

Banca Ifis: consolidated net profit up to 94 million Euro, the best ordinary figure ever for the Bank. Revenues up 7,5%

- The favourable consolidated revenue performance at 374,5 million Euro, up 7,5% compared to H1 2023, is supported by the positive performance of the commercial business, the Npl business and proprietary finance, which offset the increase in the cost of funding.
- Cash flows on Npl portfolios, including Revalea, amounted to 220 million Euro, confirming the Bank's strong specialisation in this business.
- Reduced the possible impact on net interest income of future interest rate cuts, mainly by increasing the maturity of the proprietary securities portfolio and new fixed-rate leasing disbursements.
- Solid liquidity position equal to approximately 1,7 billion Euro in reserves and free assets that can be financed by the ECB (LCR of approximately 1.300%). 1,6 billion Euro of TLTRO III were repaid in advance, while the remaining 411,5 million Euro will be repaid in September 2024.
- The CET1 ratio rises to 15,32% including the profit for the first half-year, net of the dividend accrued, easily exceeding capital requirements¹.

2024 First half consolidated results

Reclassified data² - 1 January 2024/30 June 2024

- **The Group's net consolidated profit amounts to 93,6 million Euro, up 2,8%** from 91,0 million Euro in the first half of 2023. The results for the first half of 2024 were positively influenced by the performance of the commercial and Npl business as well as the proprietary finance business.
- **Net banking income, up 7,5% to 374,5 million Euro** compared to 348,5 million Euro in the first half of 2023, benefited from the growth of the Commercial & Corporate Banking Segment (+0,9%, or approximately 1,6 million Euro, compared to the first half of 2023), the positive contribution of the Npl Segment (+17,4%, or approximately 23,8 million Euro, compared to the first half of 2023), as well as the increase in results from the financial instruments of the Proprietary Finance business unit (+61%, or approximately 12,5 million Euro, compared to the first half of 2023).
- **Operating costs of 206,1 million Euro** (+7,5% compared to 191,7 million Euro in the first half of 2023) increase due to higher personnel expenses (86,6 million Euro compared to 80,4 million Euro in H1 2023), mainly due to the growth in the number of employees and the renewed NCBA, in addition to higher other administrative expenses (124,2 million Euro compared to 115,2 million Euro in the same period of 2023).
- **The credit cost decreased to 15,8 million Euro** from 16,3 million Euro in the first half of 2023, confirming the positive dynamics of asset quality in recent quarters.

¹ In January 2024, the Banca Ifis Group was notified of the new SREP requirements by the Bank of Italy. The new requirements provide for a CET1 of 9,0%, a Tier 1 Ratio of 10,90% and a Total Capital Ratio of 13,30% (including 1,0% P2G) and apply starting 31 March 2024. As at 31 December 2023, the SREP requirements were: CET1 8,65%, a Tier 1 Ratio of 10,50% and Total Capital Ratio 12,9% (including 0,75% P2G).

² 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";
- cost and revenue items deemed as "non-recurring" (e.g. because they are directly or indirectly related to business combination transactions, such as the "gain on a bargain purchase" in accordance with IFRS 3), are excluded from the calculation of "Operating costs", and are therefore reversed from the respective items as per Circular 262 (e.g. "Other administrative expenses", "Other operating income/costs") and included in a specific item "Non-recurring expenses and income";
- the ordinary and extraordinary charges introduced against the Group's banks (Banca Ifis and Banca Credifarma) under the Single and National Resolution Mechanisms (FRU and FRN) and the Deposit Protection Mechanism (DGS or FITD) are shown under a separate item called "Charges related to the banking system" (which is excluded from the calculation of "Operating costs"), instead of being shown under "Other administrative expenses" or "Net allocations to provisions for risks and charges";
- 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 allocations 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.

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- **Liquidity position, at 30 June 2024, is equal to approximately 1,7 billion Euro** in reserves and free assets that can be financed by the ECB (LCR of approximately 1.300%).

Capital requirements

- **CET1 comes to 15,32% (14,87% at 31 December 2023)** and TCR to 17,59% (17,44% at 31 December 2023), calculated including the profit generated during the first half of 2024, net of the dividend accrued.

