



# BANCA IFIS

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Acquisition of GE Capital Interbanca Group

28 July 2016

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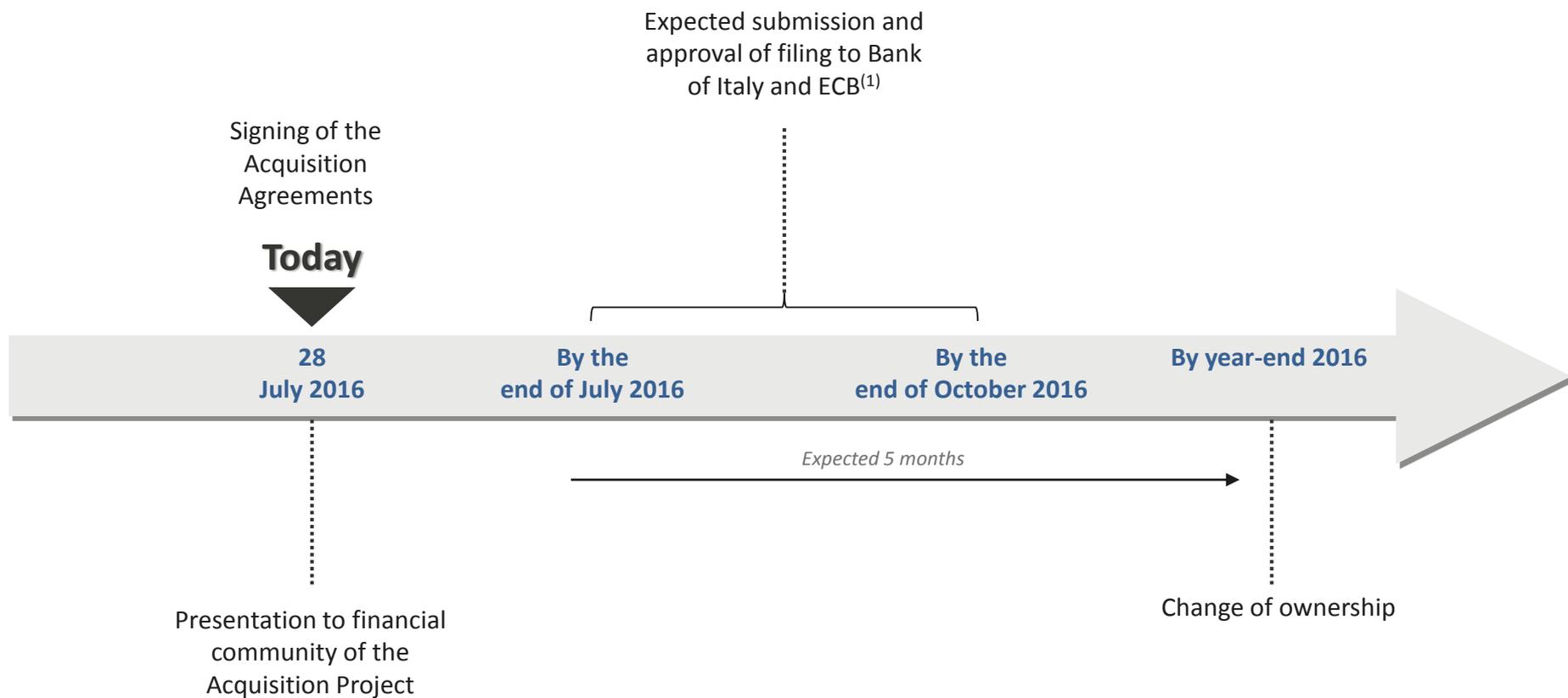
## Key Transaction Highlights

Strategic Rationale

Financial Projection

Annexes

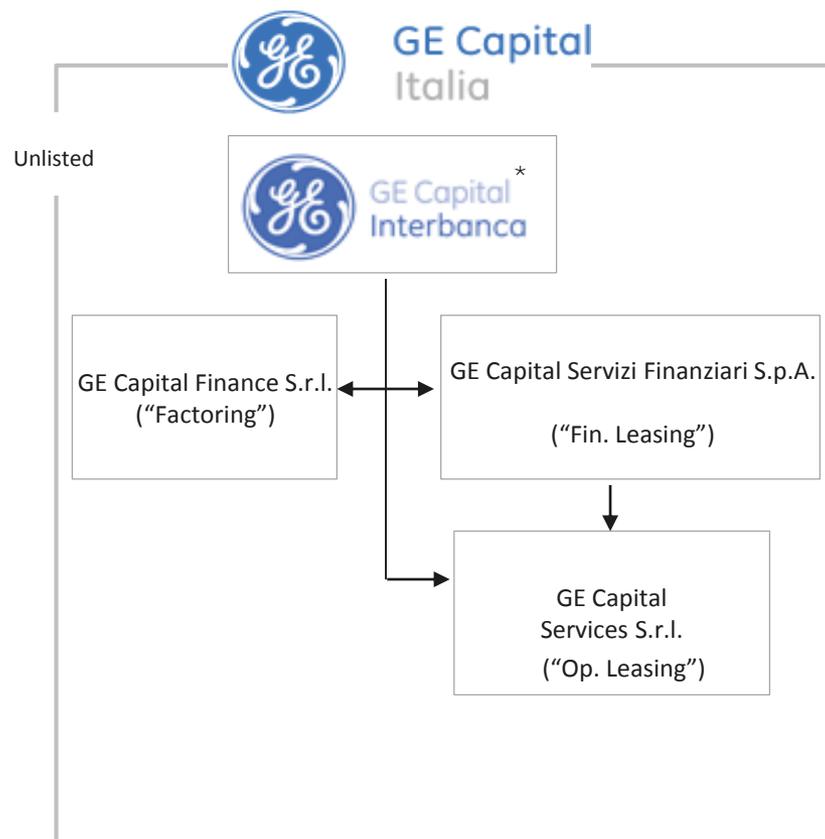




<sup>(1)</sup> In parallel with the BoI and ECB approval process, Banca IFIS will also apply to Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato – AGCM) in order to exclude abuses of dominant position as well as concentrations which may create or strengthen dominant positions detrimental to competition.

The application process has been started with the support of the Bank's legal advisors, Clifford Chance.





