



BANCA IFIS

Banca IFIS Group: identity and numbers

Milan, November 23, 2016

Banca IFIS – Group Overview (1/2)

Banca IFIS is a specialty finance Italian player specialized in trade receivables financing, distressed retail loans (DRL) and tax receivables

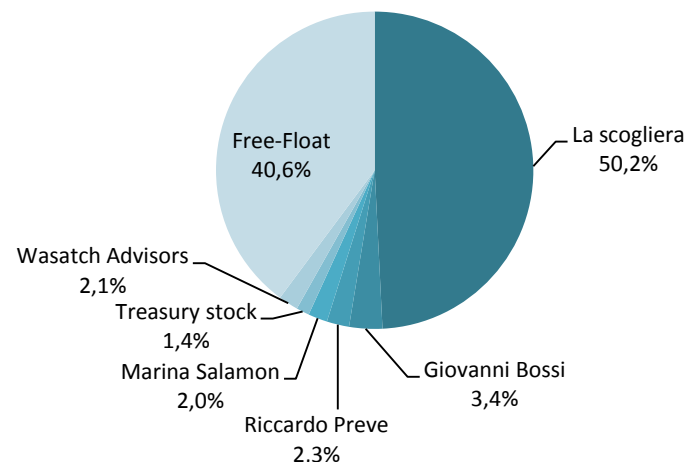
- **Founded in 1983** by Sebastien Egon Furstenberg, the current chairman, **as a financial company focused on factoring to SMEs**
- **Listed on the Milan Stock exchange (STAR segment)** since 2003, with a **current market capitalization of over Eu 1.0 bn**
- Over the years, the bank **diversified both its trade receivable activity and its funding sources:**

The group has a strong and diversified business model which allows to reach outstanding results in terms of profitability and credit quality

- **On the asset side:** in 2011, Banca IFIS entered **distressed retail loans** and **tax receivables** and started, on an occasional basis, a **carry trade strategy**, building up a large portfolio of Italian government bonds financed through Repos, which after a peak in 2013 has been gradually reduced (around Eu 2.2 bn of govies sold in 1H15) and partially replaced by a new portfolio of floating-rate or inflation-indexed bonds
- **On the funding side with the launch of Rendimax** (high-yield online saving account) in 2008 **and Contomax** (low-cost/high-return online current account) in 2013

- **Successful track record acquisition: Toscana Finanza**

Shareholders structure as of Sept. 16, 2016



Key figures 2014, 2015, 2016 (9M)

	2014	2015	9M16		2014	2015	9M16
Net Profit/ loss for the period (Eu mn)	96	162	66.3	Total Assets (Eu bn)	8.3	7.0	5.0
Net Loans to customers (LTC/ Eu bn)	2.8	3.4	3.3	Tot. Funds and deposits (Eu bn)	~7.7	~6.2	~4.2
AFS+HTM (Eu bn)	~5.1	~3.2	~1.0	Net equity (Eu mn)	438	573	587
Tier 1 Ratio	14.0%	14.7%	13,5%	NPL ratio *	1.3%	1.1%	1.2%
RWA (Eu bn)	~2.8	~3.3	~2.6	NPL Coverage ratio	86.4%	87.9%	88.1%

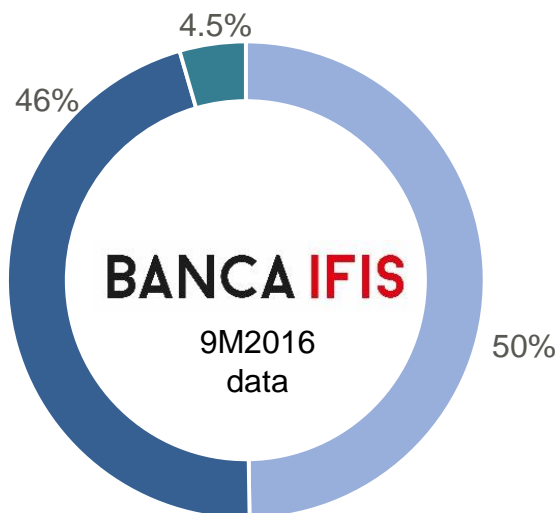
(*) Net bad loans/Net Loans to customers (within Trade receivable)



Strong and well diversified business model built on Banca IFIS' core expertise as a trade receivable player

Trade Receivables ≈ 50.0% as of 30 September 16 NBI (excl. G & S)

- **Trade receivable financing in the B2B**, with focus on SMEs and micro companies (around 80% of which with a Turnover < Eu 10mn) and **Public Administration segments** (with focus on the Pharma segment)
- **Total turnover of Eu 7.5 bn** as of Sept. 30, 2016
- **≈ 4.930 customers** as of Sept. 30, 2016



DRL ≈ 46.0% as of 30 September 16 NBI (excl. G & S)

- **Acquisition and management of retail Unsecured Distressed Loan portfolios** (i.e. personal, credit card and retail loans)
- **≈ Eu 10.3 bn (Gross Book Value) of receivables managed** as of Sept 30, 2016

Tax Receivables ≈ 4.5% as of 30 September 16 NBI (excl. G & S)

- **Purchases of tax receivables arising from insolvency proceeding**
- **Eu 160.6 mn Gross book value** as of Sept 30, 2016



Trade receivable financing currently represents ca. 3/4 of the Group's Net Banking Income (excluding G & S).

