

PRESS RELEASE

## Banca IFIS and GE Capital, agreement reached for the acquisition of GE Capital Interbanca

*The Chairman Sebastien Egon Fürstenberg: "We are sending a strong signal to the market".  
CEO Giovanni Bossi: "Our objective? To be the leading specialty finance player for SMEs in Italy"*

Mestre (Venice), 28 July 2016 – The Board of Directors of Banca IFIS, chaired by Sebastien Egon Fürstenberg, met today and announced that Banca IFIS has concluded a contract with GE Capital for the acquisition of the GE Capital Interbanca Group. Below are the most significant aspects of this transaction:

- The transaction involves the acquisition of a 99.99% interest in GE Capital Interbanca S.p.A. ("GE Capital Interbanca");
- Agreed price: Euro 160 million (with a price adjustment mechanism based on the difference in the value of equity from 31 December 2015 up to the conclusion of the agreement);
- The acquisition does not involve a share capital increase;
- Full repayment of GE Capital Interbanca's debt to GE Capital;
- The closing of the transaction is subject to the authorisation of the Supervisory Authority and the Antitrust Authority.

This transaction allows Banca IFIS to strengthen its structure and the existing businesses with complementary activities, in line with the external growth strategies of the bank, with the purpose of becoming the leading specialty finance player in Italy providing financial support to Italian micro, small and medium businesses (with services ranging from initial funding to restructuring and non-performing loans).

"The acquisition of GE Capital Interbanca is a strong signal that Banca IFIS is sending to the market and its current and future customers. We have the willingness, dedication and commitment to develop and issue new loans for trade finance and the new sectors that will be added to the current operations of Banca IFIS" said **Sebastien Egon Fürstenberg**, the Chairman of Banca IFIS. "The new skills will allow us to achieve new operational and management synergies, which are of the utmost importance in this constantly evolving market where we strive to play a leading role" added **Giovanni Bossi**, the CEO of Banca IFIS. "This is a realistic objective thanks to our efficient and sustainable business model, which will continue to set us apart. Moreover, this acquisition further bolsters our capital base, thereby ensuring our growth in the long term".

The transaction involves 99.99% of the shares in GE Capital Interbanca, including the companies operating in the factoring, financial lease, operating lease, and lending segments.

Thanks to this acquisition, the core business of Banca IFIS will include two new segments – leasing and lending – while the Bank's factoring know-how will be further developed and enhanced.

# BANCA IFIS

As at 31 December 2015, GE Capital Interbanca Group recorded net banking income of Euro 87.3 million and a loss for the year of Euro 44.6 million. The result for 2015 is mainly due to impairment losses on receivables due from customers, mainly relating to the lending portfolio of GE Capital Interbanca. GE Capital Interbanca's intercompany debt to GE Capital at year-end 2015 was Euro 2.395 billion.

Total capital reserves as at 31 December 2015 amounted to Euro 1,059.2 million, with a CET 1 Ratio of 25.7% and a Total Capital Ratio of 25.9%. The bad loan coverage ratio amounted to 78% while the percentage was 69.9% for impaired loans.

The acquisition strategy is as follows:

- **Lending:** run-off of non-profitable positions and access the expertise of GE Capital Interbanca's staff to secure new loans to SMEs and opportunities for new development in niche areas (e.g. restructuring and specialty finance), with particular attention paid to credit risk management. Implementation of new commercial policies which aim to support smaller businesses within a limited risk environment thanks to the experience that Banca IFIS has in its core business sector;
- **Factoring:** integration of the segment into Banca IFIS operations – which constitutes our core business – through unification of the operating processes and commercial networks;
- **Financial and operating lease:** new driving forces and services aimed at strengthening the business and increasing profitability and the client base. Activation of cross-selling using the Banca IFIS CRM approach.

Banca IFIS's growth already required 120 additional new employees in the first half of 2016 and the acquisition will contribute to such growth with no major impacts on personnel.

Furthermore, Banca IFIS will look for optimization in personnel and administrative expenses.

The Milan headquarters located at Corso Venezia 56 (the headquarters of GE Capital Interbanca) and the branches of GE Capital Interbanca throughout Italy will be added to the Banca IFIS current locations in Venezia Mestre (main headquarters), Florence (NPL Division of Banca IFIS) and Bologna (Fast Finance) and the 28 other branches throughout Italy.

The acquisition of GE Capital Interbanca will be financed through the current liquidity of Banca IFIS and the securitization of certain GE Capital Interbanca assets.

The closing of the transaction is subject to authorisation by the Supervisory Authority and the Antitrust Authority.

*Banca IFIS relied on leading external consultants as advisors for its acquisition: these are, in particular, Banca IMI and KPMG Advisory Corporate Finance in their capacity as financial advisors, the Clifford Chance law firm as legal advisors and KPMG carried out the due diligence process.*

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# BANCA IFIS

## **Banca IFIS Group**

The Banca IFIS Group (IF:IM) is the only independent banking group in Italy that specialises in the segment of trade receivables, distressed retail loans and tax receivables. The brands through which the Group operates are: Banca IFIS Impresa (dedicated to trade finance loans to SMEs operating on the Italian market and companies expanding abroad or foreign companies dealing with Italian customers); Banca IFIS Pharma (trade finance loans to the main suppliers of local healthcare units and a business unit dedicated to financing for Pharmacies); Banca IFIS NPL Area (non-performing loans sector, together with CrediFamiglia, which specialises in the settlement of financial debts); Fast Finance (focusing on tax receivables); IFIS Finance (financial solutions for companies operating on the Polish market). IFIS is present on the retail market with the rendimax savings account and the contomax current account. Listed on the Star Segment of Borsa Italiana, the Banca IFIS Group is an innovative and steadily growing business.

## **About GE**

GE (NYSE: GE) is the world's Digital Industrial Company, transforming industry with software-defined machines and solutions that are connected, responsive and predictive. GE is organized around a global exchange of knowledge, the "GE Store," through which each business shares and accesses the same technology, markets, structure and intellect. Each invention further fuels innovation and application across our industrial sectors. With people, services, technology and scale, GE delivers better outcomes for customers by speaking the language of industry. [www.ge.com](http://www.ge.com)

## **GE Capital Italia**

GE Capital Interbanca is a corporate bank based in Milan which specialises in medium to long-term loans to mid-market customers. It also includes leasing and factoring businesses and has around 500 employees. GE Capital Interbanca is a point of reference for medium-sized Italian companies with over 80 thousand customers in this segment.