15%)

~0.5 (~5%)

**Parent Company's Net  
Income 2024, €mln**

~157

161

~167

- ▶ Impact of **calendar provisioning almost fully mitigated** by timely allocation of credits subject to calendar provisioning to special purpose vehicles (SPVs)
- ▶ Adoption of **fast recovery strategies** can further limit the impact

# Banca Ifis in 2024

## Digital

- ▶ **Complete product portfolio digitized** with >90% of new sales completed in < 3 days
- ▶ **>40% of new clients acquired** via **digital channels** (double vs. today)
- ▶ **+20% NPL volumes** managed via digitised centralised management

## Open

- ▶ **Bank-as-a-platform** partnerships with leading players for the distribution of Commercial & Corporate Banking products
- ▶ Associated with **blue-chip co-investors** in the **NPL** market

## Efficient

- ▶ **Same size organization** rebalanced towards commercial and business roles
- ▶ **Leaner cost structure** maximizing value from external vendors

## Sustainable

- ▶ Recognised for initiating the achievement of **net-zero emissions by 2050**
- ▶ **Top 5 bank** in Italy in **ESG ratings**

### Generating value for shareholders

**>160 €mIn**

| Net Income in 2024

**>400 €mIn**

| cumulated Net Income 2022-24

**>200 €mIn**

| cumulated Dividends 2022-24

**9%**

| ROE in 2024



**DOES**

DIGITAL, OPEN, EFFICIENT, SUSTAINABLE

**Business Plan 2022 - 2024**

**#SmartBankSmartChoice**

# Appendix

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# Appendix – Contents

## ▶ Evolution of Banca Ifis and resilience to external shocks

Commercial and Corporate Banking: market positioning and new initiatives

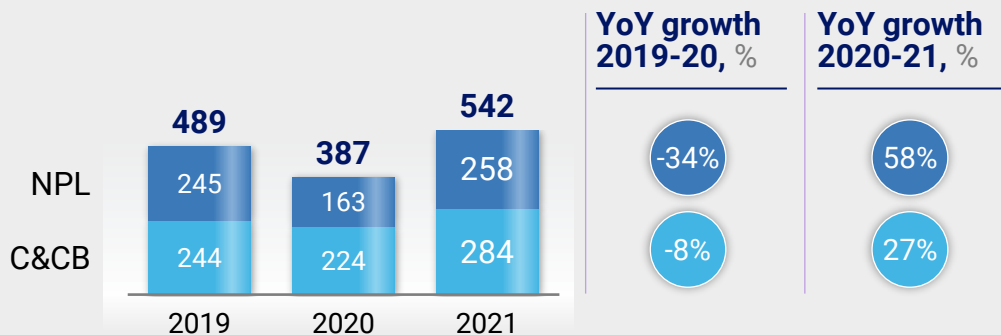
NPL: market positioning, initiatives and main assumptions

Efficiency: cost optimization initiatives

ESG: business plan main initiatives

# Value creation through diversification

**Stabilizing effects on revenue, €mln**



- ▶ **Revenue resilience** even during crises (2020 NPL results affected by closure of Courts)
- ▶ **Operating risks mitigated** through diversification

**Optimization of cost of funding, bps**

	2019	20	2021
<b>Funding volumes, €bln</b>	137	109	84
<b>o/w TLTRO, €bln</b>	8.4	9.9	10.8
<b>o/w Bonds, €bln</b>	0.8	2.0	2.0
<b>o/w Securitization, €bln</b>	1.1	1.1	1.1
<b>o/w Retail, €bln</b>	1.2	1.1	1.4
<b>o/w Retail, €bln</b>	5.3	5.3	5.7

- ▶ **Economies of scale** from higher volumes of funding
- ▶ **Economies from diversification of sources of funding** (bonds, TLTRO, notes, etc.)
- ▶ **TLTRO capacity** only partially used

# Balance sheet

€bn	2021	2024	CAGR %
Customer loans	10.3	12.1	5%
o/w Commercial & Corporate Banking	6.5	8.3	8%
o/w NPL business	1.5	1.7	3%
<b>Total Assets</b>	<b>13.0</b>	<b>16.0</b>	<b>7%</b>
Direct funding	7.7	8.3	2%
o/w customer deposits	5.7	6.6	5%
o/w TLTRO	2.0	1.7	-6%
Securitization	1.4	1.7	5%
Bonds	1.1	2.5	33%
o/w Senior	0.7	2.1	47%
o/w Tier 2	0.4	0.4	~0%
Other liabilities	1.1	2.6	32%
Equity	1.6	1.9	5%
<b>Total liabilities and equity</b>	<b>13.0</b>	<b>16.0</b>	<b>7%</b>

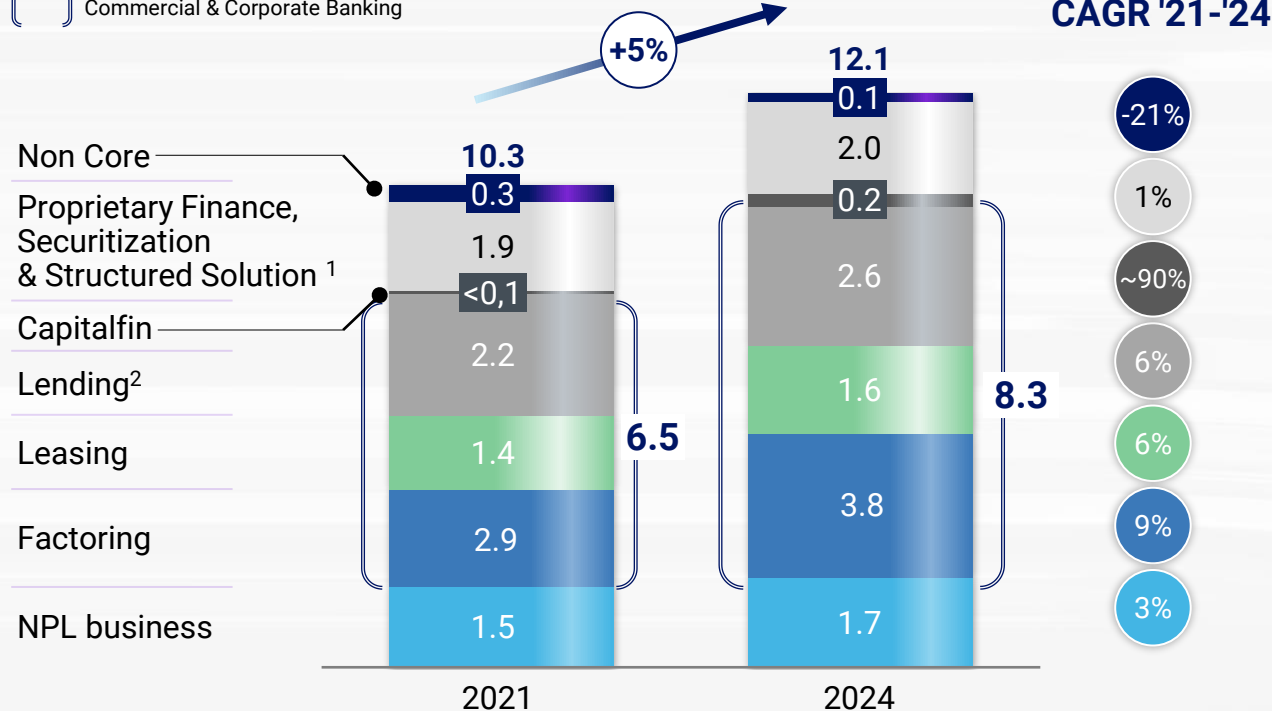
## Considerations

- ▶ **Dynamic growth in Corporate and Commercial Banking**, customer loans driven by multiple partnerships and significant room in market share
- ▶ **NPL stock** growth driven by new purchases at a constant pace
- ▶ Continuing **diversification of sources of funding** (especially towards public markets offering, liquidity of issuance to investors)

# Customer loans growing organically in all businesses

## Customer loans, €bln

( ) Commercial & Corporate Banking



## Highlights

### Commercial and Corporate Banking volumes driven by:

- ▶ Partnerships (+400 €mln, o/w ~200 €mln lending)
- ▶ Growth on highly profitable segments (e.g., +80 €mln Pharma, +70 €mln tax credits)
- ▶ Digital products launch (e.g., +20 €mln via digital lending)

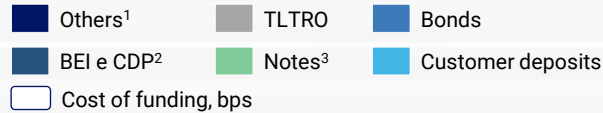
**Non Core** loan portfolio winding down; **boost to Capitalfin** portfolio through new set of commercial activities

1. Only including assets measured at Amortized Cost; assets measured at Fair Value not included.

2. Includes loans to SMEs 80% guaranteed by the State and Corporate Banking exposures; medium-/long-term lending to pharmacies (Credifarma + Farbanca);

