3Q 19

Banca IFIS Group

Net profit of 84 million Euro in the nine months

Growth in retail funding. CET1 at 11,10%

"We are working on our Business Plan, which will be focused on three pillars: further consolidating our role as a privileged partner of SMEs, strengthening our leadership in the NPL market - both as investors and as servicer - and reinforcing our capital."

Luciano Colombini, Banca IFIS CEO

Results for the first nine months of 2019

RECLASSIFIED DATA[1]: 1 January – 30 September

- **Net profit for the period**: 84 million Euro compared with 89 million Euro in the first nine months of 2018. The change was affected by the natural decline of the "PPA reversal"[2];
- **Net banking income**: 391,2 million Euro (-3% on the period ended 30 September 2018);
- **Net impairment losses:** 49 million Euro (68,9 million Euro for the period ended 30 September 2018);
- **Operating costs**: 212,4 million Euro (+1,7% on the period ended 30 September 2018);
- **Direct funding**: up to 4.949 million Euro (+11,9% on 31 December 2018), confirming the Bank's solidity and its ability to attract retail customers;
- **NPL collections:** 182,6 million Euro (+45% on the period ended 30 September 2018), confirming the Group's recovery expertise.

Capital requirements with consolidation within La Scogliera[3]:

- **CET 1:** 11,10% reached (+0,8% vs. 10,30% at 31 December 2018) excluding profit for the third quarter and thanks to organic growth alone. CET1 remains well above the SREP requirement of 8,12%; **TCR:** 14,84% (14,01% at 31 December 2018) towards a SREP requirement of 12,5%.

Capital requirements without consolidation within La Scogliera[3,4]:

- **CET1:** 14,66% (13,74% at 31 December 2018); **TCR:** 19,25% (18,20% at 31 December 2018).

1 Net impairment losses on receivables of the NPL Segment were entirely reclassified to interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

2 The term "PPA reversal" refers to the reversal over time of the difference between the fair value as measured in the business combination and the carrying amount of the receivables of the former GE Capital Interbanca Group, acquired on 30 November 2016.

3 Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 30 June 2019 net of the estimated dividend.

4 Consolidated own funds, risk-weighted assets and solvency ratios at 30 September 2019 were calculated based on the regulatory principles set out in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575/2013 (CRR) of 26 June 2013, which were transposed in the Bank of Italy's Circulars no. 285 and no. 286 of 17 December 2013. Article 19 of the CRR provides for the prudential consolidation of Banca IFIS in the Holding La Scogliera. For the sake of disclosure, we calculated the same indicators without including the effects of the consolidation within La Scogliera. Therefore, the reported total own funds refer only to the scope of the Banca IFIS Group, thus excluding the effects of the prudential consolidation within the parent company La Scogliera S.p.A.

Mestre (Venice), 7 November 2019 – The Board of Directors of Banca IFIS met today chaired by Sebastien Egon Fürstenberg and approved the results for the first nine months of 2019.

"The net profit from financial activities reported in these first nine months of 2019 is a reflection of the Bank's well balanced business model: the Non-Performing Loans business accounted for 49%, with the other core business areas (trade receivables at 28%, corporate banking at 12% and leasing at 10%) accounting for the remaining 51%," explained Luciano Colombini, CEO of Banca IFIS.

"Profit for the first nine months was down slightly on the same period of 2018, mainly due to the natural, expected decrease in the PPA reversal, offset by a significant reduction in the cost of credit.

In the fourth quarter we expect robust volume growth in the Non-Performing Loans business. We are competitive and we provide excellent solutions to our customers, the market and the entire financial system.

We are finalising our Business Plan, which will be focused on three growth pillars. First: further consolidate Banca IFIS' position as privileged partner of small and medium enterprises with increasingly deep dedicated services and a wide range of products created ad hoc. Second: in an increasingly challenging and competitive market scenario, strengthen the Group's leadership in the purchase and management of Non-Performing Loans, accelerating the integration and synergies with FBS S.p.A., following the recent acquisition of the remaining 10% interest, as announced on 30 October, to expand the recovery system to cover all categories of non-performing loans.