In the B2B segment Banca IFIS, thanks to its widespread distribution network, targets a specific market niche usually less targeted by traditional banks

Focus on SMEs and micro companies in the B2B, leading market position in the Pharma segment

	<u>Very low competition in the B2B Segment</u>	<u>Public Administration/Pharma segment</u>
Target	<ul style="list-style-type: none"> • Small or micro companies typically with low credit standing and consequent difficulties in obtaining finance from the banking system (50% of IFIS' customers have a turnover below €5m per year), a segment not attractive for traditional banks which represent a unique market niche 	<ul style="list-style-type: none"> • Large pharma companies willing to factor their trade receivables with the Italian NHS, being the sector highly concentrated
Customer base	<ul style="list-style-type: none"> • 4.930 SMEs at the 30 Sept. 2016, up from 3,500 in 2011; customers of these SMEs are often high-quality companies, whose trade receivables enjoy good credit rating, thus protecting IFIS' credit quality 	<ul style="list-style-type: none"> • Around 75% of the total PA receivables managed by IFIS is represented by receivables from the national health care system
Type of product	<ul style="list-style-type: none"> • 79% of the B2B book acquired with recourse, ie risk remains with the assignor 	<ul style="list-style-type: none"> • 72% of IFIS' book in the PA/Pharma segment at December 2015 represented by outright purchases
Competition	<ul style="list-style-type: none"> • No real competition from factoring units of large banks due to the strong bias towards SMEs/micro companies 	<ul style="list-style-type: none"> • IFIS, currently the 2nd largest player in the Pharma segment, aims at becoming the leader in the next 2-3 years



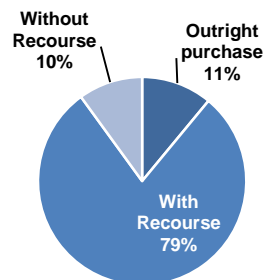
Loans to customers CAGR of 14.6% over the last 10 years

Total Receivables managed at 9M16 breakdown by type of products

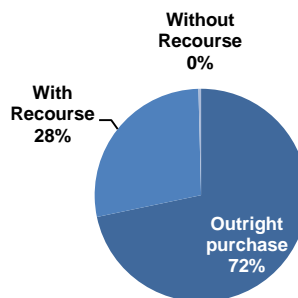
79% of IFIS' B2B book acquired with recourse, ie risk remains with the assignor.

Loan to customers CAGR at around 14.6% over the last 10 years

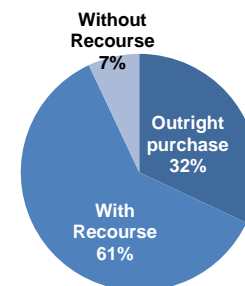
B2B (Eu 2,137 mn)



PA (Eu 1,135 mn)



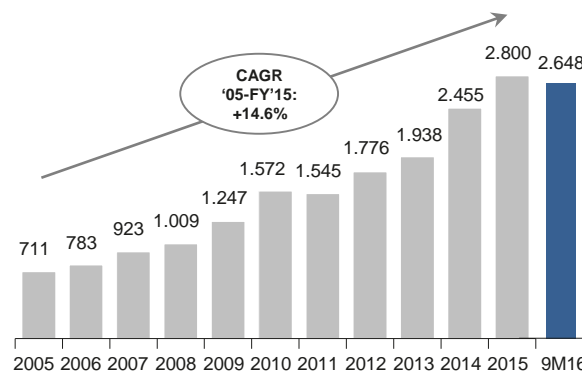
Group (Eu 3,273 mn)



Banca IFIS – Trade receivables main figures

	FY'12	FY'13	FY'14	FY'15	9M16
Customers (number)	3,500	3,714	4,200	4,487	4,930
Turnover (Eu/Bn)	4,9	5,7	8,3	10,1	7,5
Nominal amount of receivables managed (Outst.)	2,352	2,578	3,101	2,578	2,279
Net bad loans/ Loans to customers	4,4%	2,6%	1,3%	1,1%	1,2%