# Ongoing diversification and optimization of funding

## Funding, €bn



CAGR 2021-24



2021  
84 bps

2024  
102 bps

Liquidity reserves <sup>4</sup>	~1 €bn	~1 €bn
LCR	>900%	>1,500%
NSFR	>130%	>120%
MREL availability	~25% <sup>5</sup>	~35% <sup>5</sup>

1. Payables due to banks, Repos on NPL securitizations

2. European Investment Bank, Cassa Depositi e Prestiti

3. Securitizations of Factoring (from 1.2 €bn in 2021 to 1.3 €bn in 2024) and Farbanca credits (from 370 €bn in 2021 to 400 €bn in 2024)

4. Including Unencumbered ECB eligible assets and cash reserves

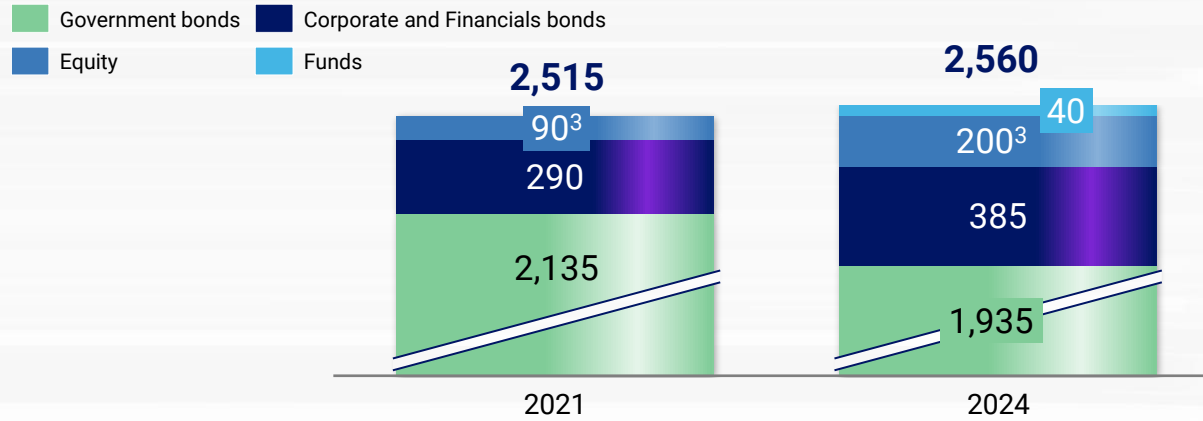
5. Regulatory requirements set at 10% of Total Risk Exposure Amount (TREA) for Banca Ifis

## Highlights

- ▶ Increase in cost of funding (+18 bps) due to **growing interest rates** (+30bps) and partially offset by funding strategy
- ▶ Renewal in 2024 and increase in amount of securitizations of **factoring** and **lending** credits (1.7 €bn in 2024) as means to refinance own assets
- ▶ Activation and development of new channels for **Rendimax** deposits, to reduce single-channel **dependance** and increase **long-term** component
- ▶ **Growth in bonds** improving liquidity
- ▶ Prudent use of **TLTRO** (0.9 €bn buffer)
- ▶ **MREL availability** significantly higher than regulatory requirements

# Proprietary finance

## Proprietary Finance portfolio, €mln



<b>RWA, €mln</b>	~580	~700
<b>Duration, years</b>	~2,5	~3,5
<b>Eligible Asset BCE, %</b>	~75%	~85%
<b>HTC<sup>1</sup>, %</b>	~76%	~60%
<b>HTCS<sup>2</sup>, %</b>	~24%	~37%

## Highlights

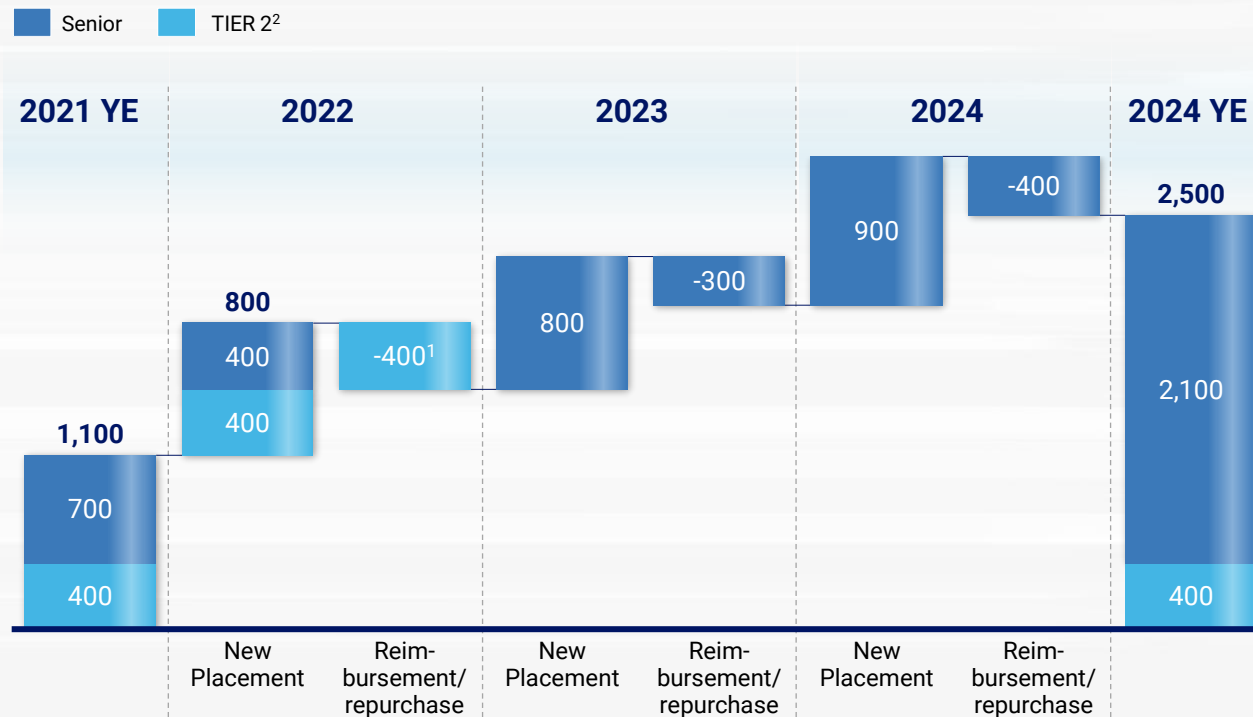
- ▶ **More than 90% of bond portfolio rated investment grade**
- ▶ **Limited equity investments** focused on both high-dividend yield and highly liquid stocks, with **optimisation and hedging strategies**
- ▶ **Maturity of ECB eligible portfolio aligned with TLTRO**
- ▶ **Strict management of cash reserves**
- ▶ **Potential increase in HTC&S share** respect to HTC share on a tactical basis if rates/credit spreads fairly higher

<sup>1</sup> Held-to-collect  
<sup>2</sup> Held-to-collect and sell

<sup>3</sup> Includes investments in "Equity" attributable to the Proprietary Finance Business Unit. In order to obtain the total amount of equity investments, the stock of shares held by the Equity Investment BU should be added to this value, whose value is approximately 55 €mln in 2021 and expected to be 170-175 €mln in 2024.

# New bond issues

## Bonds by tyre 2022-24, €mln



- ▶ Ifis as a frequent bond issuer with a potential of **€2.5bln new bond placements**
- ▶ Placements to be reviewed in the Business Plan period considering regulator's approval, funding requirements/volume growth, funding costs, and funding mix diversification
- ▶ **Rating Moody's** : Obtained investment grade rating (Baa3)
- ▶ **Equita SIM** as liquidity provider on the secondary debt market to guarantee liquidity for outstanding issues

1 Subject to Regulatory Approval for the exercise of the call option on current Tier 2 bonds already issued  
 2 Subject to regulator's approval

## Appendix – Contents

Evolution of Banca Ifis and resilience to external shocks

▶ **Commercial and Corporate Banking: market positioning and new initiatives**

NPL: market positioning, initiatives and main assumptions

Efficiency: cost optimization initiatives

ESG: business plan main initiatives













# C&CB products and segments

		Loans to customer in 4Q21, €bln	Highlights
<b>Factoring</b>	Factoring to SMEs	2.4	▶ Strong sector and borrower diversification; exposures to debtors (usually medium and large corporates) with high ratings
	Factoring to public administration	0.5	▶ Limited asset quality risk, uncertainties on payment time frame to be managed appropriately
<b>Lending</b>	Guaranteed lending	0.7	▶ Loans to SMEs 80% guaranteed by the State
	Lending to pharmacies	0.9	▶ Medium-/long-term lending to pharmacies (Credifarma and Farbanca)
<b>Leasing and rental</b>	Leasing to SMEs	1.4	▶ Strong sector and borrower diversification, with remarketing agreements. 1.2 €bln financial leasing and 0.2 €bln operating leasing
<b>Structured Finance</b>	Structured finance to SMEs	0.7	▶ Private Equity-sponsored lending to ~55 noncyclical corporations. Tactical investments in PE funds (60 €mln) and special situations (UTP) (35 €mln)
<b>Total customer loans of Commercial and Corporate Banking</b>		<b>6.5</b>	