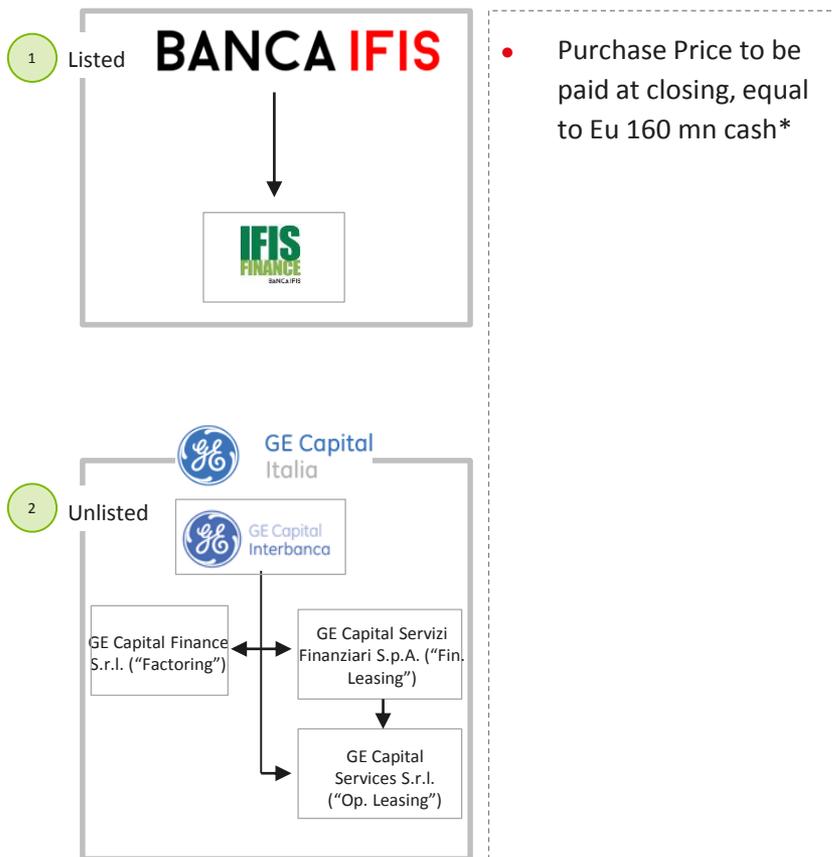
(\*) Company's legal entities before acquisition

(\*\*) Source: Interbanca's Consolidated Report as of Dec.2015

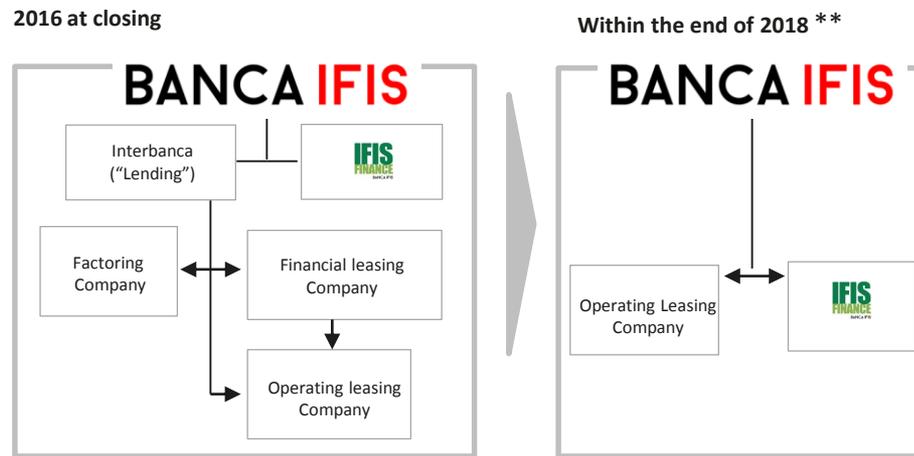
Highlights 2015 **	Eu mn
Net banking income	87
Result from financial operations	28
Operating costs	(83)
Net Loss	(45)
Total assets	4.098
Loans to customers	3.038
Due to GE	2.395
Equity	1.059
<i>Common Equity Tier 1 Cap Ratio</i>	<i>25,7%</i>
<i>Total Capital Ratio</i>	<i>25,9%</i>
<i>Impaired loans (gross)</i>	<i>1.159</i>
<i>of which NPL (gross)</i>	<i>549</i>
<i>Net Exposure(Net Impaired loans)</i>	<i>509</i>
<i>Coverage Deteriorated assets</i>	<i>56,1%</i>
<i>Net Deteriorated Assets/Equity</i>	<i>48,1%</i>
<i>Net NPL</i>	<i>117,4</i>
<i>NPL Coverage</i>	<i>78,6%</i>
<i>Net NPL/Equity</i>	<i>11,1%</i>
<i>Net NPL/Loans</i>	<i>3,6%</i>



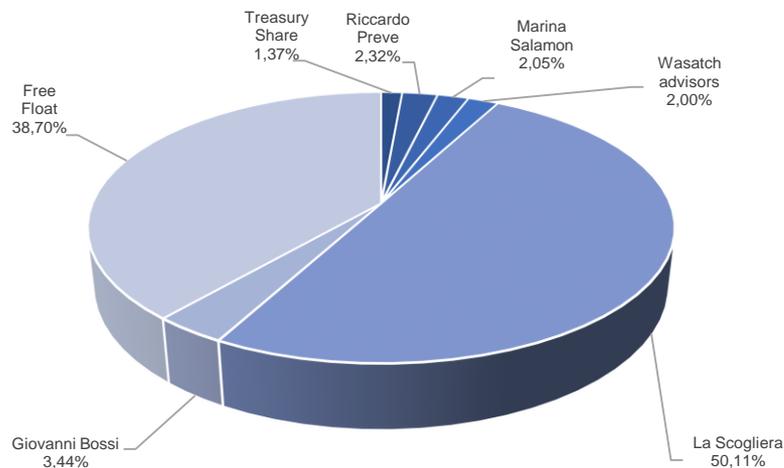
### Transaction's key terms



### First hypothesis on Banca IFIS's target structure after 18-24 months



### Banca IFIS Shareholder Structure at 31 December 2015



(\*) Subject to price adjustment mechanism between 31/12/2015 and closing

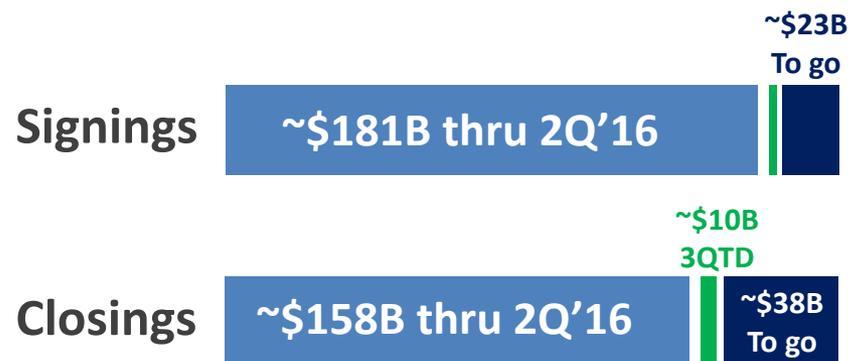
(\*\*) As results of the merger of the company of GE Capital Interbanca Group