The third pillar of the Business Plan concerns the strengthening of capital, optimising its allocation to the different business components.

We reached a CET1 ratio of 11,10% at 30 September 2019 (+80 basis points on 31 December 2018), not including the profit for the third quarter, and driven by organic growth only.

Finally, in the ongoing process of developing the real-estate assets in Milan, the binding offers received to date indicate potential capital gains. We expect to complete this process at the end of this year or in the first quarter of 2020," Luciano Colombini concluded.

Highlights

RECLASSIFIED DATA [1]

Highlights from the Banca IFIS Group's income statements for the first nine months of 2019 are set out below.

Net banking income

Consolidated net banking income amounted to 391,2 million Euro, down 3% compared to the same period of 2018: this figure was mainly affected by the expected decrease owing to the "PPA reversal"[2]. In detail, the NPL Segment totalled 168,9 million Euro (168,2 million Euro at 30 September 2018, +0,4%) while the margin of the Enterprises Segment was 225,6 million Euro (241,6 million Euro at 30 September 2018, -6,6%), as the growing results of the Trade Receivables Business Area (+2,5% compared to 30 September 2018) and the Leasing Business Area (+8,9% compared to 30 September 2018) were offset by the 33,4% decrease in the Corporate Banking Area, mainly as a result of the normal lower contribution of the "PPA reversal"[2] compared to the same period of the previous year.

Net impairment losses[1]

Net impairment losses due to credit risk, almost entirely related to the Enterprises Segment, amounted to 49 million Euro in the first nine months of 2019 (68,9 million Euro for the period ended 30 September 2018, -28,9%). Of these provisions, 32,1 million Euro is attributable to the Trade Receivables Area (54,5 million Euro for the period ended 30 September 2018). As previously reported, the figure at 30 September 2018 was significantly affected by value adjustments to several non-performing positions in the construction sector.

Operating costs

Operating costs were 212,4 million Euro (208,9 million Euro at 30 September 2018, +1,7%). The cost/income ratio[1] stood at 54,3%, compared to 51,8% at 30 September 2018.

Personnel expenses rose by 14,9% to 95,7 million Euro (83,3 million Euro for the period ended 30 September 2018). The Group's employees numbered 1.759 at 30 September 2019, up 8,4% compared to 30 September 2018 (1.622). This increase includes 100 employees acquired deriving from the inclusion of the subsidiaries FBS S.p.A. and FBS Real Estate S.p.A. in the Group's scope.

Other administrative expenses, amounting to 158,1 million Euro compared to 133,8 million Euro at 30 September 2018, include the expense of 30,9 million Euro relating to the settlement of certain tax disputes regarding the former subsidiary Interbanca, the economic impact of which is fully offset in the item "other net operating income" – including the related tax effect – against the activation of outstanding guarantees.

Other net operating income amounted to 65,4 million Euro (22,6 million Euro at 30 September 2018) includes the effects of the activation of guarantees in place in view of the closure of certain tax disputes for 42,4 million Euro at 30 September 2019; net of this amount, other net operating income mainly refers to revenues deriving from the recovery of expenses charged to third parties, the related cost item of which is included in other administrative expenses, in particular under legal expenses and indirect taxes, as well as from the recovery of expenses connected with leasing activities.

Group net profit for the period

The net profit for the period ended 30 September 2019 attributable to the Group amounted to 84 million Euro, compared to 89 million Euro for the period ended 30 September 2018, a decrease of 5,6%.

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1 Net impairment losses on receivables of the NPL Segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

2 The term "PPA reversal" refers to the reversal over time of the difference between the fair value as measured in the business combination and the carrying amount of the receivables of the former GE Capital Interbanca Group, acquired on 30 November 2016.

Focus on individual segments

Highlights of the contributions of the various segments to the operating and financial results for the period ended 30 September 2019 are provided below.