Loans to Customers (Trade receivables) Eu mn



Source: Banca IFIS

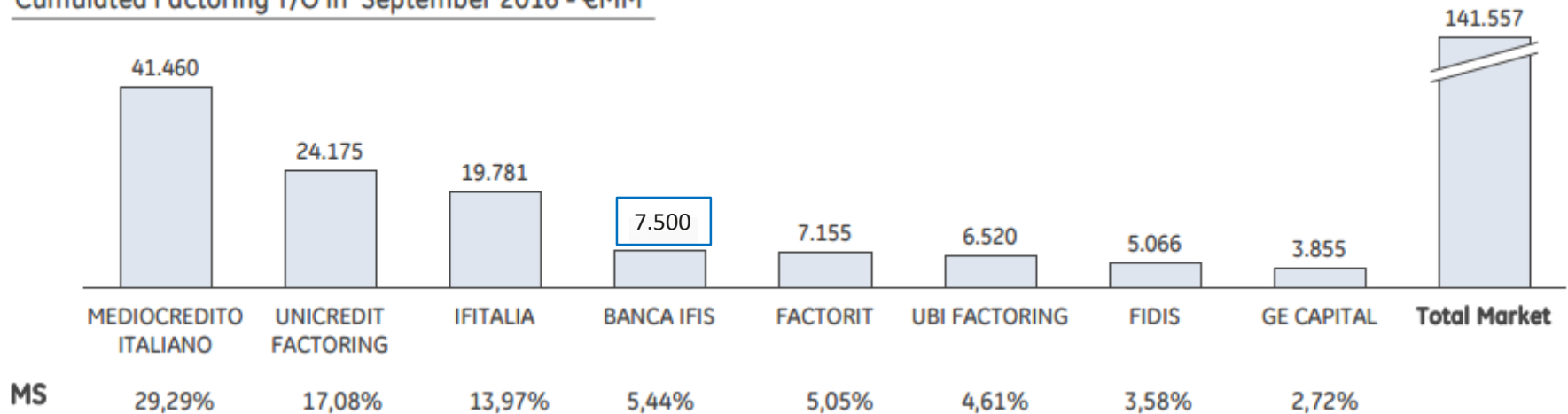


Banca IFIS is among the top 5 players in a concentrated market with competitors split between large commercial banks driven

Market Structure by Receivables Outstanding

Update data: September ●

Cumulated Factoring T/O in September 2016 - €MM



Source: EU Federation of Factoring and Commercial Finance



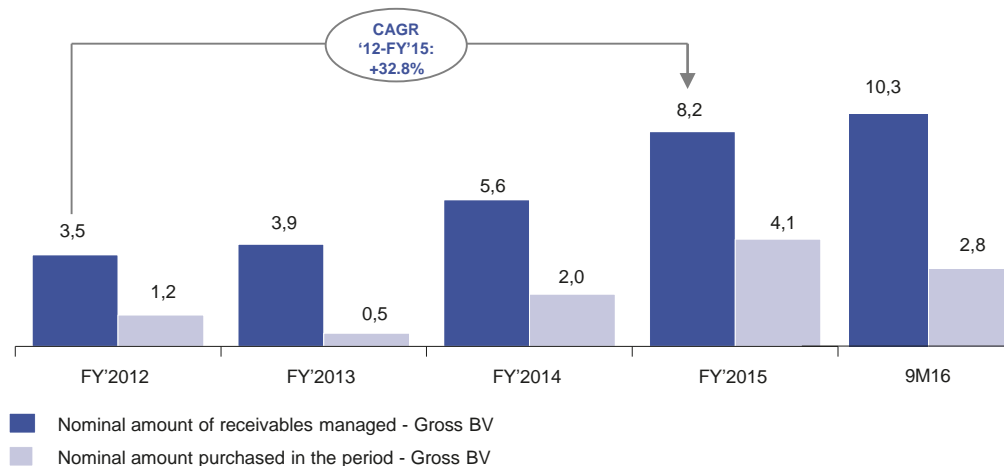
Most accelerated growth among B. IFIS Business

Banca IFIS is the leading player in the Italian market for distressed retail unsecured loans (personal loans, credit card loans and retail loans)

This is the most liquid part of the Italian distressed loan market

- Banca IFIS is the only large integrated player in Italy **involved in both the acquisition of DRL and in managing the portfolios acquired**, through the brand CrediFamiglia, with **focus on retail unsecured distressed loans** (personal loans, credit card loans and retail loans)
- **Eu 10.3 bn DRL portfolio Gross Book Value** at 30 Sept. 16 (Eu 8.2 bn in December 2015)
- Competitive advantage over most credit servicers thanks to the Group's **integrated collection platform** (call center, over 120 exclusive agents integrated by external collection companies, a legal factory) allowing to obtain **superior expected collection rate of 10-12% of GBV**, vs 6-10% for the peers, and to be a **more competitive bidder than other potential investors**
- **20% gross IRR target in pricing target portfolios**, in line with IFIS' international competitors