# “We decided to exit all of the financing platforms not related to GE industrial businesses”

*Jeffrey R. Immelt* Chairman of the Board & Chief Executive Officer, GE  
February 26, 2016 \*

GE Capital announced it would sell approximately \$200 billion of assets by the end of 2017. As of June'16, GE has closed transactions for more than \$158 billion of assets and signed transactions for \$181 billion of assets \*\*



(\*) GE Annual Report 2015 (<http://www.ge.com/ar2015/letter/>)

(\*\*) GE 2016 second quarter performance ( [http://www.ge.com/sites/default/files/ge\\_webcast\\_presentation\\_07222016\\_1.pdf](http://www.ge.com/sites/default/files/ge_webcast_presentation_07222016_1.pdf) )



Scope of the Acquisition	Acquisition of 99,99%* of Interbanca S.p.A (Lending) and its Factoring and Leasing (financial & operational) businesses
Rationale	<ul style="list-style-type: none"><li>• Combine knowhow of both Groups</li><li>• In depth knowledge of small Italian enterprises, with focus on their financial cycle</li><li>• Development and retention of existing clients and acquisition of new ones</li><li>• Enhancement of new group shareholders equity</li></ul>
Purchase Price	Purchase price is equal to Eu 160 mn in cash, subject to price adjustment mechanism between 31/12/2015 and closing
Funding	At Closing Interbanca Group exposure vs GE (estimated below 2 bn**) will be reimbursed Funding sources mainly comprise of: <ul style="list-style-type: none"><li>• Committed line provided by a Bank Consortium (around Eu 0.950 bn) on GE assets</li><li>• Retail funding (Eu 1 bn in excess deposits expected at closing)</li></ul>
People	Acquisition of approximately 500 HR, over 1300 HR at Banca IFIS Group post-transaction

(\* ) 0.01% owned by natural persons, non-active shareholders

(\*\* ) Eu 2,395 bn at 31 December 2015 GE intercompany indebtedness (source: Consolidated Report)



Key Transaction Highlights

**Strategic Rationale**

Financial Projection

Annexes



## BANCA IFIS



- B2B Trade finance** → Focus on SMEs & micro companies and Public Administration
- DRL** → Investment in retail Unsecured Distressed Loan portfolios  
Over 1,000,000 positions
- Tax receivables** → Purchase of tax receivables arising from insolvency proceedings

- \* **Lending** → Medium/long term financing to MidCap through a dedicated legal entity, **GE Capital Interbanca**
- \* **Leasing** → Financial and operating leasing through two distinct legal entities, **GE Capital Servizi Finanziari** (“Financial Leasing”), 106 TUB and **GE Capital Services** (“Operating Leasing”), which offers only operating leasing, in the Equipment Finance segment
- \* **Factoring** → Factoring business towards medium size companies through a dedicated legal entity, **GE Capital Finance**, formally registered ex art. 106 del TUB.

### Key figures (2015)\*

# Headcount	<b>724 ***</b>
# Offices	<b>29</b>
Net Banking income (Eu mn)	<b>408</b>
Net Equity (Eu mn)	<b>573</b>
Total Assets (Eu bn)	<b>6,9</b>
# Clients (SMEs)	<b>5,000+</b>

### Key figures (2015)\* \*

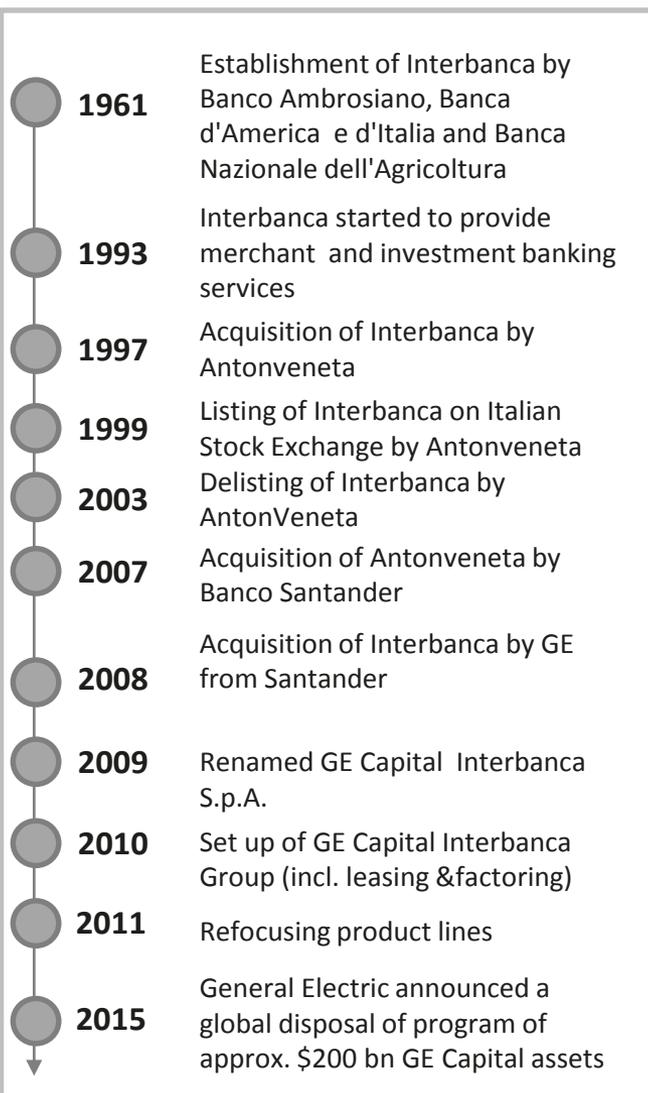
# Headcount	<b>505</b>
# Offices	<b>5</b>
Net Banking income (Eu mn)	<b>87</b>
Net Equity (Eu mn)	<b>1,059</b>
Total Assets (Eu bn)	<b>4,1</b>
# Clients (Enterprises)	<b>80,000+</b>