The net banking income of the **Enterprises Segment**, which accounted for 57,7% of the total, amounted to 225,6 million Euro, down 6,6% from 241,6 million Euro in the corresponding period of 2018; the good growth results of the Trade Receivables and Leasing Business Areas were offset by the lower contribution of the "PPA reversal"[2] of the Corporate Banking Business Area. Receivables of the Enterprises Segment totalled 5.629 million Euro at 30 September 2019, down 4,9% compared to 31 December 2018.

- More specifically, the **Trade Receivables Area** reported net banking income of 126,7 million Euro (123,6 million Euro for the period ended 30 September 2018, +2,5%); turnover in 2019 amounted to 10,3 billion Euro, up by 0,7 billion Euro (+7,8%) compared to the same period of the previous year. Outstanding loans in the Trade Receivables Area amounted to 3,3 billion Euro, -8,3% from 31 December 2018. The latter reduction was influenced by various seasonal factors, which are normal for the Trade Receivables Area, in addition to various management actions aimed at maximising the profitability of the positions.

- In the first nine months, the **Leasing Area** recorded net banking income of 41,8 million Euro, up 8,9% compared to the same period in 2018, thanks to the improvement in net interest income following an increase in average positions outstanding. New disbursements in the first nine months of 2019 amounted to 486 million Euro, down slightly (-3,4%) on the first nine months of 2018, and mainly refer to the auto lease sector. Loans to customers amounted to 1.425 million Euro, +1,8% on 31 December 2018.

- The **Corporate Banking Area** reported net banking income of 46,9 million Euro, a decrease of 33,4%, mainly due to the lower measurement of assets at fair value for 14,1 million Euro. However, it is significantly impacted by the expected lower contribution of the "PPA reversal"[2] (38,5 million Euro compared to 50,1 million at 30 September 2018). This decrease is normal as it is related to the progressive repayment of the underlying loans. Outstanding loans of the Corporate Banking Segment amounted to 733,1 million Euro, down 8,2% compared to the end of 2018.

The net banking income of the **NPL Segment**[1] amounted to 168,9 million Euro, up by 0,4%% from 168,2 million Euro for the period ended 30 September 2018, and may be broken down as follows.
"Interest income from amortised cost", referring to the interest accruing at the original effective interest rate, was up 32,5% from 72,3 million Euro to 95,7 million Euro, largely thanks to the increase in receivables at amortised cost, the highest amount of which is related for 47,6 million Euro to writs, attachments of property, and garnishment orders, and for 17,4 million Euro to settlement plans. This item includes 5,7 million Euro attributable to the newly acquired FBS.

The item "Other components of net interest income" includes the economic effect deriving from the change in expected cash flows as a result of higher or lower collections realised or expected compared to previous forecasts and went from 96,2 million Euro to 74,2 million Euro, with a decrease of 22,9%; this item includes the contribution of non-judicial operations for approximately 19,7 million Euro and the contribution of writs, attachments of property and garnishment orders for approximately 35,1 million Euro and the secured and corporate basin for approximately 19,4 million Euro. This item includes 5,8 million Euro attributable to the newly acquired FBS.
The increase in net commission income is almost entirely due to the contribution of the newly acquired FBS and related to the Group's servicing business with respect to a managed portfolio of 7,7 billion Euro.
Profits from the sale of receivables, earned solely in the first half of the year, are substantially in line with the first nine months of 2018. Disposals relate to processing queues of portfolios with an amortised cost value of 3 million Euro.

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1 Net impairment losses on receivables of the NPL Segment were entirely reclassified to Interest receivable and similar income to present more fairly this particular business, as they represent an integral part of the overall return on the investment.

2 The term "PPA reversal" refers to the reversal over time of the difference between the fair value as measured in the business combination and the carrying amount of the receivables of the former GE Capital Interbanca Group, acquired on 30 November 2016.