Rome, 2 August 2024 – The Board of Directors of Banca Ifis met today under the **Chairmanship of Ernesto Fürstenberg Fassio** and approved the H1 2024 results.

'The results for the first half of 2024, with growing revenues and net profit up to 94 million Euro, allow us to confirm the profit guidance for FY 2024 of 160 million Euro. Based on the positive performance of the period, we look forward to the last six months of this Business Plan with confidence, continuing to support small and medium-sized Italian companies on the path of sustainable development and transition, with our products and services and the distinctive competence of our people. In the first half of 2024, the factoring and leasing business, thanks to the effective work of our network, achieved growth rates above the reference markets, offsetting the increased cost of funding. The Npl business also remained strong and benefited from the contribution of the Revalea acquisition. Since the start of the year, the Bank has also initiated a series of actions to reduce the impact of a possible reduction in interest rates: the duration of the proprietary securities portfolio has been increased and the percentage of new fixed-rate leasing disbursements has been almost doubled to about 80% compared to the last half of 2023', says Frederik Geertman, CEO of Banca Ifis.

The revenues of the Commercial & Corporate Banking Segment, which in H1 2024 grew by +0,9% compared with the same period of 2023, reflect the dynamism of the commercial network has allowed business to grow despite lower demand for credit due to higher interest rates and has allowed the Group to offset the increased cost of finance. Commercial development drove the growth of the Commercial & Corporate Banking Segment: during the period, the Bank developed new synergies with leading international partners, such as Yamaha Motors in the leasing and rental of electric bicycles for the tourism sector. In addition, the Bank has signed two SACE guarantees - Futuro and Green - to broaden the spectrum of credit coverage to support SMEs aiming at international growth and reducing their environmental impact.

In the Npl Segment, cash recoveries on acquired portfolios amounted to 192 million Euro, essentially unchanged compared with the first half of 2023. In addition to these, 28 million Euro were generated from collections on portfolios originated by Revalea S.p.A. in H1 2024. To date, judicial and extrajudicial recovery activities do not show any significant negative impact from rising inflation and interest rates.

At 3,94%, **the average cost of funding** in the second quarter of 2024 is slightly up from the 3,86% recorded in the first quarter of 2024. In the coming months, considering that Q2 2024 already includes the cost of new retail deposits and the senior bond issue in February, a stabilisation of the cost of funding is expected. With regard to the average cost of funding in 2024, the Bank confirms its target of staying below 4%.

At end of June, ahead of the September 2024 maturity date, Banca Ifis has repaid 1.625 million Euro of TLTRO III and has already completed well in advance all actions to repay the remaining 411,5 million Euro.

The Proprietary Finance business unit securities portfolio decreased from 3 billion Euro in December 2023 to 2,6 billion Euro in June 2024, while its duration was extended from 2,3 years in December 2023 to 3,1 years in June 2024, confirming an active and opportunistic management while maintaining a limited risk profile.

Asset quality ratios, the Gross Npe Ratio and the Net Npe Ratio stand respectively at 5,4% and 3,0%. These figures would come in respectively at 4,4% and 2,1% excluding reclassifications resulting from the application of the New Definition of Default regulations to receivables from the National Health System (NHS), which are characterised by limited credit risk and long payment terms. The average coverage of non-performing loans was continuously strengthened from 35% in 2022 to 45% in H1 2024.

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Capital ratios confirm the Group's great solidity. Both the main indicators remain well above the minimum required levels, with a consolidated CET1 Ratio of 15,32% (14,87% as at 31 December 2023) and a consolidated Total Capital Ratio of 17,59% (17,44% as at 31 December 2023), calculated including H1 2024 profits, net of the dividend accrued.

Banca Ifis and its commitment to sustainability

During the period, Banca Ifis continued to pursue initiatives in the field of sustainability through an integrated and concrete approach aimed at creating positive social impact for businesses, territories and people. The Bank's commitment continued along three main lines: governance, environment and social.

On the first front, the initiatives introduced over the past three years have been positively assessed by the international rating agency MSCI, which, in April 2024, raised Banca Ifis's rating from A to AA, to the highest level in the Italian financial sector. The sustainable innovation of Banca Ifis's business model continued with the integration of new partnerships with leading international operators in the field of green products such as e-bike leasing, photovoltaics and electric car charging stations.

