



# BANCA IFIS

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Equity NPL Meeting

15 September 2016

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

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

- **Founded in 1983** by Sebastien Egon Furstenberg, the current chairman, **as a financial company focused on offering factoring to SMEs**

- **Listed on the Milan Stock exchange (STAR segment)** since 2003, with a **current market capitalization of around Eu 1.0 bn**

- Over the years, the bank **diversified both its trade receivable activity and its funding sources:**

- **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

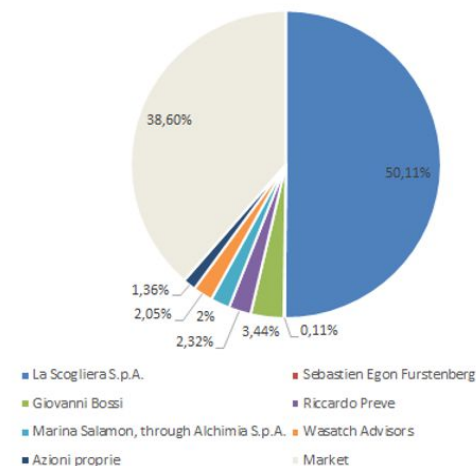
- **On the funding side with the launch of Rendimax** (high-yield online savings account) in 2008 and **Contomax** (low-cost/high-return online current account) in 2013

- **Successful track record of acquisition:**

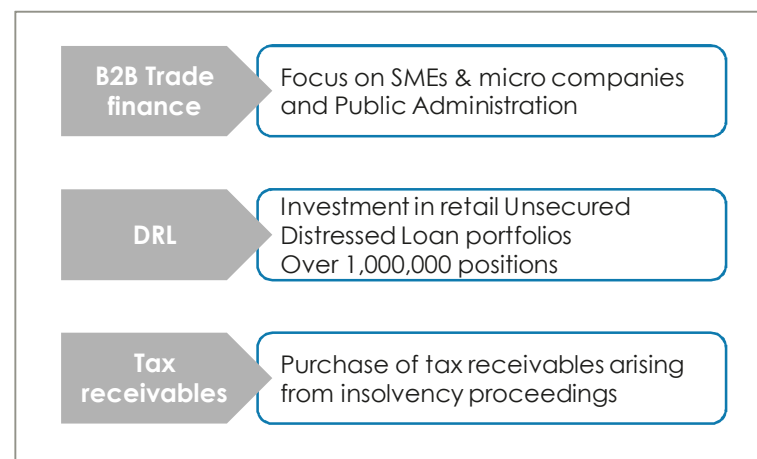
- Toscana Finanza

- Interbanca S.p.A (Lending) and its Factoring and Leasing (financial & operational) businesses

### Shareholder structure as of 30 June 2016



### Business Overview



Trough the acquisition of Ge Capital Interbanca Group Banca IFIS aims to 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)

Tax Receivables ≈ 8.6% as of 31 December 15 NBI (excl. G & S)

- **Purchases of tax receivables arising from insolvency proceedings**
- **Eu 191 mn Gross book value at December 2015**

Lending

Medium/long term financing to MidCap through a dedicated legal entity, **GE Capital Interbanca**



Trade Receivables ≈ 67.5% as of 31 December 15 NBI (excl. G & S)

- **Trade receivable financing in 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 10.1 bn** (as of Dec. 31, 2015)
- **≈ 4,500 customers** as of Dec. 31, 2015



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



DRL ≈ 23.9% as of 31 December 15 NBI (excl. G & S)

- **Acquisition and management of retail Unsecured Distressed Loan portfolios** (i.e. personal, credit card and retail loans)
- **≈ Eu 8.2 bn (Gross Book Value) of receivables managed** as of Dec. 31, 2015

Factoring

Factoring business towards medium size companies through a dedicated legal entity, **GE Capital Finance**, formally registered ex art. 106 del TUB