At 30 September 2019, the nominal amount of the receivables managed totalled 16,6 billion Euro, whereas their net carrying value was 1.187,6 million Euro. Collections improved by 45% from 125,7 million Euro in the first nine months of 2018 to 182,6 million Euro in the same period of 2019, confirming the Bank's recovery expertise.
Expected gross cash flows (Estimated Remaining Collections or ERCs) amount to approximately 2,4 billion Euro.

The breakdown of the main statement of financial position items of the Banca IFIS Group at 30 September 2019 is shown below.

Loans to customers measured at amortised cost

Total **loans to customers measured at amortised cost** amounted to 7.118,2 million Euro, down by 2,7% on 31 December 2018. Against the 8,8% growth in the NPL Segment, due in part to the contribution of the FBS Group, there was a decrease in the Enterprises Segment (-4,9% compared to the balance at 31 December 2018) and the Governance & Services Segment (-0,9% compared to the balance at 31 December 2018).

The **net non-performing exposures of the Enterprises Segment** amounted to 320,1 million Euro and were broken down as follows at 30 September 2019:

- net bad loans amounted to 68,5 million Euro, a slight increase of on 67,9 million Euro at 31 December 2018, with a substantially stable ratio of net bad loans to net loans (1,2% compared to 1,1% at 31 December 2018). The coverage ratio stood at 70,3% compared to 73% at 31 December 2018, a change also driven by the write-offs of several fully impaired exposures during the period;
- the balance of net unlikely to pay was 126,1 million Euro, down by 14,5% from 147,5 million Euro at 31 December 2018, due in part to the increase in the average coverage ratio to 46% at 30 September 2019 from 36,9% at 31 December 2018;
- net non-performing past due exposures amounted to 125,4 million Euro compared to 95 million Euro at 31 December 2018 (+32,1%) with a coverage ratio of 7,6% compared to 11,3% at 31 December 2018; the increase in non-performing past due exposures is mainly attributable to the public sector, which has lower levels of coverage compared to the private sector.

Overall, the Enterprises Segment reported a Gross NPE Ratio of 10,1% (9,5% at 31 December 2018) and a Net NPE Ratio of 5,7% (5,2% at 31 December 2018).

Funding

At 30 September 2019, the Group's funding structure was as follows:

- 63,9% customers deposit;
- 13,2% ABS;
- 11,8% debt securities;
- 8,4% TLTRO;
- 2,7% other.

In the nine months to 30 September 2019, direct funding through Rendimax and Contomax increased by 11,9% on 31 December 2018 to 4.949 million Euro, confirming the Group's solidity requirements.

Equity and ratios[3]

The Group's consolidated equity was strengthened to 1.501,4 million Euro at 30 September 2019, up 2,9% from 1.459,0 million Euro at 31 December 2018.

The **Common Equity Tier 1 (CET1)** and Total Own Funds Ratios including the effect of the prudential consolidation in the Parent Company La Scogliera at 30 September 2019, amounted to 11,10% (compared to 10,30% at 31 December 2018), while the consolidated Total Own Funds Ratio amounted to 14,84% (compared to 14,01% at 31 December 2018).

The **Common Equity Tier 1 (CET1)** and Total Own Funds Ratios of the Banca IFIS Group alone, excluding the effect of the consolidation in the Parent Company La Scogliera at 30 September 2019, amounted to 14,66% (compared to 13,74% at 31 December 2018) while the consolidated Total Own Funds Ratio amounted to 19,25% (compared to 18,20% at 31 December 2018).

In addition, please note that on 28 January 2019 the Bank of Italy required the Banca IFIS Banking Group to adopt the following consolidated capital requirements in 2019, including a 2,5% capital conservation buffer:

- common equity tier 1 (CET 1) capital ratio of 8,12%, with a required minimum of 5,62%;
- Tier 1 capital ratio of 10,0%, with a required minimum of 7,5%;
- Total Capital ratio of 12,5%, with a required minimum of 10,0%.

Significant events occurred in the period

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

Finalised acquisition of 90% of the capital of FBS S.p.A.