# Factoring – league table

## Factoring market in Italy, 2020

	Turnover, €bln	Turnover mkt share, %	Revenue mkt share <sup>1</sup> , %
1	 53	23%	15%
2	 53	23%	n.d.
3	 28	12%	9%
4	 12	5%	3%
5	 11	5%	13%
6	 11	5%	3%
7	 9	4%	2%
8	 8	3%	5%
9	 5	2%	6%
10	 5	2%	2%
	Other 34	15%	n.d.
<b>Total market</b>	<b>228</b>		

### Banca Ifis' distinctive positioning

- ▶ Higher-than-average asset profitability (5.4% vs. 1.8% market average<sup>2</sup>)
- ▶ Higher cost of risk vs. peers (~100bps vs. ~20bps<sup>2</sup>) more than offset by margins
- ▶ Focus on **SME segment**, with solid presence in ~25% of companies that use factoring today
- ▶ **300 €k** average ticket












1. Estimate based on Revenue Pool of 1.12 €bln provided by OSSFIN on sample of ~20 players (accounting for 73% of market turnover)

2. Based on 2020 Financial Statements of top 7 players

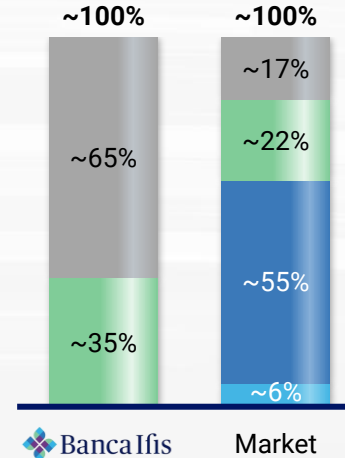
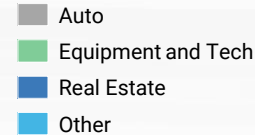
Source: Assifact, OSSFIN, 2020 Financial Statements

# Leasing – League table

## Leasing market in Italy, 2020

	Volumes, €mln	Market share, %
1	 BNP PARIBAS LEASING SOLUTIONS	2.359 10%
2	 SG Leasing	1.481 6%
3	 alba leasing	1.123 5%
4	 DL financial solutions partner	991 4%
5	 INTESA SANPAOLO	857 4%
6	 UniCredit factoring	802 4%
7	 CREDEM CREDEMLEASING	801 3%
8	 MPS LEASING & FACTORING	682 3%
9	 CRÉDIT AGRICOLE LEASING & FACTORING	676 3%
10	 Iccrea Banca Impresa	641 3%
11	 Banca Ifis	511 2%
	Other	11,966 52%
	<b>Total market</b>	<b>22,888</b>

### Outstanding volumes by segment, %


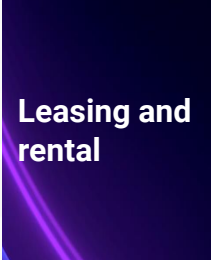
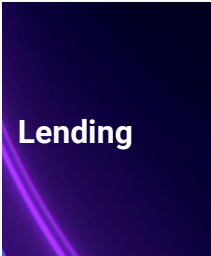


## Banca Ifis' distinctive positioning

- ▶ **Focus on SME and highly profitable product segments** (auto, tech), with higher-than-average profitability (3.5% vs. 1.9%) and lower cost of risk (~100bps vs. ~200bps)
  - ~40k active clients
  - ~40 €k average ticket for leasing, ~10 €k for rental
  - 3-4 years average contract duration
- ▶ **Largest non-captive player** in auto-leasing by volumes (>200 €mln)
- ▶ **Solid long-term partnerships** with industry leaders (Tesla and Apple)

# Growth opportunities in key business segments through PNRR

NON-EXHAUSTIVE

Area	Initiatives launched	Potential further developments	Key figures (2021-26)
 <p><b>Factoring</b></p>	<ul style="list-style-type: none"> <li>▶ Factoring guaranteed by the <b>Guarantee Fund</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Extension of digital management to noncertified credits</li> </ul>	<p><b>~75 €bln</b> PA invoices</p>
 <p><b>Leasing and rental</b></p>	<ul style="list-style-type: none"> <li>▶ <b>"Ifis Leasing Green"</b> programme on electric cars (partnership with Tesla)</li> <li>▶ <b>4.0 industrial equipment</b> (including advisory)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Extension of <b>"IFIS Leasing Green"</b> program to <b>photovoltaic panels, charging stations</b> (EnelX) and <b>hybrid vehicles</b> (Link&amp;Co)</li> <li>▶ <b>Diagnostic tools</b> for pharmacies/private clinics</li> <li>▶ High-tech <b>agricultural equipment</b></li> </ul>	<p><b>13 €bln</b> for sustainable mobility</p> <p><b>~5 €bln</b> for sustainable agriculture</p>
 <p><b>Lending</b></p>	<ul style="list-style-type: none"> <li>▶ Mortgages guaranteed by the <b>Guarantee Fund</b></li> <li>▶ Mortgages guaranteed by <b>SACE</b></li> <li>▶ Purchase of <b>tax credits</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Bundle offer of <b>advanced equipment leasing (4.0) + tax credit transfer</b></li> <li>▶ Purchase of tax credits to enable new origination</li> </ul>	<p><b>~35 €bln</b> for tax credit</p>

# Illustrative: digital customer journey for SME clients

ILLUSTRATIVE

## Origination

**Lead** generated via Ifis online marketing capabilities

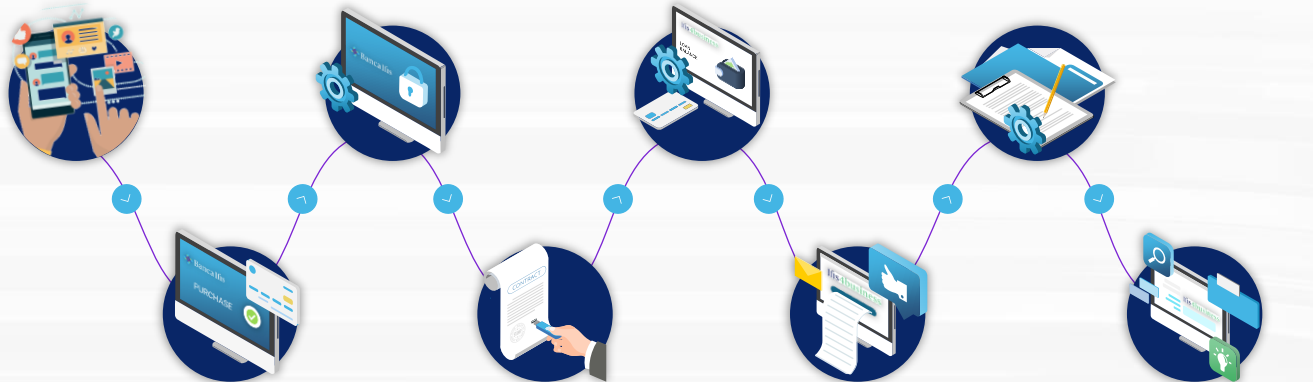
**Credit Portal** evaluates the application with Credit Specialist approval if necessary

## Marketing Intelligence and Automation

Based on risk profile, Ifis **AI-based algorithm** drives up-/cross-selling by pre-approving new factoring offers

## Portfolio management

Invoices and documents **automatically verified** by the system and factoring is approved



Client applies for credit through **Banca Ifis website** (differentiated onboarding funnel by product)

Client accepts via a **digital signature** and funds are disbursed

Client accepts the offer online and **uploads invoices** via ifis4business portal

Client logs onto **ifis4business** to monitor and manage credit and factoring products

## Key benefits :

- ▶ ~1 day time-to-yes
- ▶ **Invoice verifications time slashed by two thirds**
- ▶ **Pre-approved offers for clients**
- ▶ **Status:**
  - Omnichannel sales (lending): in place
  - Omnichannel sales (factoring) : by 2022
  - Ifis4Business: by 2022
  - Digital Onboarding and Credit Portal: completed by 2023

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▶ **NPL: market positioning, initiatives and main assumptions**