Source: Banca IFIS



# DISTRESSED RETAIL LOANS

## Banca IFIS – Acquisitions in the Italian DRL Market

**BANCA IFIS**

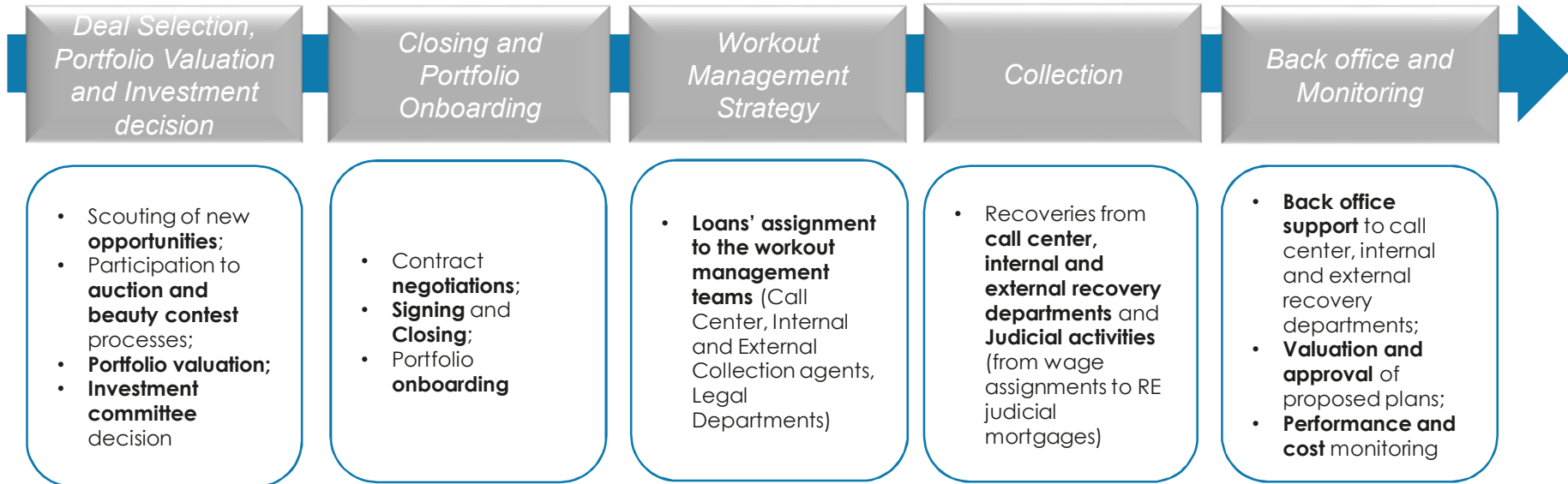
The DRL Division is one of the most important players in the Italian NPLs market, finalizing, over the years, several successful acquisitions of non-performing portfolios, which are then managed internally

<b>PORTFOLIO GBV</b>	<b>€ 10 billion</b> 30/06/16		
<b># positions</b>	<b>1 million</b> 30/06/16		
	2014	2015	1H 2016
<b>ACQUISITIONS GBV</b>	<b>€ 2,0 billion</b>	<b>€ 4,1 billion</b>	<b>€ 2,3 billion</b>
<b># positions</b>	<b>213.000</b>	<b>538.000</b>	<b>317.000</b>
<b># headcount</b>	<b>88</b>	<b>107</b>	<b>123</b>