Banca IFIS – DRL Managed Receivables (Gross BV) – Eu bn



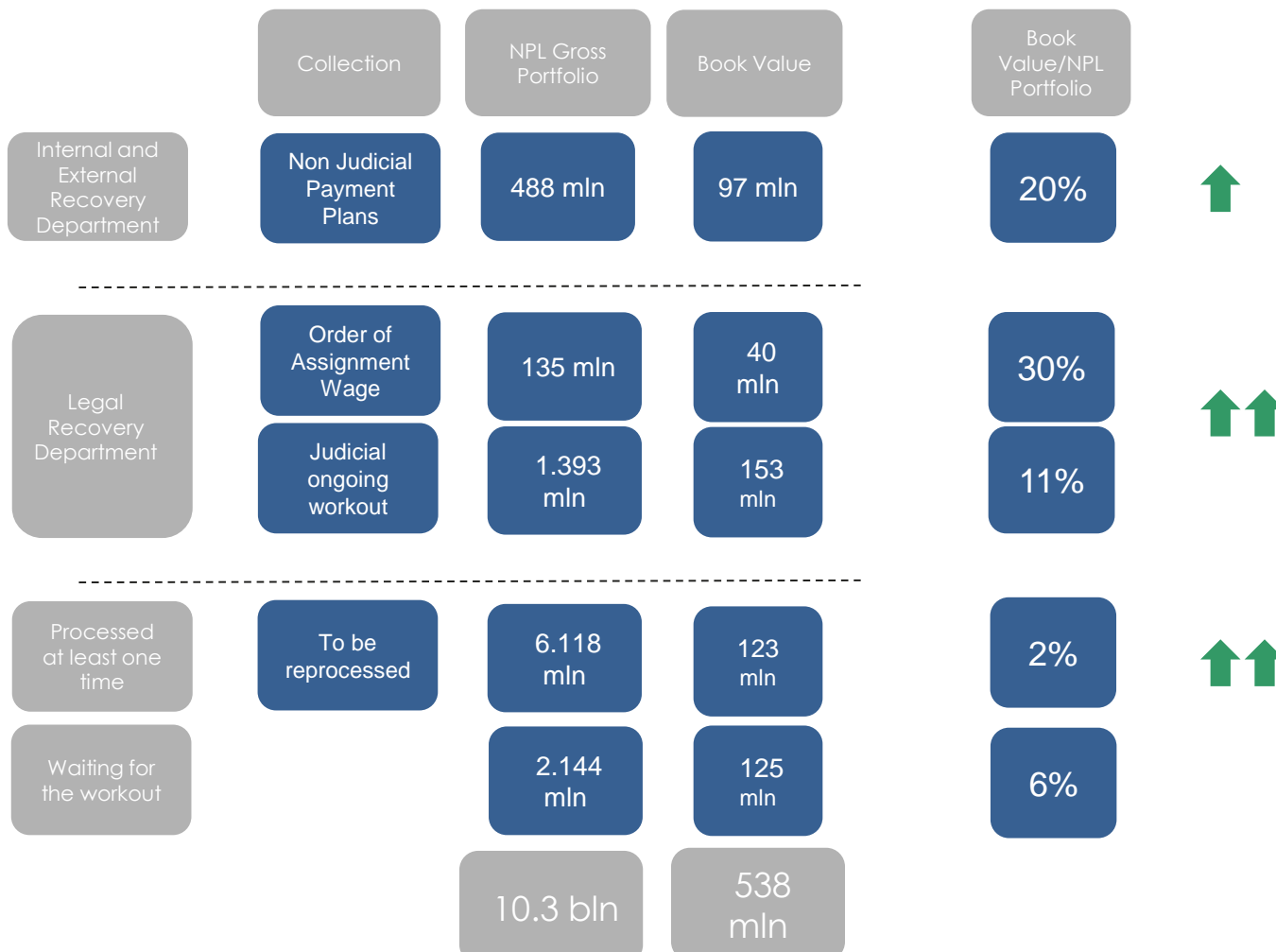
Banca IFIS – Other DRL main figures

	FY'12	FY'13	FY'14	FY'15	9M16
Loans to Customers (Net BBV) – Eu mn	104	128	135	354	538
Net BV/ Gross BV of Loans to Customers	3,0%	3,3%	2,4%	4,3%	5,2%
Positions acquired* (number)	126,375	51,398	213,174	538,240	396,432

(*) Total positions equal to over 1.3mn as of 30 Sept. 2016



Banca IFIS Distressed Retail Loans Portfolio



Market leader

Tax receivables is a relatively small segment, which contributed to 8.6% of the Group's net banking income (excl. G & S) at December 2015

- Banca Ifis operates in this segment through the Fast finance business unit, whose activity mainly consists in the **purchase of tax receivables arising from insolvency proceedings**
- The purchase (without recourse) of the tax receivables is **usually closed at a discount to nominal value**, around 86%, to take into account the length of the recovery process
- **Eu 161 mn** of nominal value of the managed Tax Receivables portfolio as at September 2016
- **12 people employed in this division**, whose major task is to be in constant contact with the bankruptcy courts in order to identify possible sources of new product and assist the parties involved in the proceeding on the operational aspects and in preparing documentation.
- **Market leader with about 50% market share**

Banca IFIS – Tax Receivables main figures

	FY'12	FY'13	FY'14	FY'15	9M16
NBV – Eu mn	83	90	119	131	114
Nominal value (GBV) – Eu mn	146	140	168	191	161
NBV / GBV	56,8%	64,3%	70,8%	68,6%	70,8%

