

BANCA IFIS

Information on Transactions of Greater Significance Carried Out With Associated Parties

**(Pursuant to Art. 5 of Consob Regulation no. 17221 of 12 March 2010 and
subsequently amended by Resolution no. 17389 of 23 June 2010)**

MERGER OF IFIS LEASING SPA INTO BANCA IFIS SPA

April 2018

INDEX

- 1. Introduction2**
- 2. Risks of potential conflicts of interest arising as a result of the Transaction.....2**
- 3. Transaction details2**
 - 3.1 Description of characteristics, formalities, terms and conditions of the Transaction..... 2**
 - 3.2 Indication of the Associated Parties with whom the Transaction is carried out, the nature of the relationship and the extent of these parties' interests in the Transaction..... 3**
 - 3.3 Indication of the economic rationale and benefits for the Bank behind the Transaction 3**
 - 3.4 Indication of the economic, financial and equity effects of the Transaction and the most important applicable ratios 3**
 - 3.5 Impact on the compensation of Banca IFIS's and/or Banca IFIS's subsidiaries' Board of Directors 4**
 - 3.6 Corporate officers and key managers who led or participated in the negotiations 4**
 - 3.7 Approval of the Transaction 4**
 - 3.8 Determination of the Transaction's significance when considered cumulatively, as per Art. 5, paragraph 2, of the 'OPC Consob Regulation' 4**
- 4. Enclosure: Risk Management and Control Committee's opinion 5**

1. Introduction

This informative document (hereinafter, the **'Document'**) has been prepared by Banca IFIS SpA (hereinafter, **'Banca IFIS'** or the **'Issuer'** or the **'Acquiring Company'**) pursuant to Art. 5 of Consob Regulation no. 17221 of 12 March 2010, subsequently amended by Resolution no. 17389 of 23 June 2010, which lays down provisions relating to transactions with related parties (hereinafter, the **'OPC Consob Regulation'**), as well as to Banca IFIS's procedure governing transactions with associated parties, whose last update was approved by the Board of Directors on 10 November 2016.

Specifically, this Document has been prepared as per the resolution adopted on 20 April 2018 by Banca IFIS's Board of Directors and concerns approval of the project for the merger (hereinafter the **'Transaction'** or the **'Merger'**) of IFIS Leasing SpA (hereinafter **'IFIS Leasing'** or the **'Absorbed Company'**), company subject to management and coordination by Banca IFIS. This approval was carried out upon receipt of the relative clearance from the Bank of Italy.

This Document and the opinion of the Risk Management and Control Committee are available to the public at the registered office and on Banca IFIS's website (www.bancaifis.it). The afore-said documents will also be sent to Consob at the same time through the authorized storage mechanism pursuant to Art. 65 septies, paragraph 3, of the Issuers' Regulations.

2. Risks of potential conflicts of interest arising as a result of the Transaction

The Merger does not expose the Bank to any particular risks in view of its characteristics, as illustrated in the following section of this Document.

3. Transaction details

3.1 Description of characteristics, formalities, terms and conditions of the Transaction

The Merger by incorporation of IFIS Leasing into Banca IFIS is part of a wider strategic design of rationalization in terms of both the Group's corporate structure and its internal organizational structures.

The Transaction involves Banca IFIS absorbing IFIS Leasing, a company in which it directly holds a 100% equity stake.

Using the case in point 2505 of the Italian Civil Code, the information referred to in points 3, 4 and 5 of Art. 2501-ter c.c. (exchange ratio arising from shares or quotas, as well as any cash balance, method of assigning the shares of the Acquiring Company and the date from which such shares are included in the profit) are not described in the Merger Project, which has been entered in the register of companies at the applicable Chambers of Commerce and can be viewed on the internet site www.bancaifis.it, as well as on the website www.ifisleasing.it.

On 9 February 2018, the Bank of Italy granted Banca IFIS clearance to carry out the Merger Transaction in question and hence the Merger Project was submitted for final approval on 20 April 2018 to Banca IFIS's and IFIS Leasing's Boards of Directors, as the Articles of Association of these provide this possibility as per the cases in Arts. 2505 and 2505 bis of the Italian Civil Code.

The Merger is scheduled for 15 May 2018, with effect as per Art 2504 bis, second paragraph, of the Italian Civil Code, as from 21 May 2018.

The merger by incorporation of IFIS Leasing into Banca IFIS constitutes a transaction with associated parties, since the Absorbed Company is directly controlled by the Acquiring Company, and is of greater significance in view of the points specified in paragraphs 3.2 and 3.4 respectively.