Efficiency: cost optimization initiatives
















ESG: business plan main initiatives

# Ranking of NPL players

## Top 10 Italian special servicers ranked by NPLs AuM @ 2021 EoY

Company	Shareholders	NPLs AuM, €bln	Average ticket, €k	Secured	Unsecured
<b>doValue</b>	Fortress / Bain Capital / other	80.2	146	33	67
<b>intrum</b>	INTRUM	41.0	59	46	54
<b>Cerved</b>	Public company	34.6	46	53	47
<b>Banca Ifis</b>	La Scogliera/public market	24.4	11	7	93
<b>PRELIOS</b> 	Davidson Kempner/public market	22.1	247	61	39
<b>amCO</b>	Italian Ministry of Economy and Finance	19.9	76	51	49
<b>GARDANT</b>  <small>CREDITO FONDIARIO</small>	Morgan Stanley/Elliot	18.6	85	62	38
<b>iQera</b>	iQera Group	12.8	13	50	50
<b>PHOENIX</b>  <small>ASSET MANAGEMENT</small>	AnaCap/Pimco	12.5	297	43	57
<b>HoistFinance</b>	Hoist	10.6	8	10	90

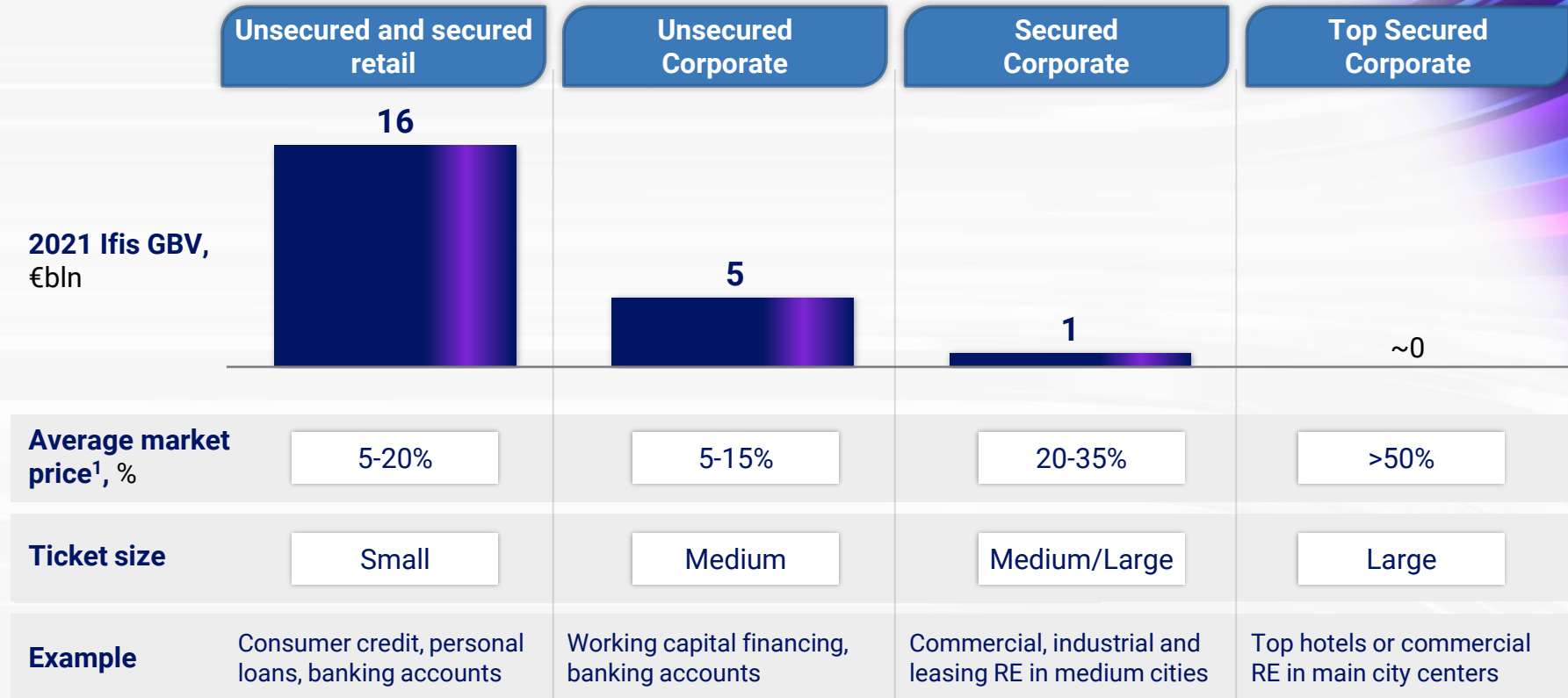
# Business models of market players

Type	Player	NPL Portfolio Breakdown		NPLs AuM, @ 2021 EoY, €bln	
		Proprietary NPL portfolio	NPL under servicing (banks, investors)		
Investor with internal servicer	 Banca Ifis	89%	11%	24.4	<ul style="list-style-type: none"> <li>▶ Banca Ifis acts as principal investor with one of the best proprietary servicers in the Italian market (Fitch rating<sup>1</sup>)</li> <li>▶ Competitive advantage due to the combination of purchasing and servicing skills</li> </ul>
	 Hoist Finance	37%	63%	10.6	
	 GARDANT	61%	39%	18.6	
	 amCO	45%	55%	19.9	
	 intrum	N/A		41.0	
Servicers	 doValue	100%		80.2	<ul style="list-style-type: none"> <li>▶ Economies of scale</li> <li>▶ Business models for servicing all NPL clusters or specializations in NPL niches</li> </ul>
	 Cerved	100%		34.6	
	 PRELIOS	100%		22.1 <sup>1</sup>	
	 iQera	100%		12.8	
	 PHOENIX	100%		12.5	
Opportunistic Investors without partnership	 DE Shaw & Co  The Blackstone Group <sup>®</sup>	 J.C. FLOWERS & CO.	 OAKTREE	 APOLLO	<ul style="list-style-type: none"> <li>▶ Opportunistic investors</li> </ul>

<sup>1</sup>, Asset-Backed Special ABS1-, Commercial Special CSS2+, Residential Special RSS2+, risk monitoring rating: category 1.  
 Source: AuM Banca Ifis internal estimate at 31/12/2021 based on company data, news and PWC last date available.



# Banca Ifis NPL specialization drives selectivity in investments

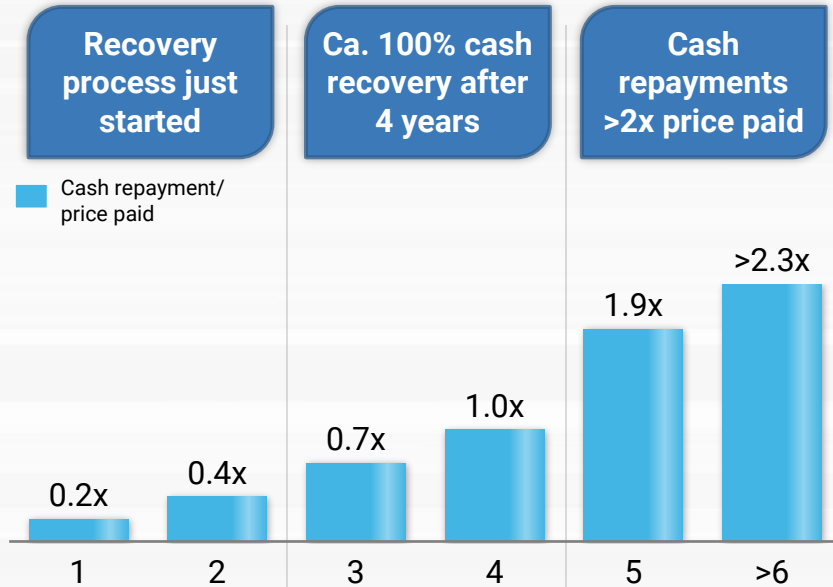


<sup>1</sup> Price paid/GBV

Source: Banca Ifis. Prices are purely indicative

# Proven experience in NPL recovery

## NPL collection on price paid by year of purchase<sup>1</sup>

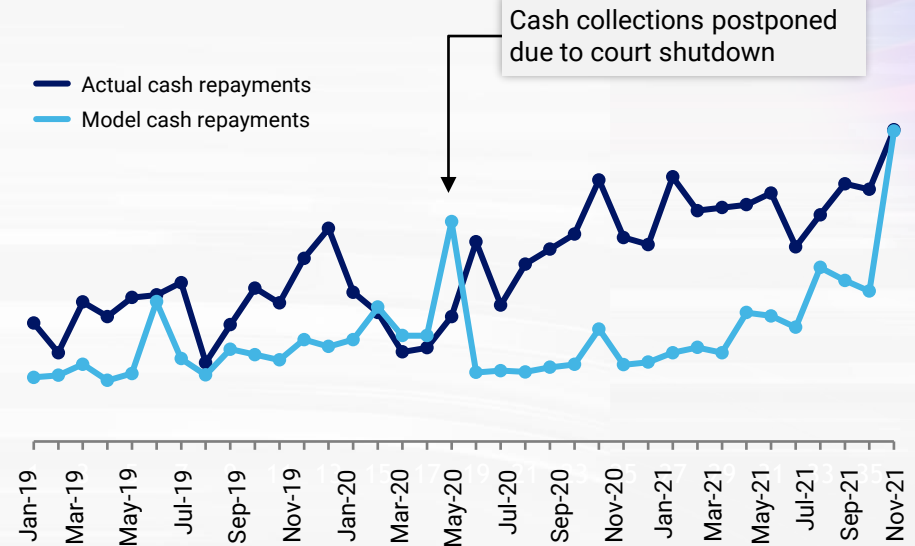


► Full cash recovery of price paid after ~4 years on average due to high penetration of judicial strategies