On the social front, the Bank continued the community support initiatives of Kaleidos, the Social Impact Lab inspired by Ernesto Fürstenberg Fassio. The project, which is linked to a 7 million Euro investment plan over the three-year period 2022-24, has enabled as many as thirty-five projects to be implemented throughout the country. To twelve of these, Banca Ifis applied its proprietary model for measuring the social impact generated. The result of the analysis showed an average multiplier of 5,6: translated into practical terms, for 1,7 million Euro invested in the measured activities, 9,4 million Euro of value was created. Developed with the support of Triadi, a spin-off of the Polytechnic University of Milan led by Prof. Mario Calderini, Banca Ifis's impact measurement model certifies its willingness to translate the "S" dimension of the acronym ESG into a concrete value, making actions measurable and overcoming any risk of greenwashing.

Lastly, on the social initiatives front, April 2024 saw the launch of 'Ifis art', the project desired and devised by Chairman Ernesto Fürstenberg Fassio that brings together all the projects carried out by the Bank to promote art, culture, contemporary creativity and their values. In June, the Bank enriched the collection of the Villa Fürstenberg International Sculpture Park - open to the public free of charge every Sunday - with nine works from the solo exhibition 'Horse Power' by Italian artist Nico Vascellari. The second half of this year will see the start of the rescue and securing of Banksy's work 'The Migrant Child' in Venice and restoration work to make the palace that houses it, Palazzo San Pantalon, once again accessible to the community.

RECLASSIFIED DATA³

The Banca Ifis Group's consolidated income statement as at 30 June 2024 reports a profit attributable to the Parent company of 93,6 million Euro.

Highlights from the Banca Ifis Group's income statements for the first six months of 2024 are set out below.

Net banking income

Net banking income totalled 374,5 million Euro, up 7,5% from June 2023 (348,5 million Euro). Net interest income increased to 287,4 million Euro, while net commissions amounted to 46,9 million Euro, a decrease of 3,4 million Euro, mainly due to servicing fees paid to third parties for the management of the Revalea portfolio. The other components of net banking income, amounting to 40,2 million Euro, are up (+16,7 million Euro), mainly due to higher net gains on disposals (+9,6 million Euro), the results of financial instrument transactions, and higher gains on the disposal of Npl portfolios tails (+3,1 million Euro).

Net credit risk losses

Net credit risk losses of 15,8 million Euro are down 0,5 million Euro compared to the figure at 30 June 2023.

Operating costs

Operating costs total 206,1 million Euro, showing an increase of 7,5% on 30 June 2023. The reclassified cost/income ratio is 55,0%, in line with the figure for the equivalent period of the previous year.

Below are details of the item's main components:

- personnel expenses amounted to 86,6 million Euro. The increase of 7,7% compared to 30 June 2023 is attributable to both the increase in the workforce (+3,8%) and the effect of the renewed national collective bargaining agreement (+3,0 million Euro);
- other administrative expenses amounted to 124,2 million Euro (+9,0 million Euro). This change is mainly attributable to the increase in costs related to the Npl Segment for the newly acquired Revalea;
- other net operating income amounts to 15,5 million Euro, up 24,5% compared to 30 June 2023. The item refers mainly to revenue from the recovery of expenses charged to third parties. The relevant cost component is included in other administrative expenses, namely under legal expenses and indirect taxes, as well as recoveries of expenses associated with leasing operations.

³ 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";
- cost and revenue items deemed as "non-recurring" (e.g. because they are directly or indirectly related to business combination transactions, such as the "gain on a bargain purchase" in accordance with IFRS 3), are excluded from the calculation of "Operating costs", and are therefore reversed from the respective items as per Circular 262 (e.g. "Other administrative expenses", "Other operating income/costs") and included in a specific item "Non-recurring expenses and income";
- the ordinary and extraordinary charges introduced against the Group's banks (Banca Ifis and Banca Credifarma) under the Single and National Resolution Mechanisms (FRU and FRN) and the Deposit Protection Mechanism (DGS or FITD) are shown under a separate item called "Charges related to the banking system" (which is excluded from the calculation of "Operating costs"), instead of being shown under "Other administrative expenses" or "Net allocations to provisions for risks and charges";
- 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 allocations 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.