On 20 April 2018, Banca IFIS's Board of Directors authorized publication of this Document based on the favourable opinion given by the Risk Management and Control Committee and taking into account the Issuer's

interest in completing the Transaction, as well as the substantial fairness and benefits of the relevant conditions.

3.2 Indication of the associated parties with whom the Transaction is carried out, the nature of the relationship and the extent of these parties' interests in the Transaction

The Transaction involves associated parties as Banca IFIS exercises direct control over IFIS Leasing as it holds a 100% stake in the latter's capital.

In addition, Banca IFIS's General Manager, Alberto Staccione, holds the office of Chairman of IFIS Leasing, two Banca IFIS executives are members of the Board of Directors of the merged company and, finally, the Chairman of the Board of Statutory Auditors, Giacomo Bugna, and the Statutory Auditor, Giovanna Ciriotto, hold the same office in both companies.

3.3 Indication of the economic rationale and benefits for the Bank behind the Transaction

The Transaction is part of a wider strategic plan to reorganise the Group's overall corporate structure and the individual organizational units within and, although it involves merging a subsidiary which the parent company already coordinates and controls, it has some advantages in terms of cost/revenue synergies which are highlighted below:

The main cost synergies refer to simplification of the corporate structure and consequently also to remuneration for corporate bodies, as well as cost efficiency deriving from integrating support structures with consequent strengthening of the other areas of the Bank that need them.

The principal revenue synergies are mainly attributable to:

- More direct and immediate cross-selling actions between different business units operating within the same company (and not between different companies);
- Review of the distribution model and origination processes in order to increase their commercial effectiveness.

Furthermore, the Transaction allows Banca IFIS to pursue significant management synergies (including internal controls) in light of the simplification of corporate relations, improvement of operational and control processes and optimisation of the supporting evaluation processes.

3.4 Indication of the economic, financial and equity effects of the Transaction and the most important applicable ratios

From a consolidated point of view, no significant economic, capital or financial impact is expected as a result of the Transaction since Banca IFIS already holds a stake equal to 100% of IFIS Leasing's capital.

With specific reference to the impact on capital ratios, risk concentration and maturity transformation, no significant changes have occurred since, as already stated, the Transaction involves the entire equity holding.

The Transaction will be effective, according to Art. 2504 bis, second paragraph, of the Italian Civil Code, as from the later date indicated in the Merger Agreement (currently expected on 21 May).

The Absorbed Company's transactions will be charged to the Acquiring Company's financial statements from the first day of the fiscal year in progress at the time the Merger takes effect (01/01/2018), as per Article 2504-b of the Italian Civil Code. From the same date, the tax consequences, as per Article 172 of the Italian Consolidated Income Tax Law, will take effect.

Regarding tax, it should be noted that the Merger is fiscally neutral, as per Article 172, paragraphs 1 and 2, of the Italian Consolidated Income Tax Law.

The Merger Transaction is qualifiable as being of greater significance as the asset index is equal to 13,72%, well above the 5% threshold. This figure has been calculated as a ratio between:

- The numerator - sum of the Absorbed Company's total assets at 31/12/2017, equal to Euro 1.312.706 thousand;
- The denominator - Banca IFIS's consolidated total assets at 31/12/2017, equal to Euro 9.569.859 thousand.

It should be noted that, although the Transaction is considered to be one of greater significance, the information document as per Art. 70 of the Issuers' Regulations will not be produced, as Banca IFIS has resolved, through the Board of Directors' resolution of 21 January 2013, to exercise its right¹ to opt out, envisaged in Consob Resolution no. 18079 of 20 January 2012.

3.5 Impact on the compensation of Banca IFIS's and/or Banca IFIS's subsidiaries' Board of Directors

The Transaction does not involve any change in the remuneration of the Issuer's Directors.

3.6 Corporate officers and key managers who led or participated in the negotiations

Corporate representatives who led or participated in the negotiations are:

- Mr. Giovanni Bossi, Banca IFIS's C.E.O.;
- Mr. Alberto Staccione, Banca IFIS's General Manager and IFIS Leasing's Chairman of the Board of Directors.

Consistent with the provisions of Banca IFIS's Procedure for the Management of Transactions with Associated Parties, the independent Directors sitting on the Risk Management and Control Committee also participated in the investigation and negotiation phases. These parties are:

- Mr. Giuseppe Benini, Chairman of the Risk Management and Control Committee;
- Ms. Francesca Maderna;
- Mr. Daniele Santosuosso;
- Ms. Antonella Malinconico.

3.7 Approval of the Transaction

The Merger by integration of IFIS Leasing into Banca IFIS was unanimously approved by Banca IFIS's Board of Directors on 20 April 2018, following the favorable opinion of the Risk Management and Control Committee (made up of independent Directors only), with no abstentions or votes against.