<sup>1</sup> Management data

## Actual cash repayments > expected cash repayments<sup>1</sup>

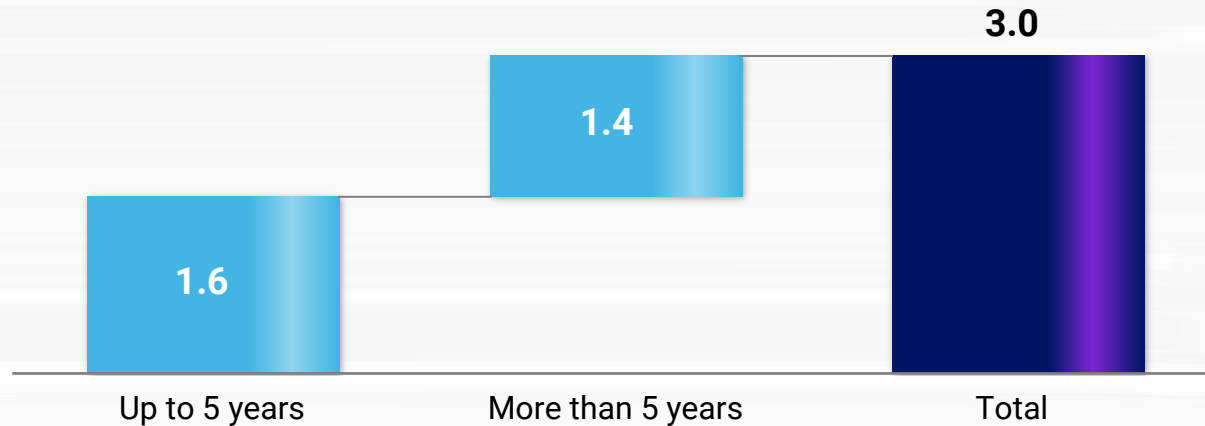
### Judicial + nonjudicial recovery, €mln



# Expected Recovery Collections (ERC)

## ERC breakdown of existing portfolio, €bln

Timing of expected collections



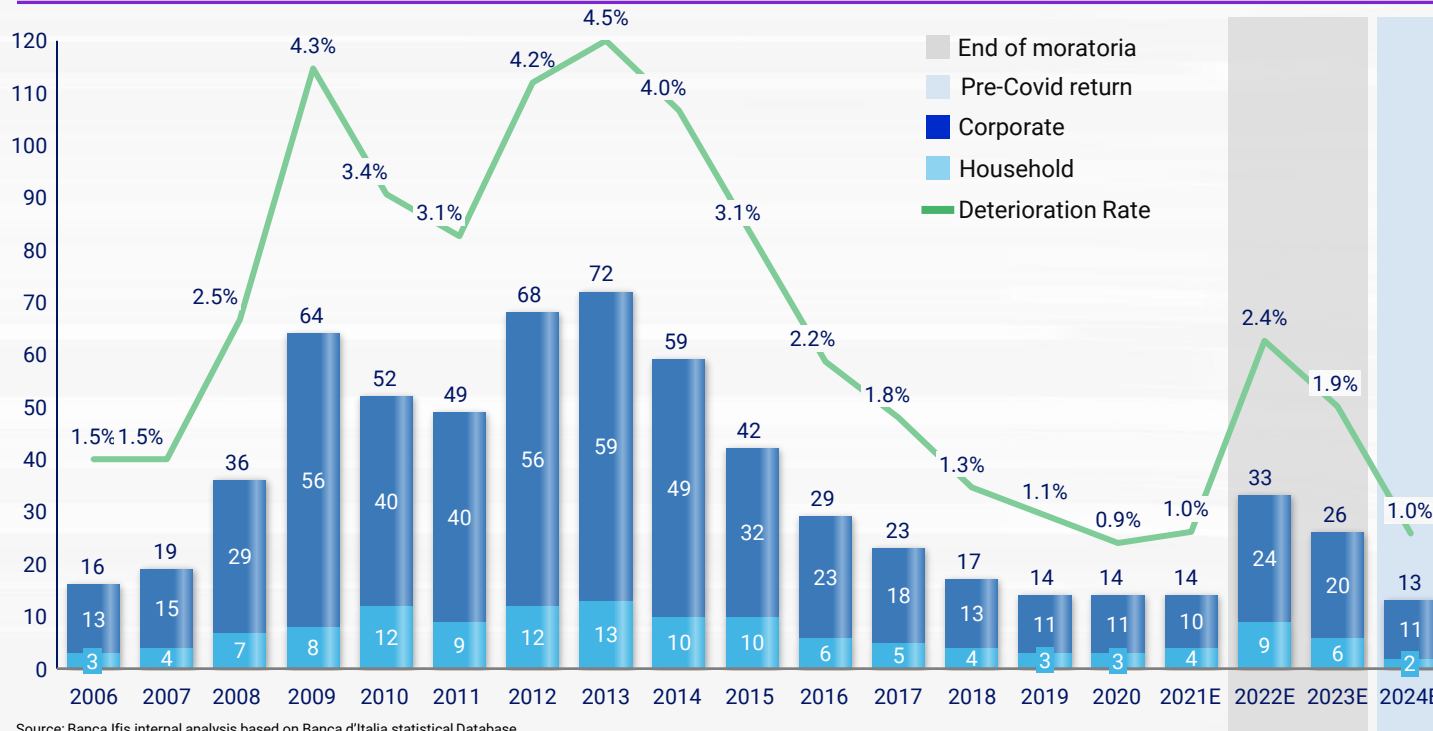
	<b>GBV</b>	<b>NBV</b>	<b>ERC</b>
Waiting for workout – At cost	3.4	0.1	0.3
Extrajudicial positions	10.9	0.4	0.8
Judicial positions	7.5	0.9	1.9
<b>Total</b>	<b>21.8</b>	<b>1.5</b>	<b>3.0</b>

### Assumptions

- ▶ ERC-based proprietary statistical models built using internal historical data series reflecting specific clusters of borrowers (e.g., type of borrower, location, age, amount due, employment status)
- ▶ ERC represents Banca Ifis' expectation in terms of gross cash recovery, includes proceeds from disposals
- ▶ Costs (internal and external) already expensed in P&L

# Newly NPE flows in bank balance sheets expected to grow in 2022

## Banks' NPE inflows from performing and deterioration rate by corporate and individual only residents, €bln, %



Source: Banca Ifis internal analysis based on Banca d'Italia statistical Database.

NOTES: Corporate includes non-financial companies and producer households; Individual includes consumer households, non-profit institutions, non-classifiable data and residual value.

BANKS' NPE INFLOWS: annual flow of new loans in default adjusted.

DETERIORATION RATE: annual flow of new loans in default adjusted / stock of loans not in default adjusted previous year.

### Ifis NPL Watch key findings:

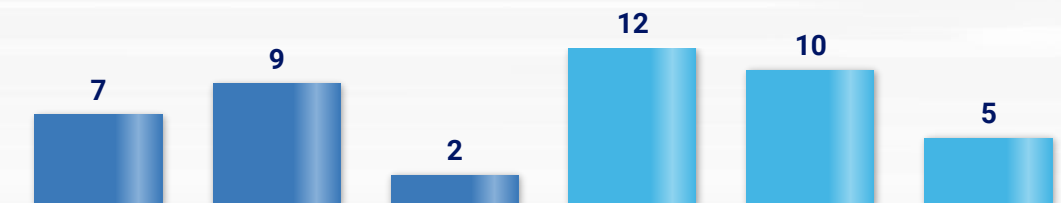
- ▶ In 2020-21, the deterioration rate remained unchanged thanks to public mitigation measures
- ▶ Years 2022-23 will see non-performing loans increase, but less than the peak of 4.5% in 2013
- ▶ In 2024 the rate will return to pre-Covid level

# NPL transactions expected to remain dynamic

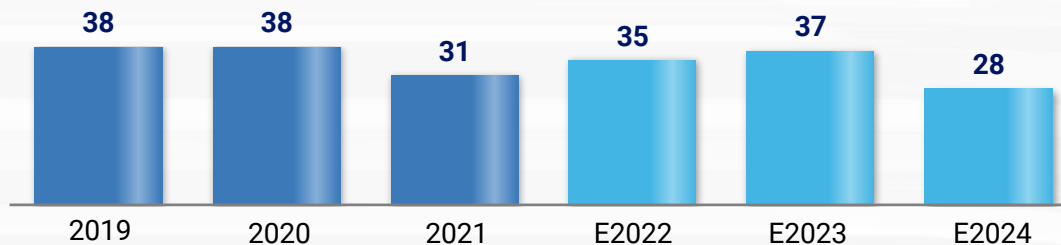
## NPL, UTP transactions, GBV €bln, %

■ Actual ■ Expected

### UTP



### NPL



### GACS, %

27%

37%

36%

N.d.