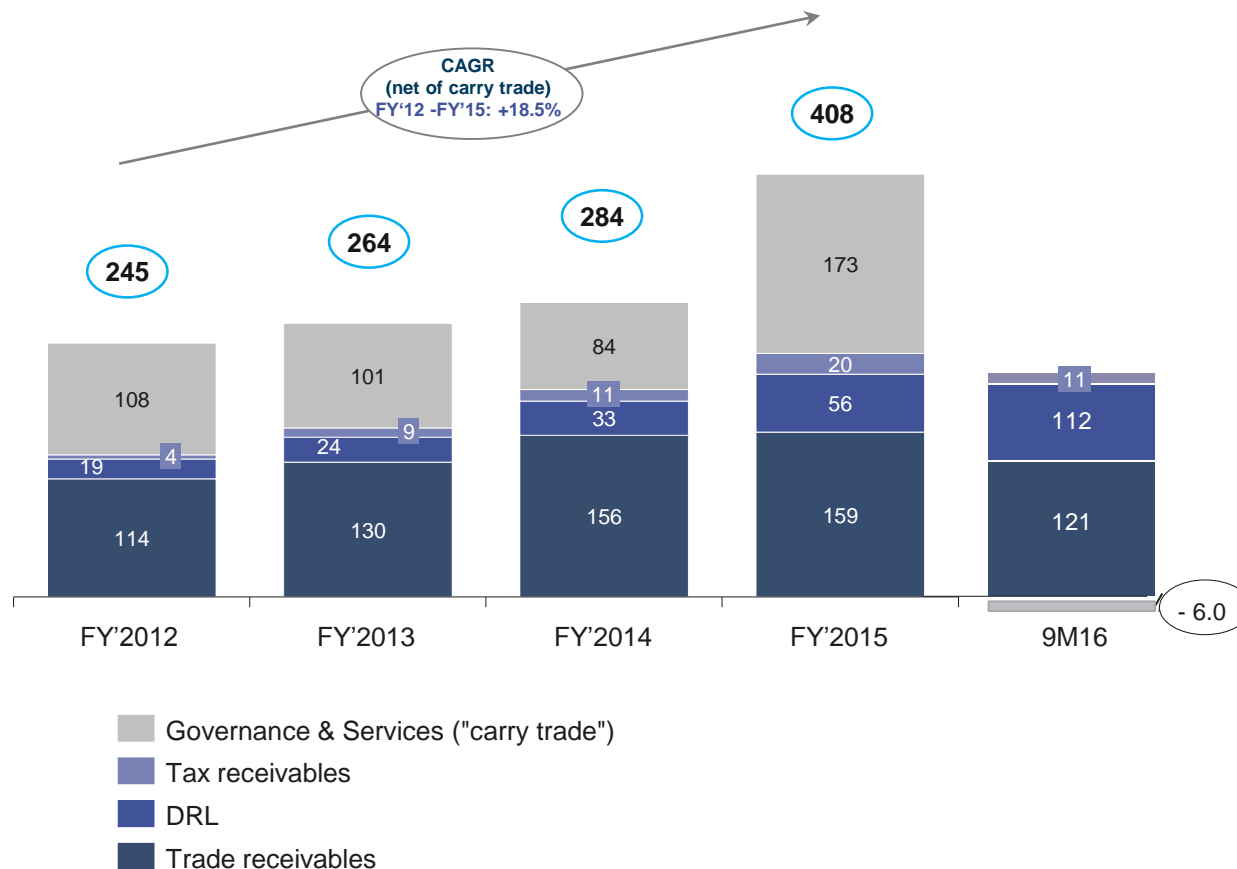
Source: Banca IFIS



Strong track record in growth, showing ad NBI (net of carry trade) CAGR by 19.7% over the last four years

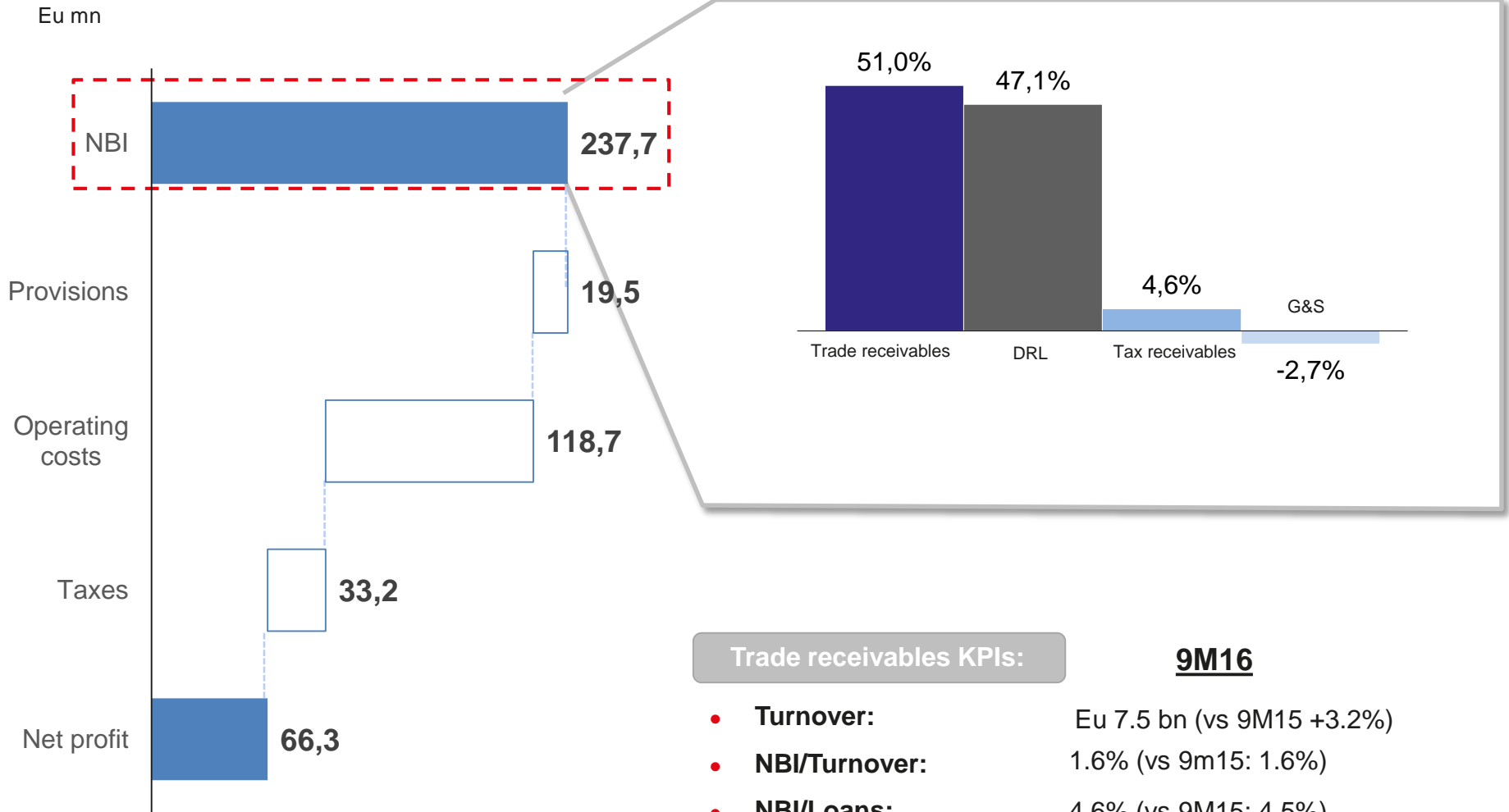
Banca IFIS' track record is strong and shows a significant growth in all business, both in the traditional trade receivables segment, that currently accounts nearly 50% of the Group's NBI, and in the DRL segment, where the bank is active since 2011 and that currently represents around 46% of NBI