Charges related to the banking system

The item "Charges related to the banking system" includes the costs incurred during the period for the operation of the banking system's guarantee funds. As at 30 June 2024, the item amounts to 8,1 million Euro and refers to the cost of the annual contribution to the Interbank Deposit Protection Fund (FITD), hence in 2024, a down payment was made in advance on the units and consequently entered on the Income Statement. The comparative balance at 30 June 2023, amounting to 4,1 million Euro, represents the cost of the last contribution envisaged by the Single Resolution Fund, which completed its savings plan in 2023.

Net allocations to provisions for risks and charges

Net provisions for risks and charges at 30 June 2024 amount to 0,7 million Euro, essentially stable compared with the balance at 30 June 2023 of 0,5 million Euro.

Net profit attributable to the Parent company

The net profit attributable to the Parent Company amounts to 93,6 million Euro, up 2,8% on the same period of 2023.

Focus on individual Segments

Below are the main dynamics recorded in the individual Segments that go towards forming the financial results at 30 June 2024.

Net income of the **Commercial & Corporate Banking Segment** comes to 43,0 million Euro, down 6,5 million Euro compared to 30 June 2023, mainly due to the increase in operating costs based on the contribution of the individual Business Areas. The Segment's net banking income comes to 176,5 million Euro, up 1,6 million Euro compared to the same period of the previous year, thanks to the positive performance of the Factoring Area (+3,6 million Euro). This result was determined by the growth in net interest income of 5,7 million Euro (+4,9%), against the substantial stability of net commissions, the effects of which were partially offset by the reduction in other components of net banking income by 4,4 million Euro. The latter change is mainly attributable to lower fair value revaluations of securities in the Corporate Banking & Lending Area.

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

- the contribution of the **Factoring Area** amounts to 90,3 million Euro, an increase of 4,2% compared to the same period of last year. This result is due to the greater contribution of net interest income (up by 3,8 million Euro), while net commission income declines by 1,2 million Euro;
- Net banking income from the **Leasing Area** amounts to 30,8 million Euro, essentially in line with the figure at 30 June 2023;
- net banking income of the **Corporate Banking & Lending Area** came to 55,4 million Euro at 30 June 2024, down 2,3 million Euro on 30 June 2023 (-3,9%):
 - growth of 1,7 million Euro in net interest income (+4,7%), thanks to the positive contribution of the Corporate Banking division for 3,9 million Euro, partly offset by the reduction of the Pharmacies unit for 2,3 million Euro;
 - higher net commissions of 1,4 million Euro (+15,7%), mainly from the Pharmacies unit;
 - 5,4 million Euro decrease in the contribution of the other components of net banking income mainly due to lower capital gains on disposals.

Compared to the first half of 2023, there are lower net value adjustments of 0,8 million Euro (-4,3%).

The increase in operating costs of 6,6 million Euro compared to 30 June 2023 is due to the rise in personnel expenses due to both the increase in headcount and greater costs connected with the renewed National Collective Bargaining Agreement (NCBA).

Net allocations to provisions for risks and charges have worsened by 3,6 million Euro compared with H1 2023, mainly due to provisions to cover risks related to outstanding disputes over tax credits for superbonus and other building tax bonuses, only partly offset by releases for the positive resolution of existing disputes.

Profit of the **Npl Segment** at 30 June 2024 is 41,8 million Euro, up 11,3 million Euro on the same period of last year.

The Segment's net banking income amounted to 160,3 million Euro, an increase of 23,8 million Euro compared to the result for the first half of 2023, concentrated in net interest income (+21,7 million Euro, also thanks to the contribution

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of interest on the portfolio owned by the newly acquired Revalea), while net commissions went from revenues of 1,8 million Euro as at 30 June 2023 to 0,4 million Euro as at 30 June 2024, a change entirely attributable to commissions paid by Revalea to a third-party servicer.

Operating costs of 98,4 million Euro at 30 June 2024 are up 6,9 million Euro on the first half of 2023. This increase is due to the combined effect of higher personnel expenses related in the amount of 3,0 million Euro to the renewed NCBA and the increase in the workforce, as well as higher debt collection costs associated with the newly acquired Revalea.