N.d.

N.d.

### Secondary Market, %

24%

23%

32%

33%

24%

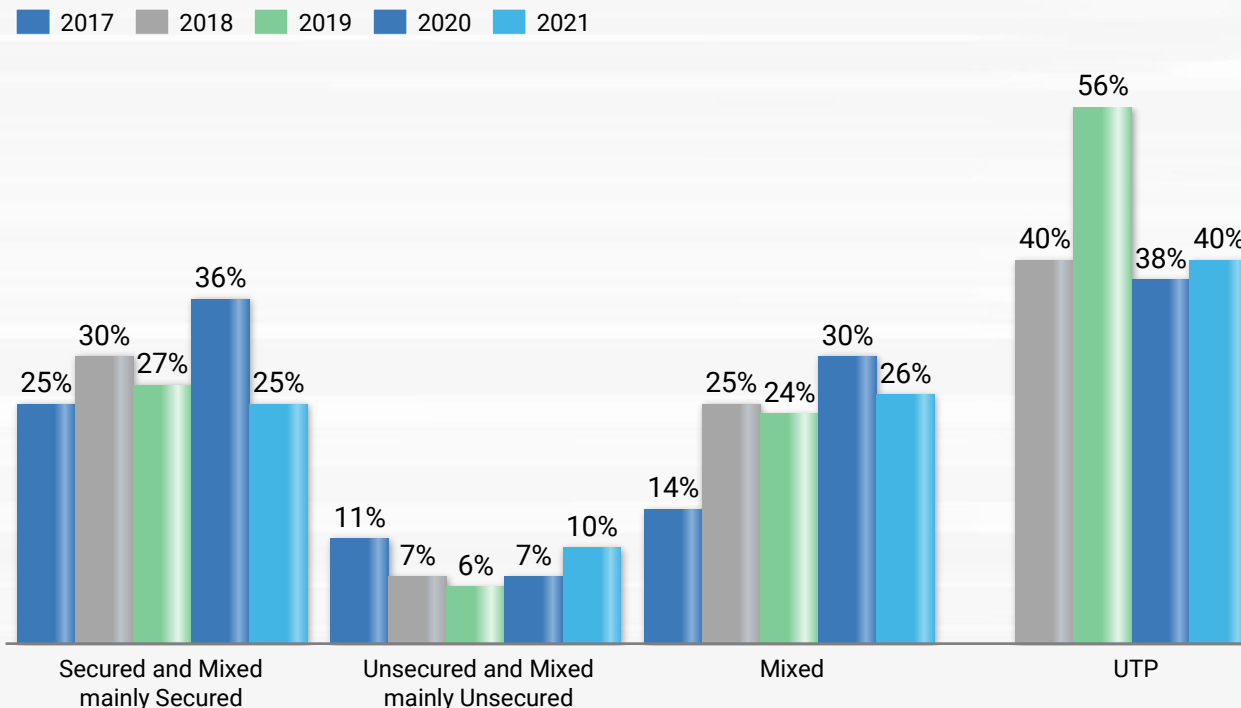
25%

## Ifis NPL Watch key findings:

- ▶ Secondary market expected to contribute significantly to the trends of the NPL market
- ▶ 2021 disposal of UTP portfolios lower than expected due to pipeline postponed
- ▶ NPL disposals in 2022-23 forecasted to be higher than 2021, due to an expected increase in bank impaired flows

# Unsecured prices increasing slightly in 2021

## Estimated average prices on NPL and UTP transactions, %



### Ifis NPL Watch key findings:

- ▶ **Secured:** price in 2020 influenced by the valuation of the MPS-Amco deal (€8bln, 60% NPL)
- ▶ **Unsecured:** moderately increasing due to the effect of "fresher" household loan portfolios (max 12 months)
- ▶ **Mixed:** stable, with an increase in 2020 linked to GACS (e.g., Intesa Sanpaolo's Yoda portfolio) and securitizations
- ▶ **UTP:** variability linked to specific transactions with limited number of deals

# Investments 2022-24: assumed a slight decrease in purchased volumes compared to previous years, also due to expected price rise

## Drivers

**Purchased Volumes**  
GBV, €bln

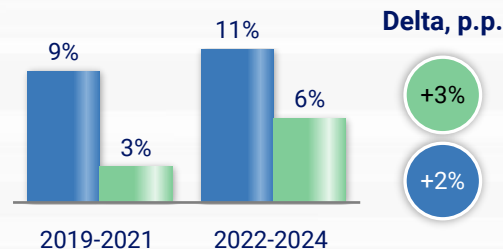
## Hypotheses

■ Primary ■ Secondary ■ Detailed in the following pages



- ▶ ~ 2.5 €bln volumes purchased yearly in the period 2022-24:
  - ~ 58% banking segment, ~42% consumer segment
  - ~ 50% secondary market
- ▶ **Secondary market purchases expected in line with 2019-2021 levels** over the Business Plan horizon (>3 €bln)
- ▶ **Stable market share with leadership position in the unsecured consumer segment**

**Purchase Prices, %**



- ▶ **Price levels expected to increase slightly from 2021**, primarily in consumer segment
- ▶ **Average purchase prices** over the 2022-24 period of:
  - ~ 14.5% for **consumer primary market** (vs. 13.9% in the three-year period 2019-2021)
  - ~ 9% for **banking primary market** (vs. 6.2% over the three-year period 2019-2021)
  - ~ 6% in the **secondary market** (vs. 3% in the three-year period 2019-2021)
- ▶ **Average purchase prices expected to increase** from 2019-2021 levels

**Strategies mix**

- ▶ **Proprietary portfolio:** 80% extrajudicial and 20% judicial (in line with current strategies mix)
- ▶ **SPVs<sup>2</sup>:** 80% extrajudicial, 15% judicial and 5% 24-months-settlements

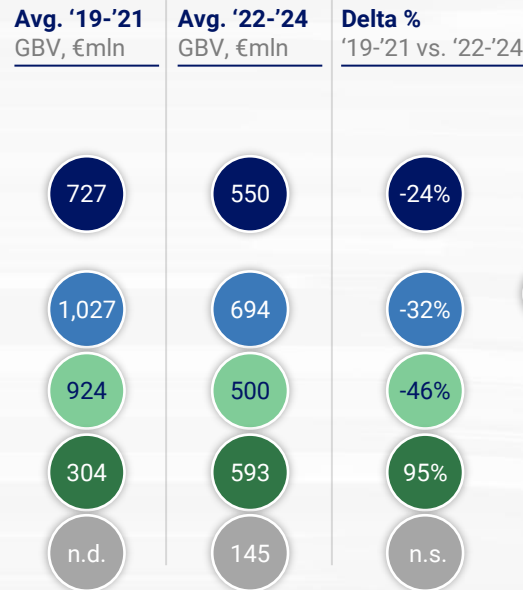
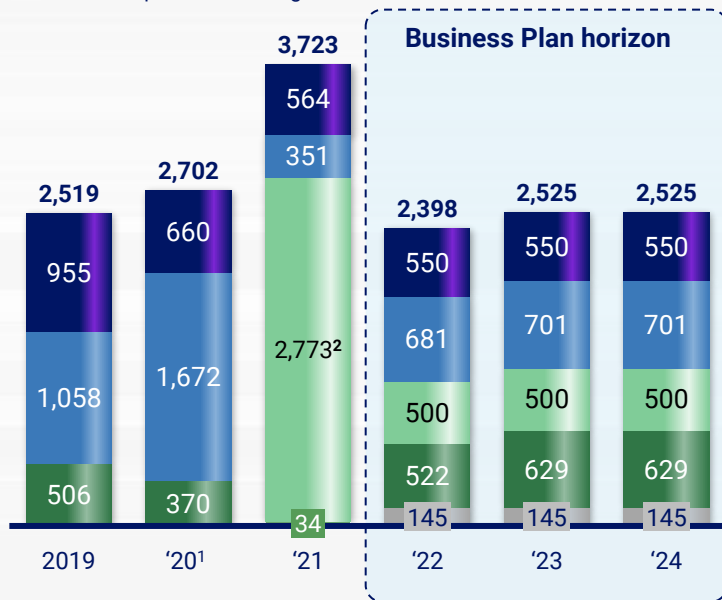
**Capital light**

- ▶ **100% of credits subject to calendar provisioning** allocated to **SPVs**, for a total of ~1 €bln<sup>3</sup> between 2022-2024
- ▶ **SPVs with monotranch securitization** accounted at **Fair Value**