On 7 January 2019, the acquisition was finalised of FBS S.p.A., the fourth national operator specialising in the management of mortgage and corporate NPLs. The operation, announced on 15 May 2018 and financed entirely from the liquidity available to Banca IFIS, involved 90% of the capital of FBS for a total amount of 58,5 million Euro paid in cash. Paolo Strocchi, the majority shareholder of FBS since its foundation, has remained the CEO and shareholder together with the top management of FBS with a 10% stake in the capital of FBS, the subject of put and take options granted, reciprocally, by the top management and Banca IFIS, which provide for some ranges of exercise over a period of between 2 and 4 years and variable valuations also depending on the performance of FBS S.p.A.

The Shareholders' Meeting approves the 2018 financial statements. New Board of Directors elected, Luciano Colombini named Chief Executive Officer

The ordinary Shareholders' Meeting of Banca IFIS S.p.A. held on 19 April 2019 approved the 2018 financial statements, the distribution of a dividend of 1,05 Euro for each ordinary share with detachment of coupon (no. 22) on 29 April 2019, record date 30 April and payment from 2 May 2019. The Shareholders' Meeting approved the increase in the number of directors from 9 to 12, appointing members of the Board of Directors for the three-year period 2019-2021. Luciano Colombini became the new Chief Executive Officer of Banca IFIS S.p.A. on 19 April 2019.

Fitch confirms BB+ rating, outlook stable

On 19 July 2019, the agency Fitch Rating Inc. confirmed its Long-term Issuer Default Rating (IDR) of BB+, stable outlook.

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3 Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 30 June 2019 net of the estimated dividend.

Results of the Bank of Italy's inspection report

On 2 August 2019, the results of the Bank of Italy's inspection, which began on 28 January 2019 and ended on 30 April 2019, were received. It revealed no conformity issues and did not lead to the initiation of any sanction proceedings.

Significant subsequent events

Negotiations between Banca IFIS and Credito Fondiario ended

With reference to as was disclosed in a press release dated 2 August 2019, concerning the subscription between Banca IFIS S.p.A. and the Group Credito Fondiario S.p.A. of a non-binding letter of intent aimed at studying the implementation of a partnership in the debt servicing segment, on 30 October 2019, the Board of Directors of Banca IFIS resolved to permanently abandon negotiations with Credito Fondiario and therefore to not go to the due diligence phase, due to the difficulties encountered in defining a negotiating agreement satisfactory to both parties in terms of governance structures.

Banca IFIS acquires full ownership of FBS S.p.A.

On 30 October 2019, Banca IFIS closed the purchase of the 10% interest in FBS S.p.A. held by minority shareholders for a total amount of 12,2 million Euro. By making Banca IFIS the sole shareholder of FBS S.p.A., this deal will allow the integration of FBS into the Banca IFIS Group to be completed in the short term and permit even more effective development of the Italian Non-Performing Loans market, with coverage of all segments of non-performing loans, through flexible investment and management structures.

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

Declaration of the Corporate Accounting Reporting Officer

Pursuant to article 154 bis, paragraph 2 of the Consolidated Law on Finance, the Corporate Accounting Reporting Officer, Mariacristina Taormina, declares that the financial information contained in this press release corresponds to the related books and accounting records.

Banca IFIS S.p.A.

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Reclassified Financial Statements

Net impairment losses on receivables of the NPL Segment were reclassified to interest receivable and similar income to present more fairly this particular business, for which net impairment losses represent an integral part of the return on the investment.