Net Banking Income (Eu mn) breakdown by segment



Source: Banca IFIS





Trade receivables KPIs:

9M16

- **Turnover:** Eu 7.5 bn (vs 9M15 +3.2%)
- **NBI/Turnover:** 1.6% (vs 9m15: 1.6%)
- **NBI/Loans:** 4.6% (vs 9M15: 4.5%)

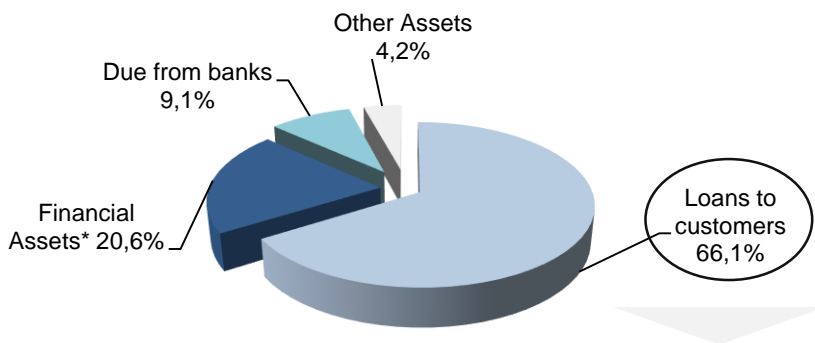
Source: Banca IFIS' 9 months 2016 results



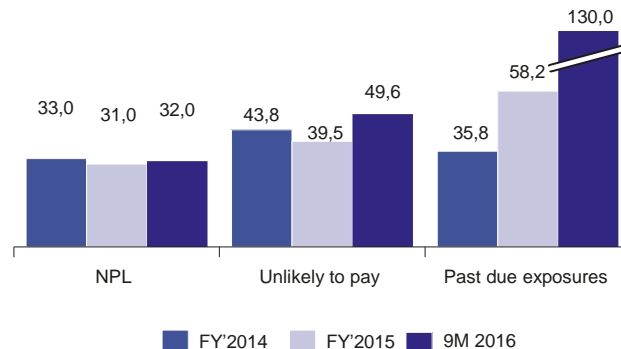
Strong credit quality with a cost of risk by 86 bps as of Sept. 2016

Asset structure

9M16 Total Assets (Eu 5,0 bn) breakdown



Credit Quality (net figures) – Eu mn



Trade receivables	2.648
Distressed Retail Loans	538
Tax receivables	114
G&S	2,8

Eu mn

- **NPL Coverage Ratio**
- **% NPLs/Trade receivables**
- **% NPLs/equity**
- **% Impaired assets/Trade receivables**
- **% Cost of Credit**

	FY'2014	FY'2015	9M2016
NPL Coverage Ratio	86.4%	87.9%	88.1%
% NPLs/Trade receivables	1.3%	1.1%	1.2%
% NPLs/equity	7.5%	5.4%	5.4%
% Impaired assets/Trade receivables	4.6%	4.5%	8.0%
% Cost of Credit	1.7%	0.9%	0.9%