The Board of Directors and the Risk Management and Control Committee (made up of independent Directors only) were provided with appropriate information on the Transaction well in advance.

The Risk Management and Control Committee was also involved in the negotiations and the preparatory stage by means of receiving complete and timely information flows with the right to ask questions and make comments.

The opinion of the Risk Management and Control Committee is attached to this Document.

3.8 Determination of the Transaction's significance when considered cumulatively, as per Art. 5, paragraph 2, of the 'OPC Consob Regulation'

Not applicable.

¹ The choice made was notified to Consob and the market the day after the Board resolution

4. Enclosure: Risk Management and Control Committee's opinion

At Banca IFIS SpA's Risk Management and Control Committee meeting held on 19 April 2018, the Chairman, Mr. Giuseppe Benini, and the Directors Mr. Daniele Santosuosso, Ms. Antonella Malinconico and Ms. Francesca Maderna attended in person.

PREAMBLE

The Risk Management and Control Committee, made up of independent Directors only, has been called upon to express a binding prior opinion on the merger by incorporation (also the '**Merger**' or '**Transaction**') of IFIS Leasing SpA (also '**Absorbed Company**') into Banca IFIS SpA.

The Transaction consists of Banca IFIS absorbing IFIS Leasing, a company 100% held by the former. Pursuant to Banca IFIS's Procedure for the Management of Transactions with Associated Parties, the Transaction in question can be qualified as of greater significance since the asset relevance index exceeds the threshold established for transactions carried out between the Bank and one or more of its Associated Parties.

Although the Transaction is of greater significance, the information document pursuant to Art. 70 of the Issuers' Regulations has not been prepared, as Banca IFIS has exercised the opt out option envisaged by Consob Resolution no. 18079 of 20 January 2012.

INVESTIGATION

During its investigation, the Risk Management and Control Committee examined the following documentation:

- a. The Information Document on Transactions of Greater Significance with Associated Parties (pursuant to Article 5 of Consob Regulation No. 17221 of 12 March 2010 and subsequently amended by Resolution No. 17389 of 23 June 2010), to be published within 7 days of approval of the Transaction;
- b. The draft of the 'Reasoned Opinion of the Independent Directors', to be attached to the above-mentioned Information Document;
- c. Project for the merger of IFIS Leasing into Banca IFIS deposited with the Company Register and on the website of the Bank and the subsidiary in question.

Furthermore the Risk Management and Control Committee, also during the numerous discussions on the subject by Banca IFIS's Board of Directors, through a suitable information flow, was involved in the process for obtaining clearance from the Bank of Italy, which was given on 9 February 2018, and in the planning of the related integration activities of the two operating entities.

OBSERVATIONS

From analysis of the aforementioned documentation, made available to the Risk Management and Control Committee, it is clear that the Transaction in question:

- Represents the final step in the Banking Group's corporate simplification process publicly announced the day the share purchase agreement for acquisition of the former GE Capital Interbanca Group SpA was signed;
- Is part of the activities that the Banking Group envisaged in its 'Strategic Plan 2018-2020' and contributes to a broader project for reorganisation of the Group's corporate and organizational structure.

The Transaction is also beneficial in terms of cost/revenue synergies as summarized below:

The main cost synergies refer to simplification of the corporate structure and consequently also to remuneration of corporate bodies, as well as the cost efficiency deriving from integration of the support structures with consequent strengthening of other areas of the Bank that need them.

The principal revenue synergies are mainly attributable to:

- More direct and immediate cross-selling actions between different business units operating within the same company (and not between different companies);
- Review of the distribution model and origination processes in order to increase their commercial effectiveness.

Furthermore, the Transaction allows Banca IFIS to pursue significant management synergies (including internal controls) in light of the simplification of corporate relations, the improvement of operational and control processes and the optimisation of the supporting evaluation processes.

OPINION

Banca IFIS's Risk Management and Control Committee, made up of independent Directors only, in the light of that stated above and with reference to that falling within its sphere of competence:

- Noted, from analysis of the documentation examined, investigations carried out and observations set out above, that both the subsidiary's, IFIS Leasing SpA, and Banca IFIS SpA's interests have been pursued and protected;
- Noted that the merger by incorporation of IFIS Leasing SpA into Banca IFIS SpA is in the Bank's interest;
- Recognized the financial benefits and the substantial fairness of the conditions of the transaction;

EXPRESSES ITS FAVORABLE OPINION TO CARRY OUT THE TRANSACTION

On behalf of the Risk Management and Control Committee

Mr. Giuseppe Benini
Chairman