(\*) Company’s legal entities before acquisition

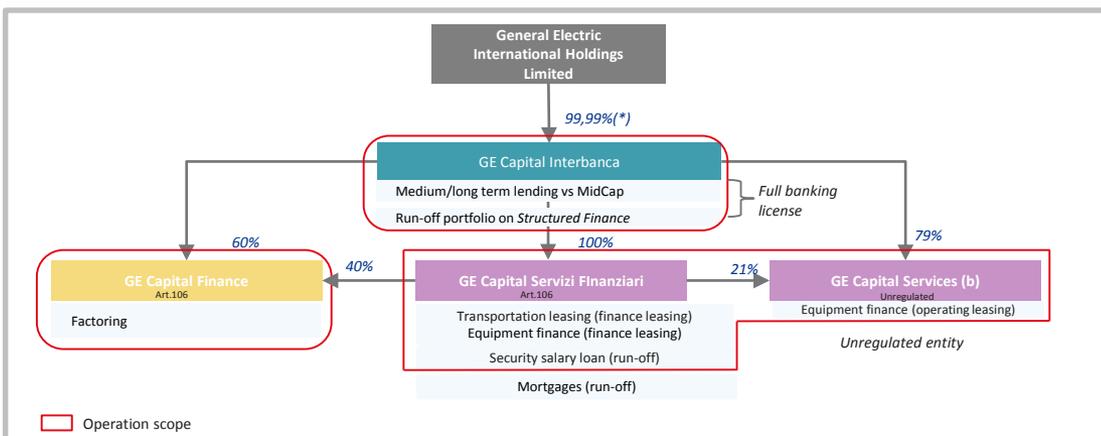
(\*\*) Source: Consolidated Report as of Dec.2015 (\*\*\*) As of today: 820



**Historical development of Interbanca**



**Highlights on GE Capital Interbanca Group \*\***



**Location GE Capital Interbanca Group**



(\*) 0.01% owned by natural persons, non-active shareholders

(\*\*) Company's legal entities before acquisition



## Vision

Create the leading specialty finance Italian player with in-depth know-how to provide a complete range of financial services to the SMEs and micro enterprises sectors (from working capital to restructuring and Non Performing Loans)

## Mission

**The leading specialty finance Italian player with indepth know-how on SMEs:**

- Financing working capital
- Financing medium to long term projects
- Providing leasing services for the purchase of vehicles and capital goods
- Supporting specialty-finance operations
- Focusing on corporate impaired assets





**Run-off of less profitable positions (mainly in business lending)**



**Selective approach to small-medium size companies in lending**



**New specialty-finance opportunities in niche areas (e.g. restructuring)**



**Cross-selling opportunities within both the customer base of Banca IFIS and of Interbanca Group in order to significantly improve current customer development and retention**