Reclassified Consolidated Statement of Financial Position

ASSETS (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2019	31.12.2018	ABSOLUTE	%
Cash and cash equivalents	62	48	14	29,2%
Financial assets measured at fair value through profit or loss	176.310	193.654	(17.344)	(9,0)%
a) financial assets held for trading	28.375	29.809	(1.434)	(4,8)%
c) other financial assets mandatorily measured at fair value	147.935	163.845	(15.910)	(9,7)%
Financial assets measured at fair value through other comprehensive income	996.048	432.094	563.954	130,5%
Financial assets measured at amortised cost	8.159.462	7.904.567	254.895	3,2%
a) due from banks	1.041.312	590.595	450.717	76,3%
b) loans to customers	7.118.150	7.313.972	(195.822)	(2,7)%
Equity investments	6	-	6	n.a.
Property, plant and equipment	128.827	130.650	(1.823)	(1,4)%
Intangible assets	64.026	23.277	40.749	175,1%
of which:				
- goodwill	*42.252*	*1.515*	*40.737*	*n.s.*
Tax assets:	388.624	395.084	(6.460)	(1,6)%
a) current	48.319	46.820	1.499	3,2%
b) deferred	340.305	348.264	(7.959)	(2,3)%
Other assets	335.766	302.887	32.879	10,9%
Total assets	**10.249.131**	**9.382.261**	**866.870**	**9,2%**

LIABILITIES AND EQUITY (in thousands of Euro)	AMOUNTS AT		CHANGE	
	30.09.2019	**31.12.2018**	**ABSOLUTE**	**%**
Financial liabilities measured at amortised cost	8.232.502	7.437.694	794.808	10,7%
a) due to banks	913.855	785.393	128.462	16,4%
b) due to customers	5.257.047	4.673.299	583.748	12,5%
c) debt securities issued	2.061.600	1.979.002	82.598	4,2%
Financial liabilities held for trading	26.798	31.155	(4.357)	(14,0)%
Tax liabilities:	70.806	52.722	18.084	34,3%
a) current	24.795	13.367	11.428	85,5%
b) deferred	46.011	39.355	6.656	16,9%
Other liabilities	373.954	367.872	6.082	1,7%
Post-employment benefits	10.298	8.039	2.259	28,1%
Provisions for risks and charges:	33.329	25.779	7.550	29,3%
a) commitments and guarantees granted	2.495	3.896	(1.401)	(36,0)%
c) other provisions for risks and charges	30.834	21.883	8.951	40,9%
Valuation reserves	(950)	(14.606)	13.656	(93,5)%
Reserves	1.259.773	1.168.543	91.230	7,8%
Share premiums	102.285	102.116	169	0,2%
Capital	53.811	53.811	-	0,0%
Treasury shares (-)	(3.012)	(3.103)	91	(2,9)%
Equity attributable to non-controlling interests (+ / -)	5.541	5.476	65	1,2%
Profit (loss) for the period (+/-)	83.996	146.763	(62.767)	(42,8)%
Total liabilities and equity	**10.249.131**	**9.382.261**	**866.870**	**9,2%**

Reclassified Consolidated Income Statement

ITEMS (in thousands of Euro)	FIRST NINE MONTHS		CHANGE	
	2019	2018	ABSOLUTE	%
Net interest income	**324.638**	**329.247**	**(4.609)**	**(1,4)%**
Net commission income	**68.729**	**59.980**	**8.749**	**14,6%**
Other components of net banking income	(2.124)	14.323	(16.447)	(114,8)%
Net banking income	**391.243**	**403.550**	**(12.307)**	**(3,0)%**
Net credit risk losses/reversals	(49.014)	(68.915)	19.901	(28,9)%
Net profit (loss) from financial activities	**342.229**	**334.635**	**7.594**	**2,3%**
Administrative expenses:	(253.792)	(217.100)	(36.692)	16,9%
a) personnel expenses	(95.697)	(83.281)	(12.416)	14,9%
b) other administrative expenses	(158.095)	(133.819)	(24.276)	18,1%
Net allocations to provisions for risks and charges	(11.139)	(5.306)	(5.833)	109,9%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(12.793)	(9.073)	(3.720)	41,0%
Other operating income/expenses	65.370	22.614	42.756	189,1%
Operating costs	**(212.354)**	**(208.865)**	**(3.489)**	**1,7%**
Gains (Losses) on disposal of investments	(1.294)	-	(1.294)	n.a.
Pre-tax profit (loss) from continuing operations	**128.581**	**125.770**	**2.811**	**2,2%**
Income taxes for the period relating to continuing operations	(44.528)	(36.721)	(7.807)	21,3%
Profit (Loss) for the period	**84.053**	**89.049**	**(4.996)**	**(5,6)%**
Profit (Loss) for the period attributable to non-controlling interests	57	55	2	3,6%
Profit (Loss) for the period attributable to the Parent company	**83.996**	**88.994**	**(4.998)**	**(5,6)%**