1 Does not include acquisition of ex-FBS portfolio for ~1.3 €bln  
2. Special Purpose vehicles  
3 ~220 €mln in 2022, ~300 €mln in 2023, ~450 €mln in 2024

# Assumptions on purchased volumes include an increase on the secondary market, although not as pronounced as that of 2021

## Volumes purchased, GBV €mln



## Considerations

- ▶ ~ 2.5 €bln of volumes purchased each year in the period '22-'24, slightly lower than volumes purchased in the period 2019-2021
- ▶ Decrease in primary market volumes (-29% vs. '19-'21), in favour of the secondary market compared to '19-'20 period, in order to benefit from:
  - a more balanced portfolio mix in view of the completion of **major de-leverage actions** by banks in previous years
  - **Ifis' competitive recovery performances on the secondary market**
- ▶ Introduction of **new volumes of mixed-corporate banking credits** potentially managed also in outsourcing through partnerships

<sup>1</sup> Excluding acquisition of ex-FBS portfolio for ~€1.3 bn

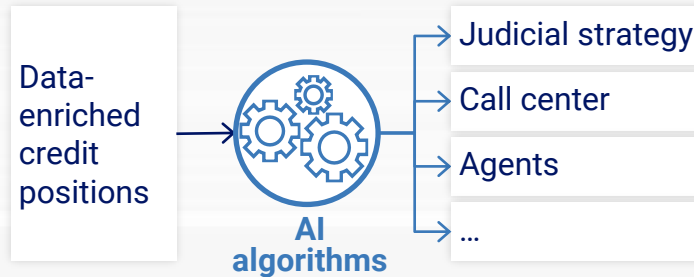
<sup>2</sup> Participation in "Adige" operation Amounts to be confirmed definitively (with possible effect from 2022)



# Advanced analytics and digital tools to drive best outcomes

## SELECTED EXAMPLES

### Routing adopting AI technology



### Digital tools for performance monitoring of legal factory



### Key elements



- ▶ Direct routing to **best-outcome strategy**
- ▶ **Prioritization of positions** by expected performance potential
- ▶ Operations kept at **full-capacity** in each channel

- ▶ Real-time **monitoring of positions' status** during judicial collection activity
- ▶ Near-time availability of each **position performance**
- ▶ Monitoring **legal partners' performance** and adjusting allocations based on expertise and proven track record by asset class

## Appendix – Contents

Evolution of Banca Ifis and resilience to external shocks

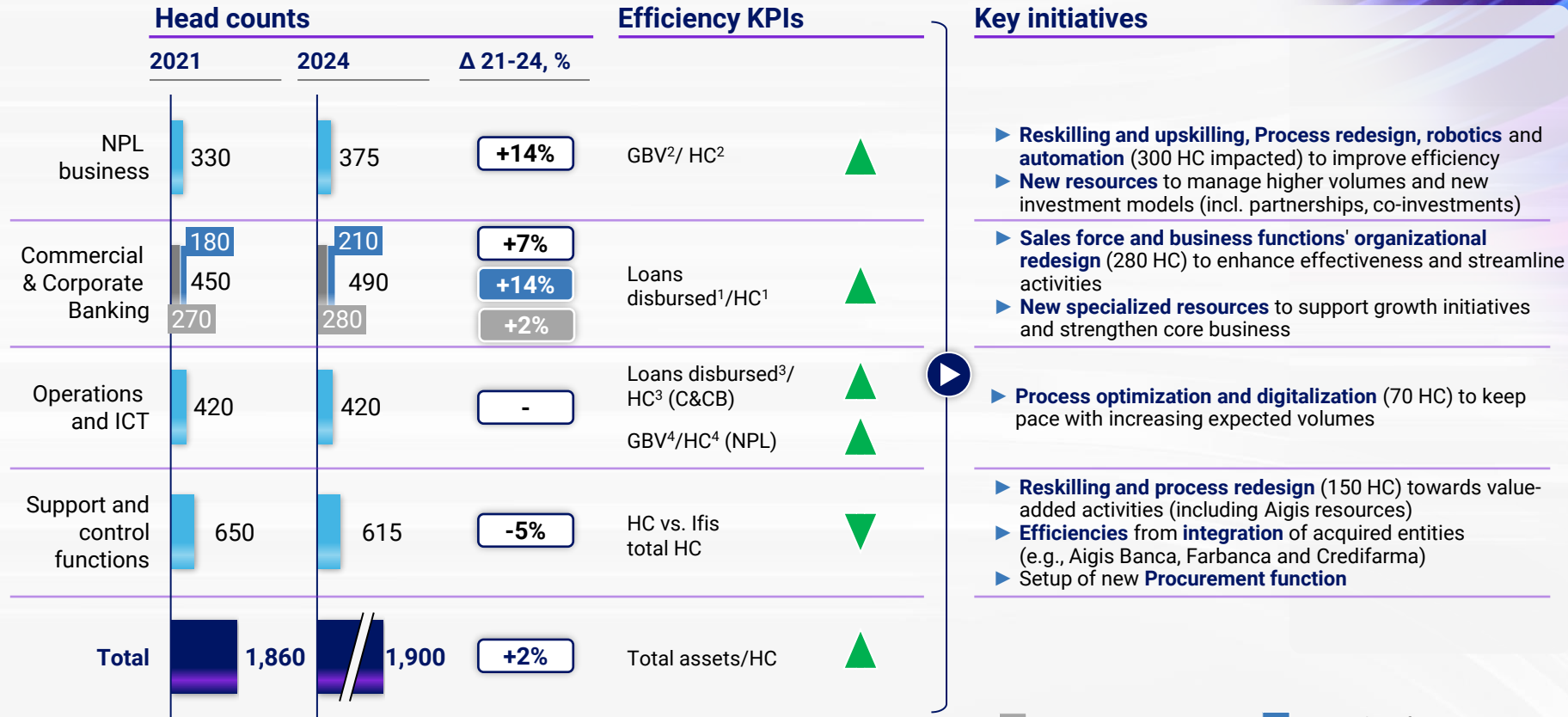
Commercial and Corporate Banking: market positioning and new initiatives

NPL: market positioning, initiatives and main assumptions

▶ **Efficiency: cost optimization initiatives**

ESG: business plan main initiatives

# Business Plan landing at ~1,900 head counts in 2024



## Key initiatives

- ▶ **Reskilling and upskilling, Process redesign, robotics and automation** (300 HC impacted) to improve efficiency
- ▶ **New resources** to manage higher volumes and new investment models (incl. partnerships, co-investments)
- ▶ **Sales force and business functions' organizational redesign** (280 HC) to enhance effectiveness and streamline activities
- ▶ **New specialized resources** to support growth initiatives and strengthen core business
- ▶ **Process optimization and digitalization** (70 HC) to keep pace with increasing expected volumes
- ▶ **Reskilling and process redesign** (150 HC) towards value-added activities (including Aigis resources)
- ▶ **Efficiencies from integration** of acquired entities (e.g., Aigis Banca, Farbanca and Credifarma)
- ▶ Setup of new **Procurement function**

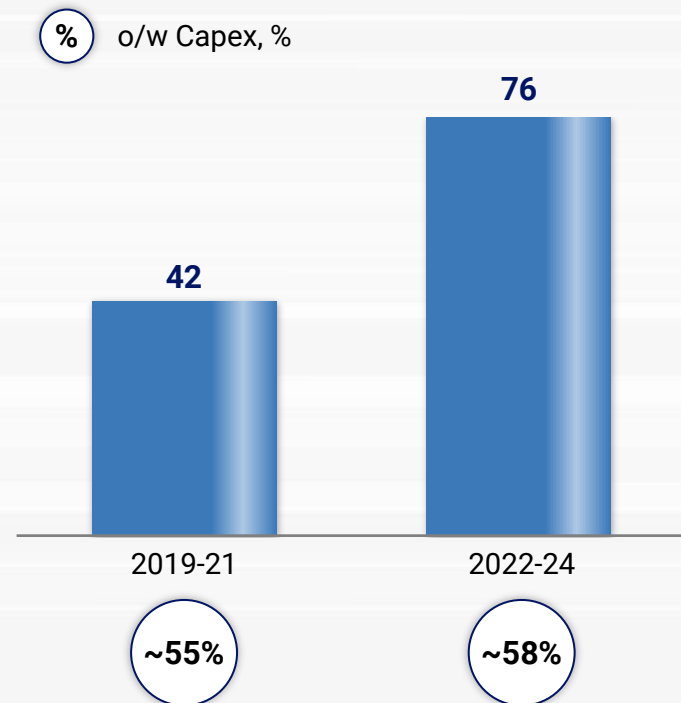
■ C&CB non client-facing    ■ C&CB client-facing

1. Related to Commercial & Corporate Banking only  
2. Related to NPL business only

3. Related to Commercial & Corporate Banking only (~340 Operations HC in 2021)  
4. Related to NPL business only (~80 Operations HC in 2021)