**Active management of deteriorated corporate assets; open to further development**

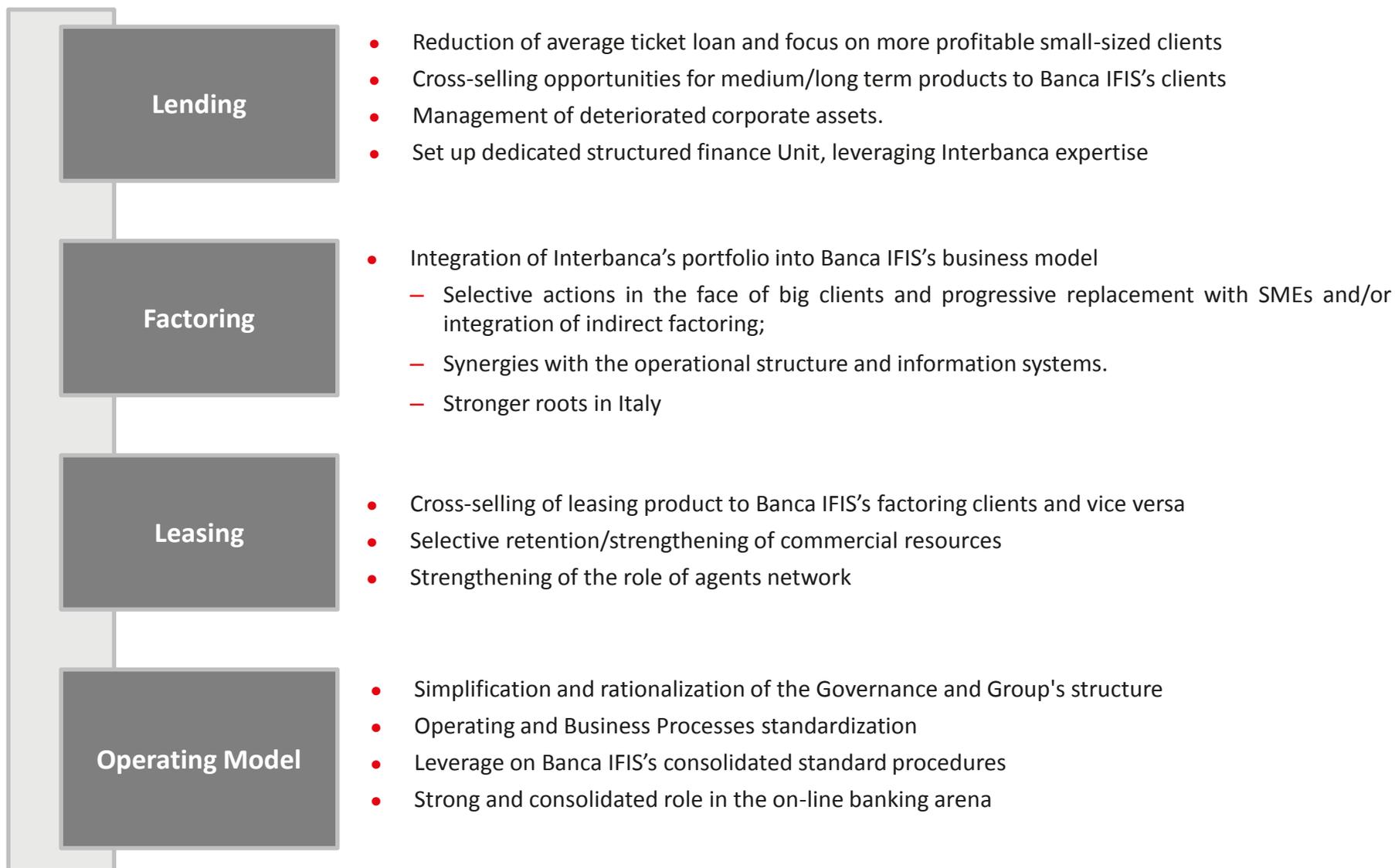


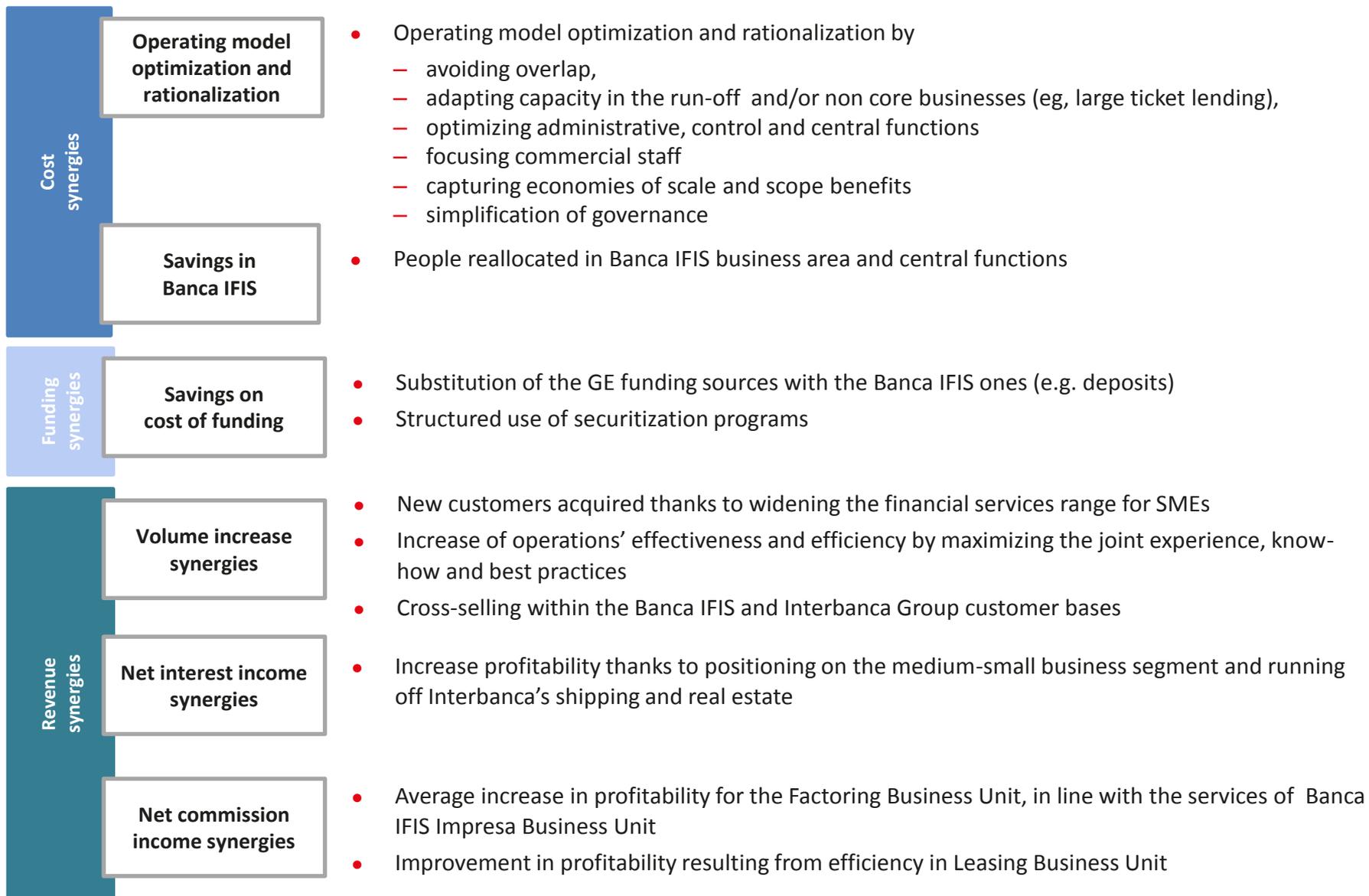
**Rationalization and simplification of the target operating model**