The profit of the **Governance & Services and Non-Core Segment** at 30 June 2024 amounts to 9,7 million Euro, a decrease on the 30 June 2023 figure of 12,1 million Euro (-2,4 million Euro). Excluding the profit for the period attributable to minority interests, the Segment's contribution to the profit for the period attributable to the Parent Company amounts to 8,8 million Euro.

Net banking income amounts to 37,7 million Euro, essentially in line with the first half of 2023.

The credit cost worsens slightly by 0,5 million Euro.

Operating costs come to 19,4 million Euro, up 1,0 million Euro on 30 June 2023, related to higher consultancy expenses and higher ICT costs to strengthen the Climate & ESG control.

This Segment includes the charges related to the banking system, amounting to 8,1 million Euro, incurred during the period for the operation of the banking system's guarantee funds, as commented above.

Net allocations to provisions for risks and charges amount to a positive 1,5 million Euro, thanks to a positive outcome for the Group on various disputes in progress. These releases were only partially offset by provisions for the period made mainly for contractual guarantees given on transferred positions.

The breakdown of the main statement of financial position items of the Banca Ifis Group at 30 June 2024 is shown below.

Receivables due from customers measured at amortised cost

Total receivables due from customers measured at amortised cost amount to 10.463,9 million Euro, essentially stable (-1,5%) on the 31 December 2023 figure of 10.622,1 million Euro. The item includes debt securities for 1,9 billion Euro (2,0 billion Euro at 31 December 2023, -6,4%), of which government securities for 1,5 billion Euro (1,6 billion Euro at 31 December 2023, -9,8%). In the absence of the debt securities component, receivables due from customers amount to 8.571,1 million Euro, essentially stable compared to the December 2023 figure (8.600,2 million Euro).

The Commercial & Corporate Banking Segment stands at 6.743,0 million Euro compared with 6.763,5 million Euro at December 2023. The trend sees consolidated growth in the Corporate Banking & Lending Area (+60,8 million Euro, +2,6%) and in the Leasing Area (+1,2%) offset by a slowdown in the Factoring Area (-100,3 million Euro, -3,5%) in line with the seasonality of the business. Receivables due from customers of the Npl Segment decrease compared to 31 December 2023 (-3,4%) to 1.590,6 million Euro while the contribution of the Governance & Services and Non-Core Segment come to 2.130,3 million Euro, down 3,7% compared to the end-of-2023 figure of 2.212,5 million Euro, mainly as a result of the normal amortisation and divestment during the period of debt securities issued to customers totalling 347,0 million Euro (of which 320,4 million Euro related to government bonds) and the physiological decrease in the run-off portfolios of the Non-Core unit (-22,3 million Euro compared to December 2023, -12,1%).

Funding

Total funding amounts to 11,2 billion Euro at 30 June 2024 and shows a decrease compared with the figure at 31 December 2023 (-5,0%); it is represented for 60,3% by payables due to customers (49,2% at 31 December 2023), for 27,7% by debt securities issued (27,8% at 31 December 2023), and for 12,0% by payables due to banks (23,0% at 31 December 2023).

The Group's funding structure is as follows:

- 60,3% customers;
- 13,5% debt securities;
- 14,2% Asset Backed Securities (ABS);
- 3,8% TLTROs;

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- 8,2% other.

Payables to banks amounted to 1.343,7 million Euro. This makes for a reduction of 50,5% compared to the 31 December 2023 figure, mainly as a result of the repayment of two tranches of TLTRO III lines for a total nominal amount of 1,1 billion Euro and the reduction in repurchase agreements payable to banks of 237,3 million Euro.

Payables due to customers at 30 June 2024 total 6,8 billion Euro, up 16,5% compared to 31 December 2023. The growth is driven by retail funding, which amounts to 5,1 billion Euro at the end of June 2024 (+12,9% compared to 31 December 2023), and repurchase agreements with customers, which amount to 635,8 million Euro (+289,5 million Euro compared to the balance at the end of 2023, or +83,6%).