Reclassified Consolidated Income Statement: 3rd Quarter

ITEMS (in thousands of Euro)	3RD QUARTER		CHANGE	
	2019	2018	ABSOLUTE	%
Net interest income	**91.081**	**99.670**	**(8.589)**	**(8,6)%**
Net commission income	**22.190**	**20.206**	**1.984**	**9,8%**
Other components of net banking income	(1.225)	5.557	(6.782)	(122,0)%
Net banking income	**112.046**	**125.433**	**(13.387)**	**(10,7)%**
Net credit risk losses/reversals	(13.968)	(28.879)	14.911	(51,6)%
Net profit (loss) from financial activities	**98.078**	**96.554**	**1.524**	**1,6%**
Administrative expenses:	(75.274)	(66.564)	(8.710)	13,1%
a) personnel expenses	(31.534)	(27.830)	(3.704)	13,3%
b) other administrative expenses	(43.740)	(38.734)	(5.006)	12,9%
Net allocations to provisions for risks and charges	(5.653)	(6.254)	601	(9,6)%
Net impairment losses/reversals on property, plant and equipment and intangible assets	(4.517)	(3.148)	(1.369)	43,5%
Other operating income/expenses	11.454	11.277	177	1,6%
Operating costs	**(73.990)**	**(64.689)**	**(9.301)**	**14,4%**
Gains (Losses) on disposal of investments	-	-	-	-
Pre-tax profit (loss) from continuing operations	**24.088**	**31.865**	**(7.777)**	**(24,4)%**
Income taxes for the period relating to continuing operations	(8.343)	(9.025)	682	(7,6)%
Profit (Loss) for the period	**15.745**	**22.840**	**(7.095)**	**(31,1)%**
Profit (Loss) for the period attributable to non-controlling interests	15	55	(40)	(72,7)%
Profit (Loss) for the period attributable to the Parent company	**15.730**	**22.785**	**(7.055)**	**(31,0)%**

Own funds and capital adequacy ratios

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: (in thousands of Euro)	AMOUNTS AT	
	30.09.2019	31.12.2018
Common equity Tier 1 Capital (CET1)	970.603	924.285
Tier 1 capital (T1)	1.023.724	980.463
Total own funds	**1.297.921**	**1.257.711**
Total RWA	**8.743.161**	**8.974.645**
Common Equity Tier 1 Ratio	11,10%	10,30%
Tier 1 Capital Ratio	11,71%	10,92%
Total Own Funds Ratio	**14,84%**	**14,01%**

Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 30 June 2019 net of the estimated dividend.

OWN FUNDS AND CAPITAL ADEQUACY RATIOS: BANCA IFIS BANKING GROUP SCOPE (in thousands of Euro)	AMOUNTS AT	
	30.09.2019	31.12.2018
Common equity Tier 1 Capital (CET1)	1.280.549	1.231.537
Tier 1 capital (T1)	1.280.549	1.231.537
Total own funds	**1.680.962**	**1.631.858**
Total RWA	**8.734.039**	**8.966.099**
Common Equity Tier 1 Ratio	14,66%	13,74%
Tier 1 Capital Ratio	14,66%	13,74%
Total Own Funds Ratio	**19,25%**	**18,20%**

Common Equity Tier 1, Tier 1 Capital, and total Own Funds included the profits generated by the Banking Group at 30 June 2019 net of the estimated dividend.