**Cost synergies by leveraging the target HR structure to support the new Group's expected growth**



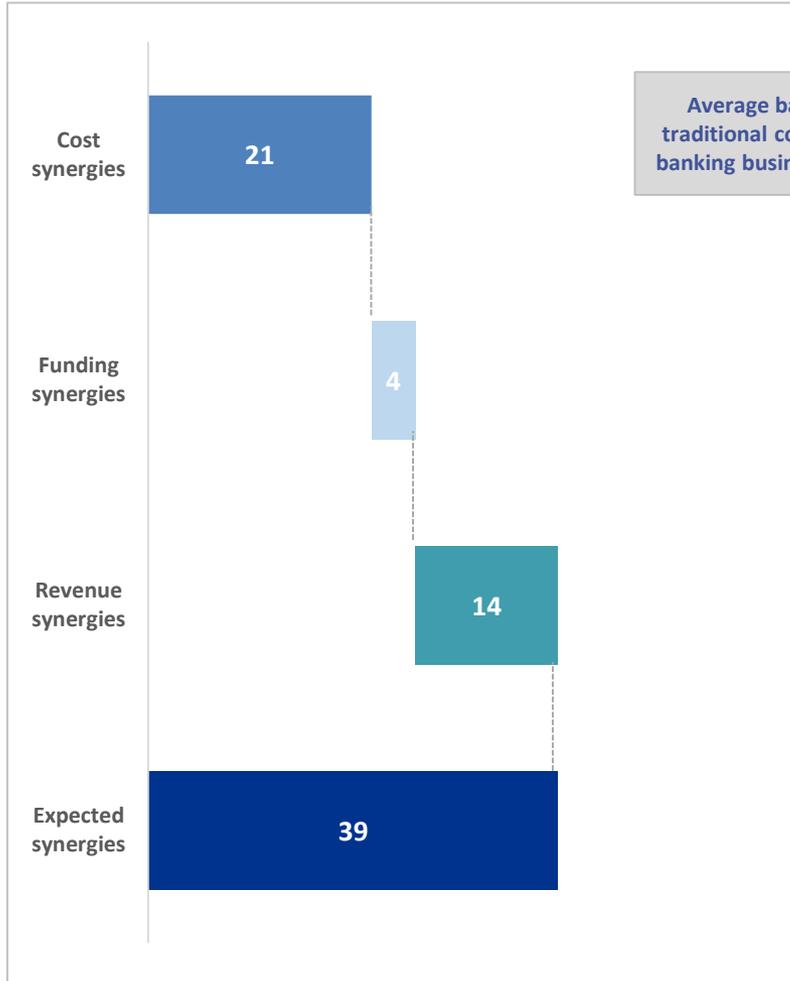




HIGHLY  
PRELIMINARY

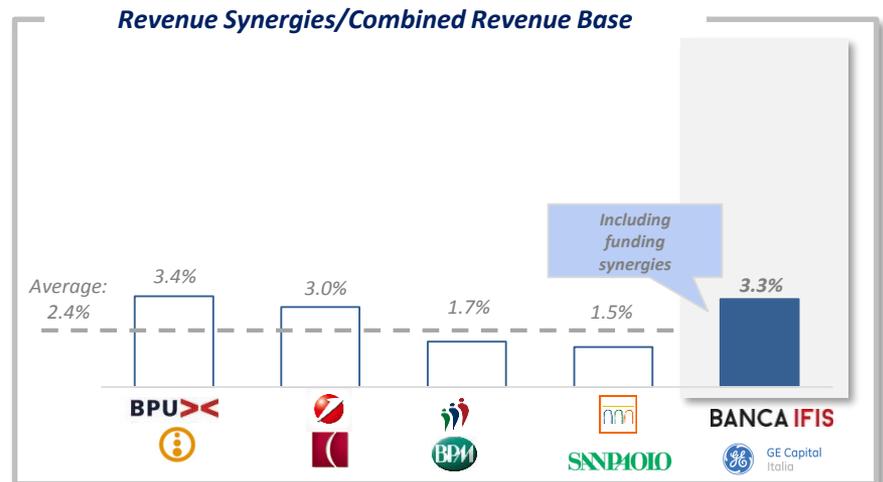
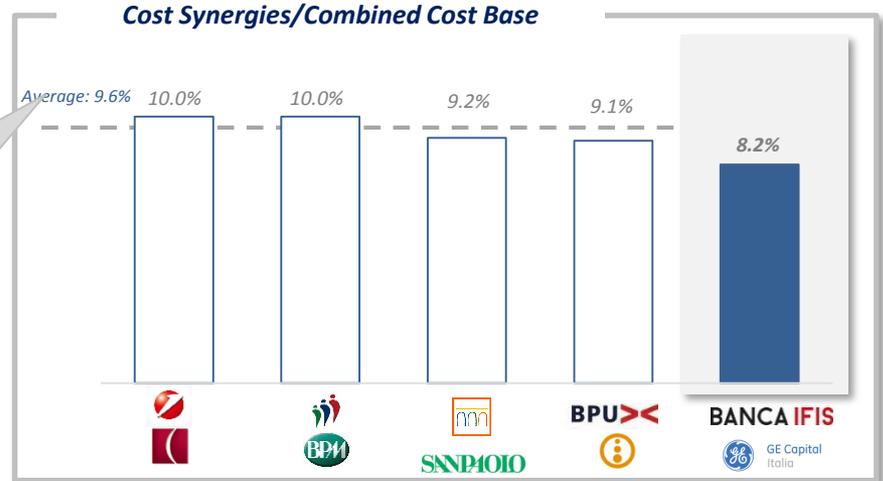
### Expected synergies in 2018

Eu mn; gross of tax



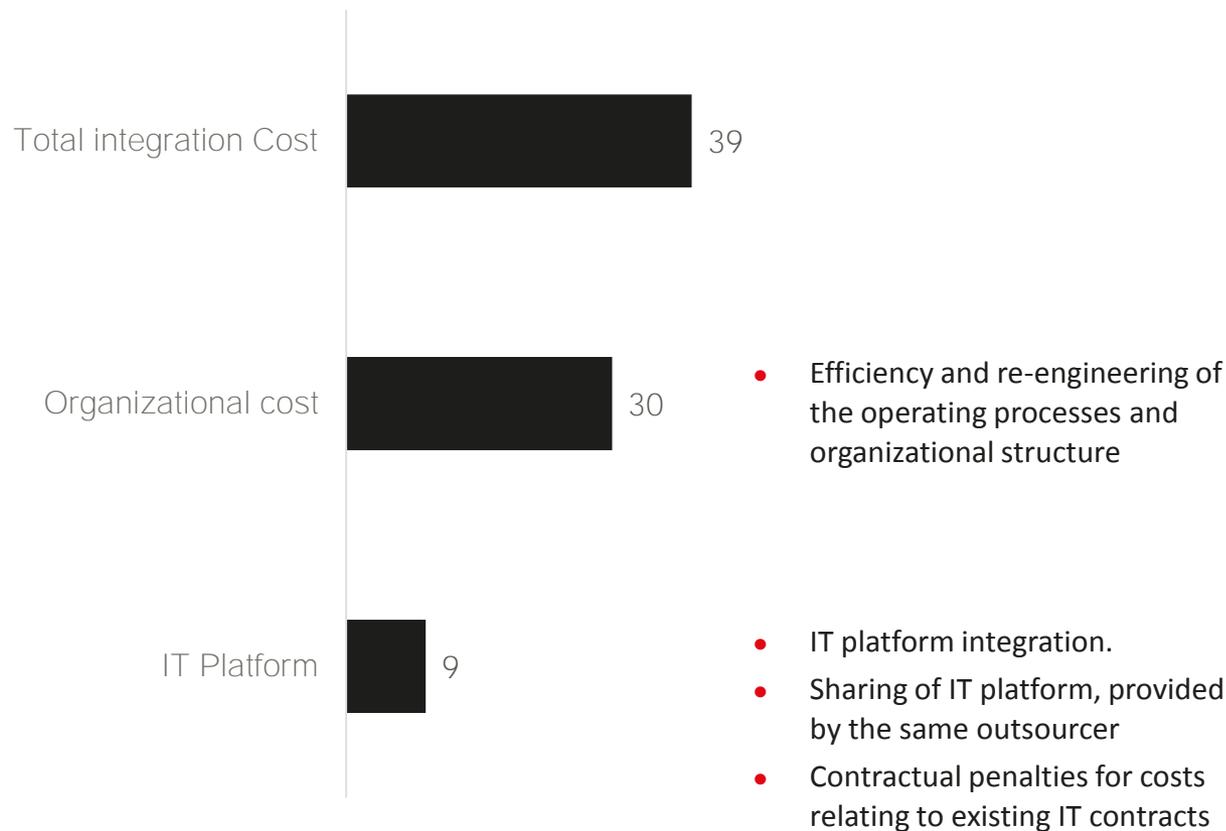
Average based on traditional commercial banking business model