(*) Portfolio of Italian Bonds
Source: Banca IFIS first 9 months 2016 results

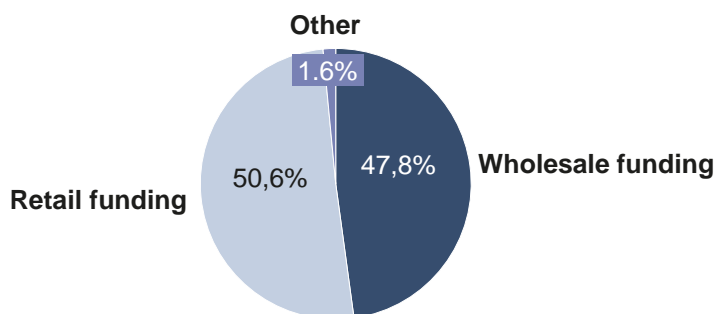


Steady and consistent online funding

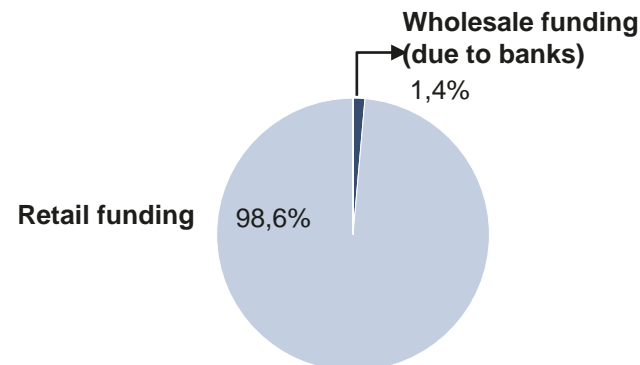
Funding breakdown - Data in Eu mn	2014A	2015A	Ch. %	9M2016	Ch. %
Retail Funding	3.314	3.113	-6,1%	4.025	29,5%
Wholesale funding - Due to banks	2.259	663	-70,7%	56,8	-91,4%
Wholesale funding - Repos*	2.083	2.279	9,4%	114	-100,0%
Other payables	86	95	10,2%	n.p.	n.p.
Total Funding (T.F.)	7.742	6.150	-20,6%	4.196	-31,8%

• % of Retail Funding on Total Funding further increased on a relative basis at September 2016.

FY2015 Funding split



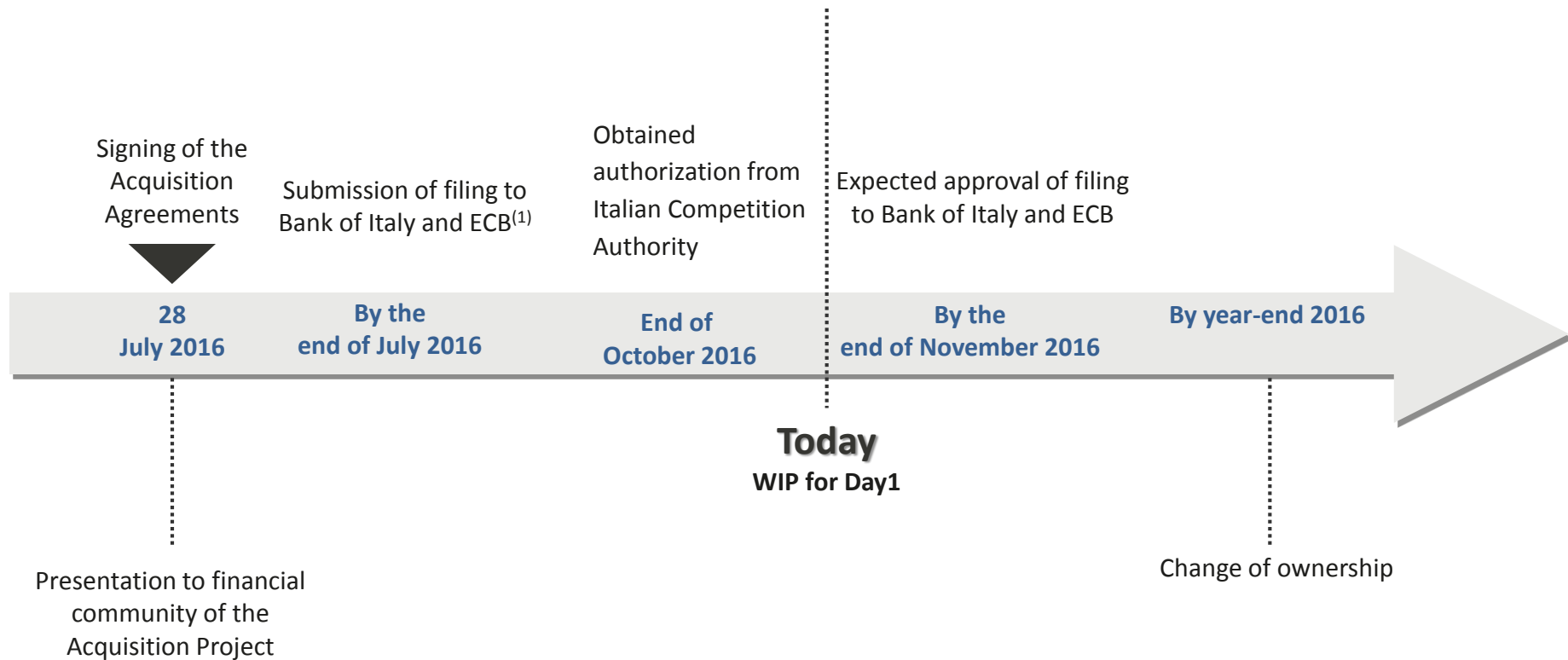
9M2016 Funding split



(*) Classified in the Company's accounts under payables due to customers, as they are carried out with counterparties formally other than banks