Debt securities issued amount to 3,1 billion Euro at 30 June 2024, down by 180,8 million Euro (-5,5%) following the half-year dynamics, characterized by the issue in February 2024 of a senior bond worth a nominal amount of 400 million Euro and having a term of 5 years (for more details, please refer to the section “Significant events occurred in the period” of this release), which has essentially replaced the Senior Preferred bond worth a nominal 400 million Euro issued in 2020 and which reached maturity on 25 June 2024, and the normal amortisation of the Group’s securitisation securities (-255,1 million Euro compared to 31 December 2023).

Equity and ratios⁴

Consolidated equity at 30 June 2024 totals 1.736,4 million Euro, up 2,5% on the 1.693,7 million Euro booked at end 2023. The main changes can be traced back to:

- the positive change in the period result attributable to the Parent company of 93,6 million Euro;
- the negative change related to the distribution of the dividend (net of the interim dividend already distributed in 2023) in the amount of 47,3 million Euro;
- the negative change related to reserves of 5,7 million Euro almost entirely associated with fair value changes recorded on financial assets measured at fair value through other comprehensive income (FVOCI);
- the positive change in equity attributable to non-controlling interests for 0,9 million Euro, for the part share of the period results accrued by the subsidiary Banca Credifarma;
- other positive changes of 1,2 million Euro related to variable remuneration in shares and stock options granted to senior management.

At 30 June 2024, the equity ratios for the Banca Ifis Group amount to a CET1 Ratio of 15,32%, a Tier 1 Ratio of 15,33% and a Total Capital Ratio of 17,59%.

Following the annual Supervisory Review and Evaluation Process (SREP) by the Bank of Italy, the new capital requirements to be met by the Group, at the consolidated level, for 2024 are as follows:

- CET1 Ratio of 8,00%, with a required minimum of 5,50%;
- Tier 1 Ratio of 9,90%, with a required minimum of 7,40%;
- Total Capital Ratio of 12,30%, with a required minimum of 9,80%.

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 9,00%, consisting of an OCR CET1 ratio of 8,00% and a target component (Pillar 2 Guidance) of 1,00%;
- Tier 1 Ratio of 10,90%, consisting of an OCR Tier 1 Ratio of 9,90% and a target component of 1,00%;
- Total Capital Ratio of 13,30%, consisting of an OCR Total Capital Ratio of 12,30% and a target component of 1,00%.

See also the next section “Significant events occurred in the period”.

At 30 June 2024, the Banca Ifis Group easily met the above prudential requirements.

Significant events occurred in the period

⁴CET1, Tier 1 and Total Capital at 30 June 2024 include the profits generated by the Banking Group in the first half of 2024, net of the dividend accrued.

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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.

SREP conclusion on capital requirements: Banca Ifis well above Bank of Italy guidelines

On 29 January 2024, the Banca Ifis Group received notice from the Bank of Italy of the conclusion of the periodic prudential review process ("SREP decision") conducted on the Group.

The Bank of Italy has identified the following capital requirements (equal to the sum of the Overall Capital Requirement and Pillar 2 Guidance) for 2024 on a consolidated basis:

- CET1 Ratio of 9,00%;
- Tier 1 Ratio of 10,90%;
- Total Capital Ratio of 13,30%.

The above capital requirements include the Target component of the Pillar 2 Guidance of 1,00%.

Issue of a 400 million Euro bond maturing in 5 years

On 20 February 2024, Banca Ifis completed the placement of a Senior Preferred Unsecured bond issue under its EMTN programme for an amount of 400 million Euro. The transaction was intended for institutional investors.

Specifically, the issue has a maturity of five years, with settlement date of 27 February 2024. The reoffer price is 99,362, for a return at maturity of 5,65% and a coupon that is payable annually in the amount of 5,50%. The bond was listed on Euronext Milan and has an expected rating of BB+ by Fitch and Baa3 by Moody's.

The bond placement is part of the EMTN funding programme envisaged in the Group's Business Plan for the three-year period 2022-2024, which estimates 2,5 billion Euro of new placements.