# Efficiency: gains reinvested to change the Bank

## Change the Bank” ICT expenses<sup>1</sup>, Capex and Opex cumulated, €mln



1. New projects (e.g., digitalization, developments for partnerships, efficiency-related initiatives)  
2. Ifis' Business-oriented Architectural Framework

## Main “change the Bank” initiatives

### Commercial and Corporate Banking

- ▶ **Digitalization** (e.g., Omnichannel sales, Digital onboarding, Digital Credit Portal, Ifis4Business, Commercial suite for partners)
- ▶ **Bank-as-a-platform** (e.g., Rental to individuals via partners)
- ▶ **Efficiency and automation** (e.g., Automation of Leasing processes, factoring Fast Collection, New Retail platform)

### NPL Business

- ▶ **Digitalization** (e.g., file allocation, “Control Tower” and CRM, Omnichannel contacts)
- ▶ **Bank-as-a-platform** (e.g., co-investment vehicles, forward flow agreements)
- ▶ **Efficiency and automation** (e.g., New Datamart, Digitization of Documentation, Centralization of digital signatures, Semantic Document Reading, Integration with courts' databases, Automation of payments, Evolution of tools for the external agency network)

### IT4IT

- ▶ **Architecture** (e.g., Infrastructure upgrade and monitoring to support digital projects, New business continuity architecture, IBAF<sup>2</sup> architecture expansion)
- ▶ **Data evolution** (e.g., Activation of Cloud-Managed Service solutions, Big Data Experience)

# Specialist entities' relaunch



*Italian market leader in financial services to pharmacies*

- ▶ **Merger Farbanca-Credifarma** to be completed in April 2022 to streamline efficiency
- ▶ **Federfarma to remain as committed minority shareholder** (National association of Italian of pharmacists)
- ▶ **Revamping** of unmatched offer of specific short term and long term financial and payment solutions already in place
- ▶ **Cross selling** to all Banca Ifis products
- ▶ **New CEO** hired (Q4 2021) from leading institution

€mln                      2021 pro-forma<sup>1</sup>                      2024

Customer loans                      ~850                      >1,000

Net revenues                      ~20                      ~24

*Develop high-margin retail businesses through agents, leveraging Ifis Group leadership in small tickets*

- ▶ **Broaden distribution** to leasing, CQS/CQP (salary loans), rental and selected third parties' products
- ▶ **Synergies** with NPL Servicing business kept fully in-house (CQS/CQP as debtor solution in recovery)
- ▶ **New variable distribution incentives** of Group and third parties' products
- ▶ **New CEO** and new Head of Sales hired (Q1 2022) from leading institutions

€mln                      2021 pro-forma<sup>1</sup>                      2024

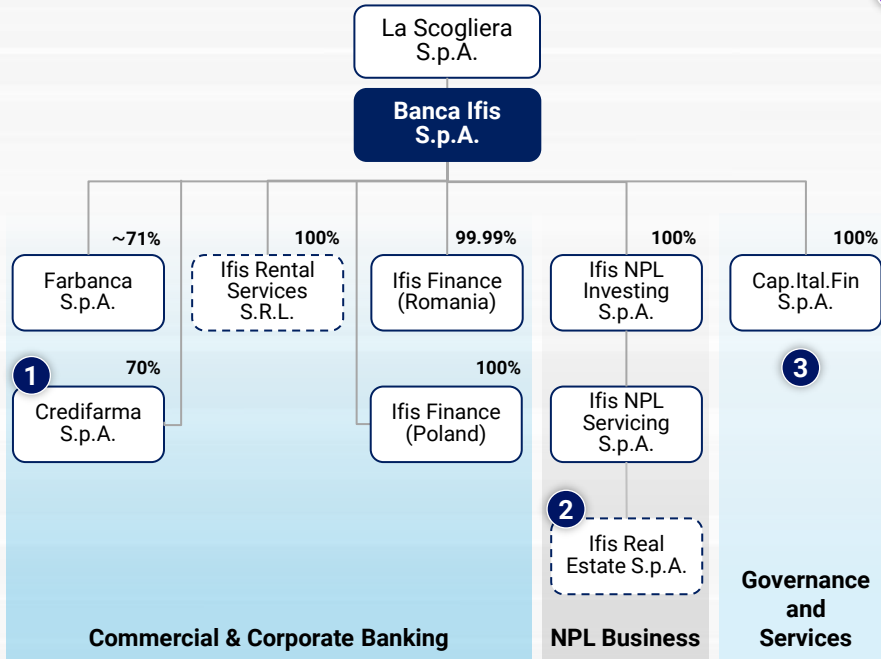
Customer loans                      ~35                      >200

Net revenues                      ~1                      >5

1. Pro-forma obtained applying rigorous Group cost of funding criteria

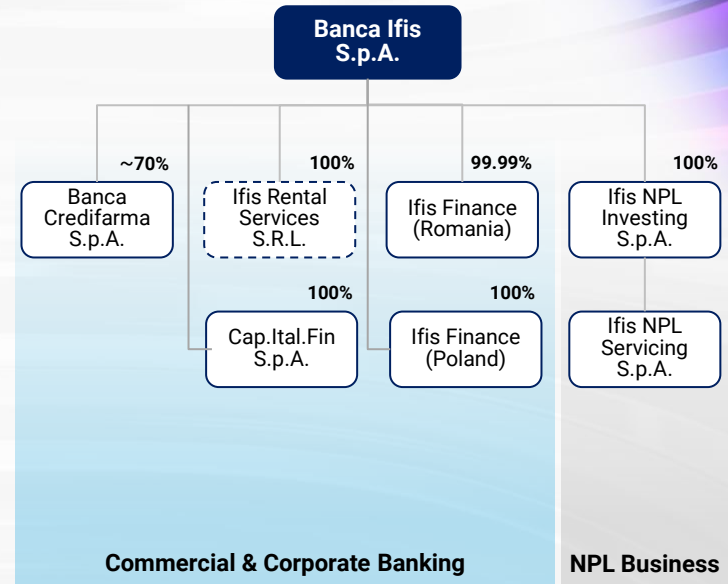
# Further streamlining the “Group consolidation” perimeter

## “As is” Group consolidation perimeter



- 1 Credifarma S.p.A. merged in Farbanca S.p.A.
- 2 IFIS Real Estate S.p.A.: integration with Ifis NPL Servicing S.p.A.
- 3 Rationalization of management structures

## “To be” Group consolidation perimeter



XX% Banca IFIS' shareholding  
   Company not belonging to the Banking Group

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Efficiency: cost optimization initiatives

▶ **ESG: business plan main initiatives**

# First Italian challenger bank to join the Net-Zero Banking Alliance

## Net-Zero Banking Alliance

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The Net-Zero Banking Alliance (NZBA) is an **initiative promoted by the United Nations** aiming to speed up the sustainable transition of the international banking segment

The NZBA currently brings together **>100 institutes worldwide**, representing over 40% of global banking assets

Member of NZBA commit to aligning their lending and investment portfolios to achieve **net-zero emissions by 2050**, in line with the targets set by the Paris Climate Agreement

## Banca Ifis' Environmental initiatives

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- ▶ **Set 2030 emission reduction targets on loan portfolio** within 18 months of signing the NZBA (October 2021) with main focus on high-emission industries (e.g., energy)
- ▶ Support the **sustainable transition of SMEs**, via:
  - **Ifis Green** – sustainable product line
  - **ESG scoring** to own clients
  - **Dedicated periodic research** and analyses available to Clients and the broader Community to catch market trends
- ▶ **Environmentally-conscious** corporate activities (e.g., 100% green energy in all Banca Ifis locations)



## Guiding principles



### Founding value:

- ▶ People at the center: investing in human capital as a driver of the New Normal post-COVID-19 pandemic

### Objectives:

- ▶ **Inclusiveness and Impact:** promoting inclusion policies with a high social impact
- ▶ **Diversity:** enhancing the culture of diversity at 360°

### Recipients:

- ▶ People
- ▶ Community
- ▶ Territories

## Instruments



### Academy

A training center of excellence to invest in skills and talents and promote a sustainable and inclusive business culture

### Social Impact Watch

A dedicated observatory on themes and trends to enable the ESG transition

### Social Factory

Inclusion projects with a high social impact on territories and communities

### Stakeholder engagement

Public-private, profit/nonprofit partnerships and engagement to accelerate innovation



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- ▶ Mariacristina Taormina, Manager charged with preparing the financial reports of Banca Ifis S.p.A., pursuant to the provisions of Art. 154 bis, paragraph 2 of Italian Legislative Decree no.58 dated 24<sup>th</sup> February 1998, declares that the accounting information referred to 31<sup>st</sup> December 2021, included into this document corresponds to the related books and accounting records.
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**DOES**

DIGITAL, OPEN, EFFICIENT, SUSTAINABLE

**Business Plan 2022 - 2024**

**#SmartBankSmartChoice**

**Thank you**

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