### Synergies Announced in Previous Transactions



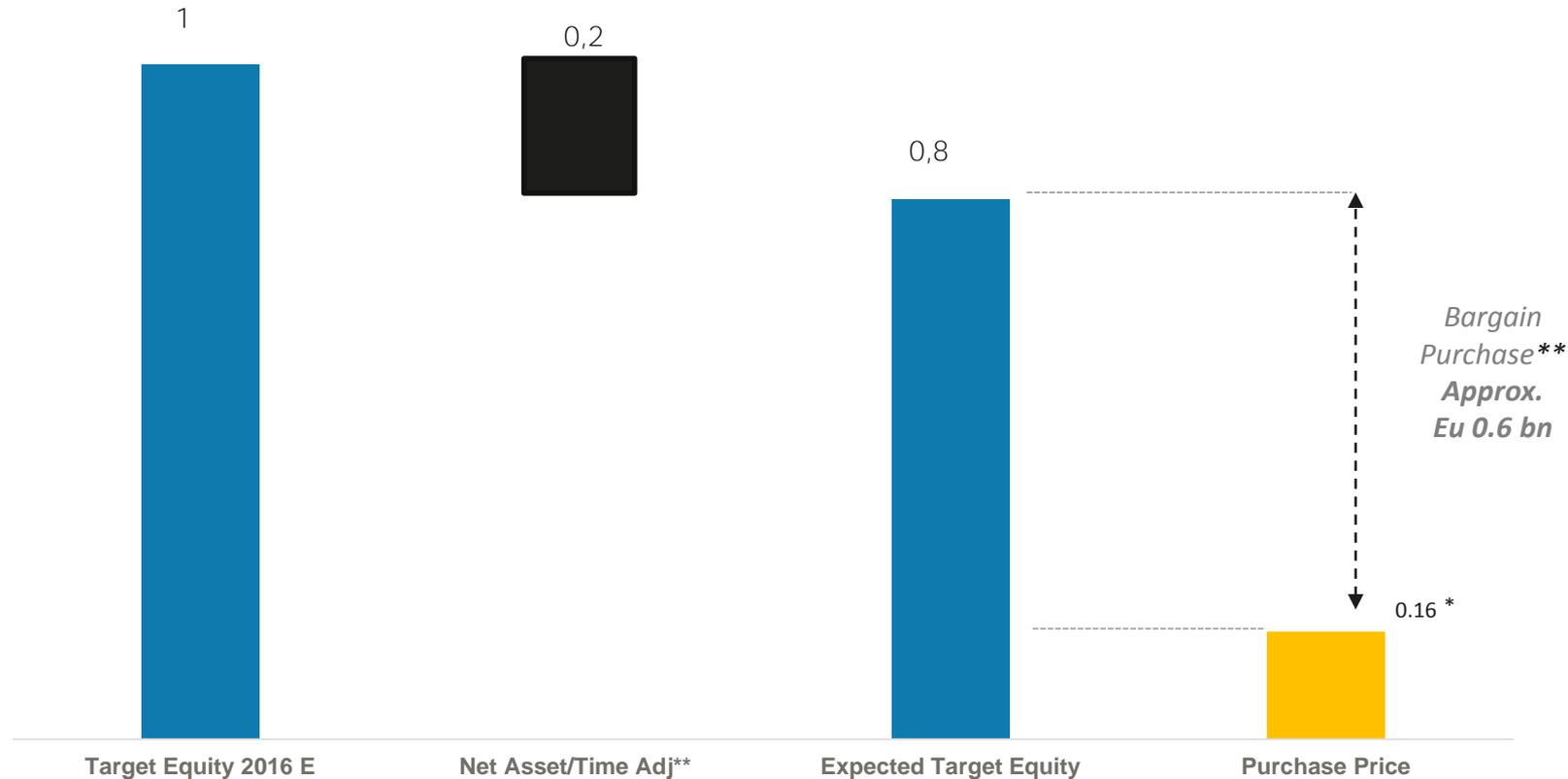
### Expected integration costs

Eu mn



Eu bn

HIGHLY  
PRELIMINARY  
Based on data  
available



(\*) Original Purchase price equal to Eu160 mn will be subject to price adjustment mechanism between 31/12/2015 and closing

(\*\*) As per IFRS3

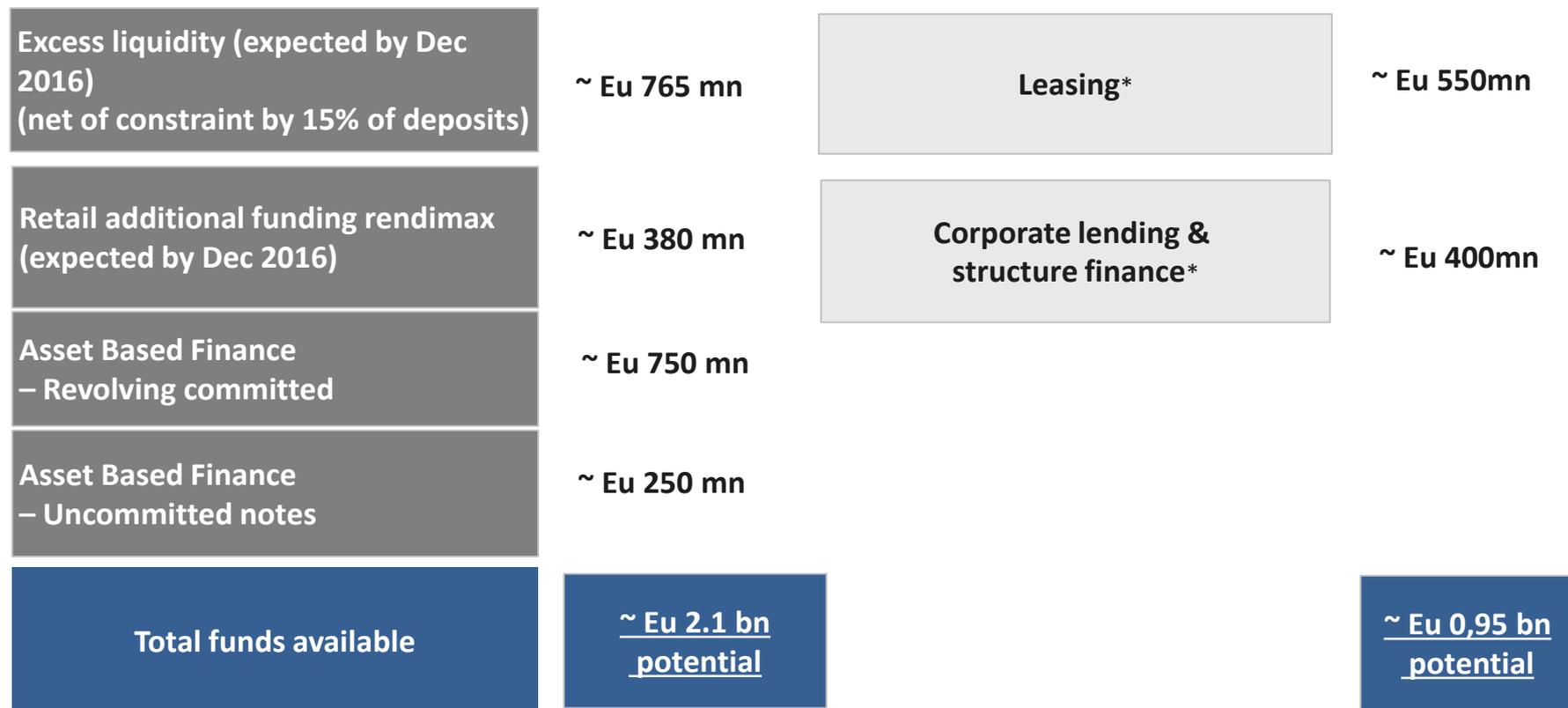


Eu/mn

HIGHLY  
PRELIMINARY

**Funding Banca IFIS stand alone**

**Asset Based Finance - Interbanca**



**Funding needs expected at closing Eu 1,8 bn + price paid at closing**

(\*) Bank Consortium commitment is based on these categories of assets; other Interbanca Group's assets potentially available for additional financing