The Shareholders' Meeting has approved the 2023 Financial Statements and the distribution of a dividend of 0,90 Euro per share for the year

The Shareholders' Meeting of Banca Ifis S.p.A., which met on 18 April 2024 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 an ordinary session:

- the Financial Statements as at 31 December 2023;
- the allocation of net profit, taking into account the exercise of the capitalisation option provided for by Article 26, paragraph 5-bis of Decree Law No. 104/2023 (converted with amendments by Law No. 136 of 9 October 2023), to the non-distributable reserve in the amount of 23.905.112 Euro (amount equal to two and a half times the tax calculated pursuant to the aforementioned Article 26 of Decree Law No. 104/2023);
- the distribution of a balance on the dividend for FY 2023 of 0,90 Euro, gross of withholding taxes, for each of the Banca Ifis shares issued and outstanding. This 2023 dividend balance will be paid with ex-dividend date 20 May 2024, record date of 21 May 2024 and payment date of 22 May 2024;
- 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 2023;
- the proposal by the majority shareholder La Scogliera S.A. to appoint Nicola Borri as a new independent director, to replace the resigning director Sebastien Egon Fürstenberg, who, as honorary chairman, continues to participate in corporate and board life under the terms of the Articles of Association. Prof. Borri will remain in office until the natural expiry of the Board of Directors currently in office, i.e. until the Shareholders' Meeting called to approve the financial statements for FY 2024.

Restructuring of the securitisation “Ifis ABCP Programme” of factoring receivables worth 1,15 billion Euro

On 28 June 2024, Banca Ifis successfully completed the restructuring of the securitisation called “Ifis ABCP Programme”, worth 1,15 billion Euro involving proprietary factoring receivables. The securitisation was initially finalised on 13 October 2016 and relates to the assignment, on a revolving basis, of receivables due from private customers arising from the Group's ordinary factoring activities, acquired both with and without recourse and of which the assigned debtor has been notified of the assignment.

The restructuring has led Banca Ifis, which assumed the role of Lead-Arranger and Calculation Agent, to improve the economic conditions of the securitisation and to enlarge the investor base from six to eight institutions. The banks already involved in the project were joined by Cassa Depositi e Prestiti (CDP), whose commitment aims to provide new finance to SMEs, and Natixis CIB, the latter also assuming the role of co-arranger.

This restructuring transaction did not have any impact on the Banca Ifis Group's economic and equity position at 30 June 2024.

1,1 billion Euro TLTRO lines repaid in the half-year

As far as TLTRO funding is concerned, it should be noted that in the first half of 2024, thanks to the Group's solid liquidity position of 1,7 billion Euro of reserves and free assets that can be financed by the ECB, we continued with the early repayment path with respect to the September 2024 maturity date, of TLTRO III lines for a further nominal amount of 1.125 million Euro (bringing to a nominal value of 1.625 million Euro the amount of TLTRO III lines repaid to date), also completing well in advance all managerial actions to repay by September 2024 the remaining nominal amount of 411,5 million Euro.

It should be noted that, as early as the end of 2023, the Group put in place the managerial actions preparatory to the replacement of this funding component through senior bond issues, the increase of retail funding with a multi-channel strategy and targeted marketing campaigns as well as the restructuring of securitisation transactions on the Group's portfolios. As a result, these actions effectively changed the Group's funding structure, which at 30 June 2024 consists of 60,3% in amounts due to customers (49,0% at 30 June 2023), 27,7% in debt securities issued (23,4% at 30 June 2023) and 12,0% in payables due to banks (27,6% at 30 June 2023).

Significant subsequent events

No significant events occurred between the end of the period and the date of this press release.

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

Pursuant to article 154 bis, paragraph 2 of the Consolidated Law on Finance, the Manager Charged with preparing the Company's financial reports, Massimo Luigi Zanaboni, declares that the financial information contained in this press release corresponds to the related books and accounting records.

Reclassified Financial Statements and key balance sheet data

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";
- cost and revenue items deemed as "non-recurring" (e.g. because they are directly or indirectly related to business combination transactions, such as the "gain on a bargain purchase" in accordance with IFRS 3), are excluded from the calculation of "Operating costs", and are therefore reversed from the respective items as per Circular 262 (e.g. "Other administrative expenses", "Other operating income/costs") and included in a specific item "Non-recurring expenses and income";
- the ordinary and extraordinary charges introduced against the Group's banks (Banca Ifis and Banca Credifarma) under the Single and National Resolution Mechanisms (FRU and FRN) and the Deposit Protection Mechanism (DGS or FITD) are shown under a separate item called "Charges related to the banking system" (which is excluded from the calculation of "Operating costs"), instead of being shown under "Other administrative expenses" or "Net allocations to provisions for risks and charges";
- 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 allocations 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.