Source: Banca IFIS



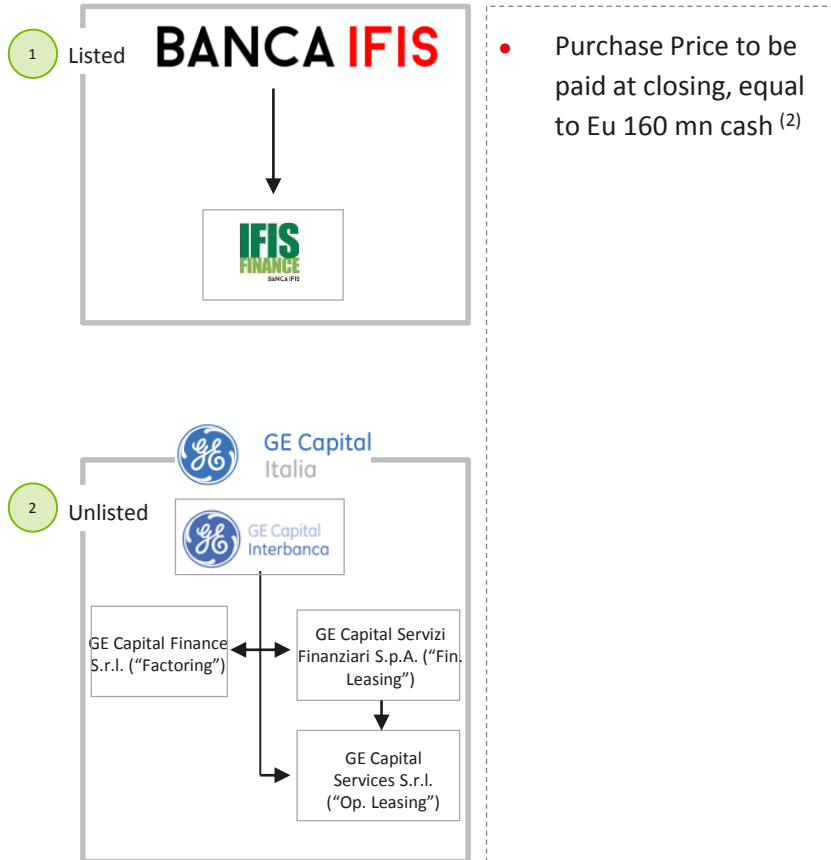


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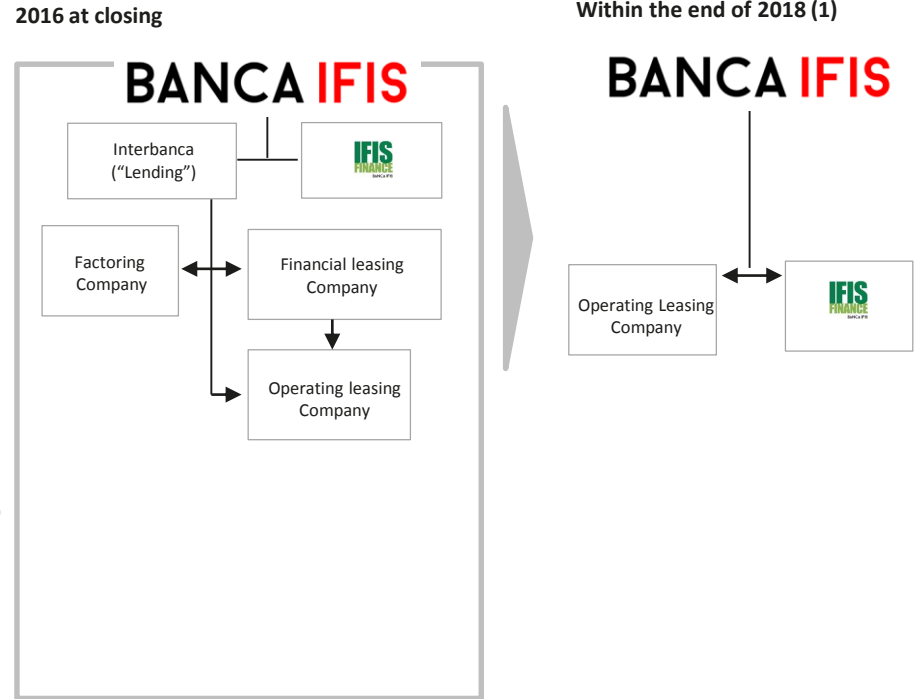
Source: Banca IFIS



Transaction's key terms



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



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

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



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

(1) 0.01% owned by natural persons, non-active shareholders

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





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



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