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HIGHLY  
PRELIMINARY

		2015 Banca IFIS Group	2015 Interbanca Group	2018 Target
<b>Key Balance Sheet items (Eu bn)</b>	<b>Total Asset</b>	7	4	9,4
	<b>Total Funds and Deposits</b>	6	3	7,5
	<b>Net Equity</b>	0,6	1,1	1,5
<b>Key Profit &amp; Loss items (Eu mn)</b>	<b>Net Banking Income</b>	408,0	87	601
	<i>Cost Income (%)</i>	31%	95,1%	39,9%
	<i>Cost of Risk (%)</i>	0,9%	1,97%	0,67%
	<b>Net Income</b>	162,0	-45,0	>200
<b>Key Ratios</b>	<b>ROE (%)</b>	16,3% *	-4,1%	≈14%
	<b>EPS (€)</b>	3,05		4
	<b>Book value per share (€)</b>	10,81		28
	<b>Total Own Funds Capital Ratio (%)</b>	15,8%**	25,9%	17,7%**
	<b>NPL/loans (%)</b>	1,1%		1,3%
	<b>NPL coverage ratio (%)</b>	87,9%	83%	84%
	<b>Deteriorated assets coverage ratio (%)</b>	65,5%	59%	59%

(\*) ROE adjusted, net of carry trade

(\*\*) Ratio calculated on BancalFIS Group without considering the minorities effect from the parent Company



100.000 retail + 100.000 SMEs **CUSTOMERS**

Expected **Eu 1 bn** additional **EQUITY** from the acquisition

**EPS** accretive since inception, delivering **Eu 4** by 2018

**No** need for **CAPITAL INCREASE**



Key Transaction Highlights

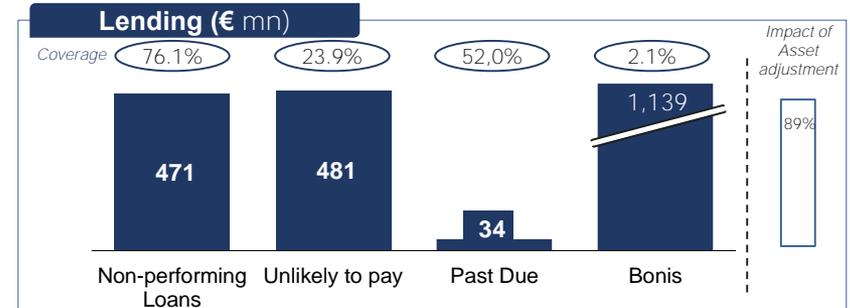
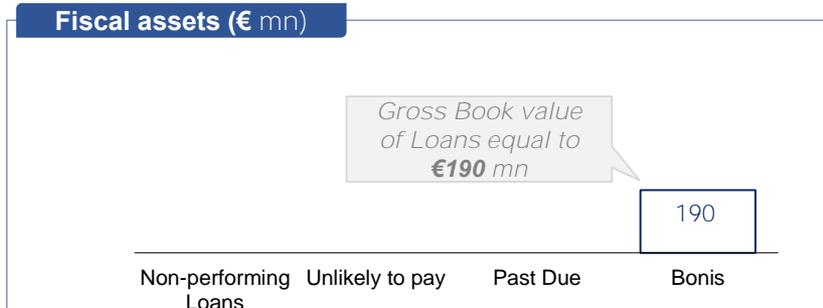
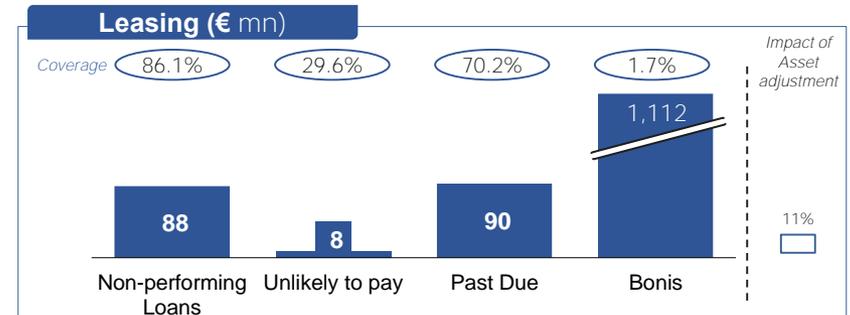
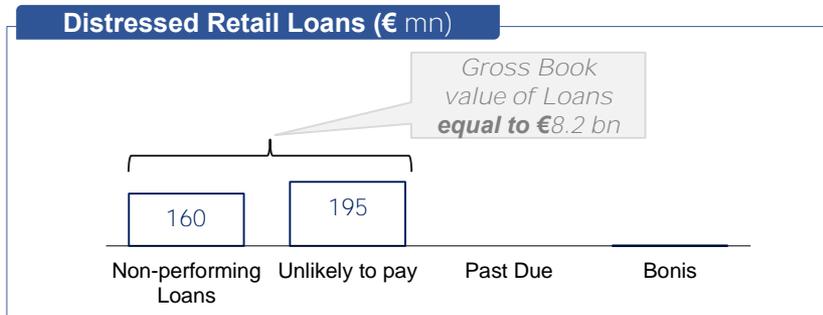
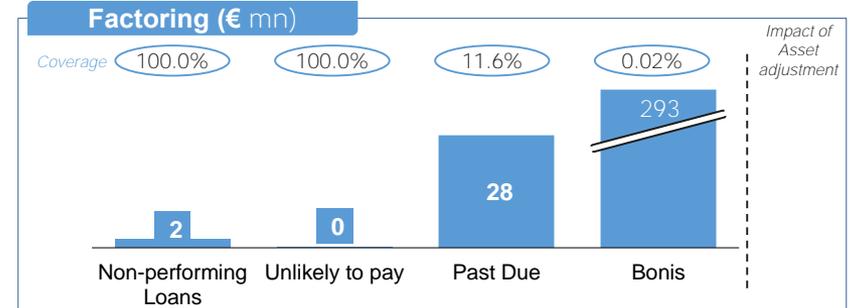
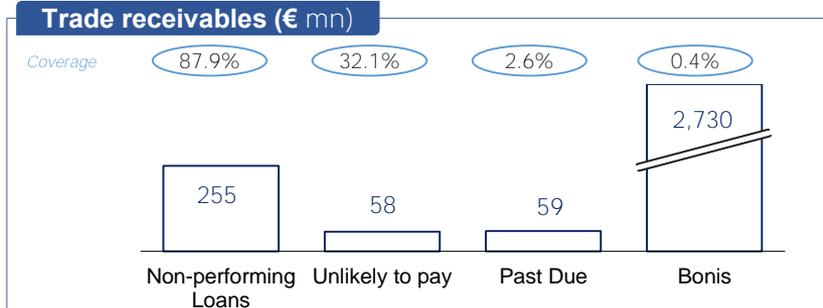
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**BANCA IFIS**



(\*) Data refers to the target assets within the scope of acquisition