Reclassified Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	30.06.2024	31.12.2023
Cash and cash equivalents	637.310	857.533
Financial assets held for trading	16.194	12.896
Financial assets mandatorily measured at fair value through profit or loss	245.606	221.982
Financial assets measured at fair value through other comprehensive income	536.313	749.176
Receivables due from banks measured at amortised cost	690.501	637.567
Receivables due from customers measured at amortised cost	10.463.920	10.622.134
Equity investments	24	24
Property, plant and equipment	155.713	143.255
Intangible assets	79.795	76.667
<i>of which:</i>		
- goodwill	38.020	38.020
Tax assets:	246.041	285.435
a) current	25.957	46.601
b) prepaid	220.084	238.834
Other assets	401.369	444.692
Total assets	13.472.786	14.051.361

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LIABILITIES AND EQUITY (in thousands of Euro)	30.06.2024	31.12.2023
Payables due to banks	1.343.651	2.717.139
Payables due to customers	6.774.913	5.814.624
Debt securities issued	3.108.078	3.288.895
Financial liabilities held for trading	14.539	14.005
Hedging derivatives	3.414	11.644
Tax liabilities:	46.445	57.717
<i>a) current</i>	14.996	26.025
<i>b) deferred</i>	31.449	31.692
Other liabilities	379.621	387.554
Post-employment benefits	7.677	7.906
Provisions for risks and charges	58.016	58.178
Valuation reserves	(36.526)	(39.215)
Reserves	1.546.079	1.505.424
Interim dividends (-)	-	(62.962)
Share premiums	85.353	84.108
Share capital	53.811	53.811
Treasury shares (-)	(20.990)	(21.817)
Equity attributable to non-controlling interests (+/-)	15.091	14.240
Profit (loss) for the period (+/-)	93.614	160.110
Total liabilities and equity	13.472.786	14.051.361

Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	30.06.2024	30.06.2023
Net interest income	287.363	274.686
Net commission income	46.909	50.297
Other components of net banking income	40.242	23.523
Net banking income	374.514	348.506
Net credit risk losses/reversals	(15.841)	(16.338)
Net profit (loss) from financial activities	358.673	332.168
Administrative expenses:	(210.800)	(195.604)
<i>a) personnel expenses</i>	(86.613)	(80.445)
<i>b) other administrative expenses</i>	(124.187)	(115.159)
Net impairment losses/reversals on property, plant and equipment and intangible assets	(10.820)	(8.552)
Other operating income/expenses	15.524	12.466
Operating costs	(206.096)	(191.690)
Charges related to the banking system	(8.096)	(4.090)
Net allocations to provisions for risks and charges	(706)	(526)
Non-recurring expenses and income	(320)	-
Pre-tax profit (loss) for the period from continuing operations	143.455	135.862
Income taxes for the period relating to continuing operations	(48.990)	(43.856)
Profit (loss) for the period	94.465	92.006
(Profit) loss for the period attributable to non-controlling interests	(851)	(970)
Profit (loss) for the period attributable to the Parent Company	93.614	91.036

Consolidated own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS (in thousands of Euro)	AMOUNTS	
	30.06.2024 ^(*)	31.12.2023 ^(**)
Common Equity Tier 1 (CET1) capital	1.569.618	1.544.497
Tier 1 capital	1.570.547	1.545.424
Total Own Funds	1.802.564	1.812.324
Total RWAs	10.245.592	10.390.002
CET1 Ratio	15,32%	14,87%
Tier 1 Ratio	15,33%	14,87%
Total Capital Ratio	17,59%	17,44%

(*) CET1, Tier 1 and Total Capital include the profits generated by the Banking Group in the first half of 2024, net of the related dividend accrued.

(**) CET1, Tier 1 and Total Capital include the profits accrued by the Banking Group at 31 December 2023, net of the related dividend, including the portion distributed on an interim basis in compliance with the provisions of Article 2433, paragraph 4 of the Italian Civil Code.

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