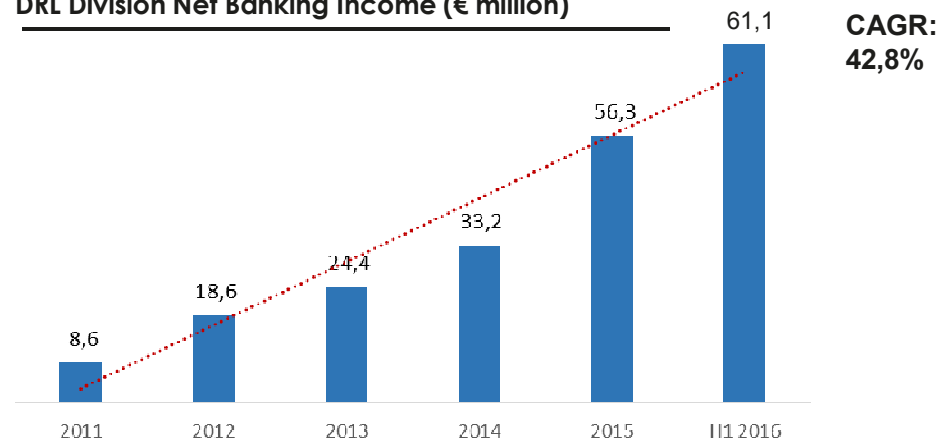
## The process



Banca IFIS is a unique financial institution characterized by a strong entrepreneurial approach, a dynamic and result's based culture.

The DRL Division contributed to Banca IFIS Net Banking Income with an impressive growth during the last five years, thanks to its ability to manage judicial and extrajudicial recoveries.

DRL Division Net Banking Income (€ million)



Source: Banca IFIS





The Portfolio management is processed **in-house** by the NPL Area in accordance with the highest standards of **ethics, transparency and respect**.  
In this direction, **Credifamiglia** was born: this trademark focuses on **ethical and sustainable** collection of non performing loans.

### Internal Recovery Department

**114** collection agents which operate throughout Italy by an *home collection* activity

### External Recovery Department

**14** call centers which conduct a *phone collection* activity  
**32** DCA which perform an *home collection* activity

### Legal Recovery Department

**70** external lawyers that, operating through Italy, support the Internal Legal Factory (**45**) in order to obtain Order of Assignment Wage

500 mln of payment plans

1.500 mln of incoming payment plans



# DISTRESSED RETAIL LOANS

Banca IFIS – The DRL Division Portfolio

**BANCA IFIS**

30/06/2016

Collection      NPL Gross Portfolio      Book Value      Book Value/NPL Portfolio

Internal and External Recovery Department

Non Judicial Payment Plans

424 mln

71 mln

17%



Legal Recovery Department

Order of Assignment Wage

140 mln

32 mln

23%

Judicial ongoing workout

1.200 mln

138 mln

12%



To be processed

8.236 mln

241 mln

3%



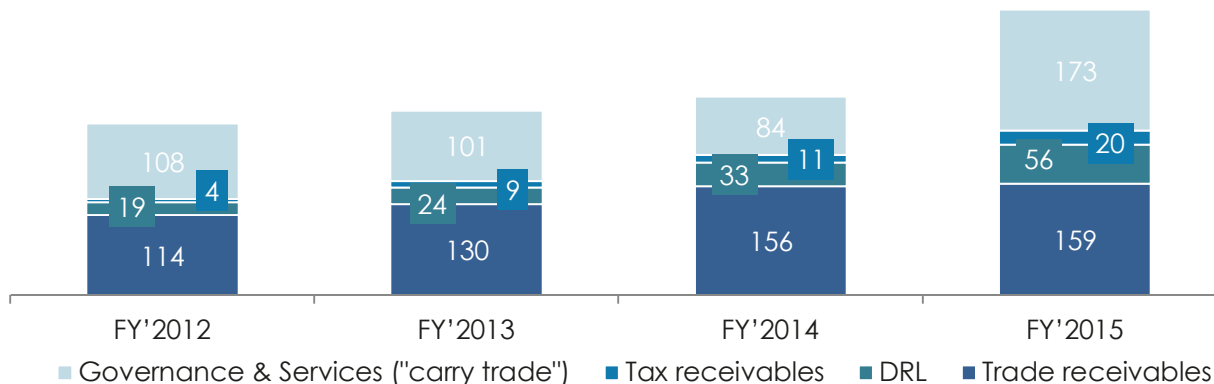
10 bln      482 mln

25% of the Gross Book Value "to be processed" **is waiting for the workout** process due to the recent acquisitions (staging).



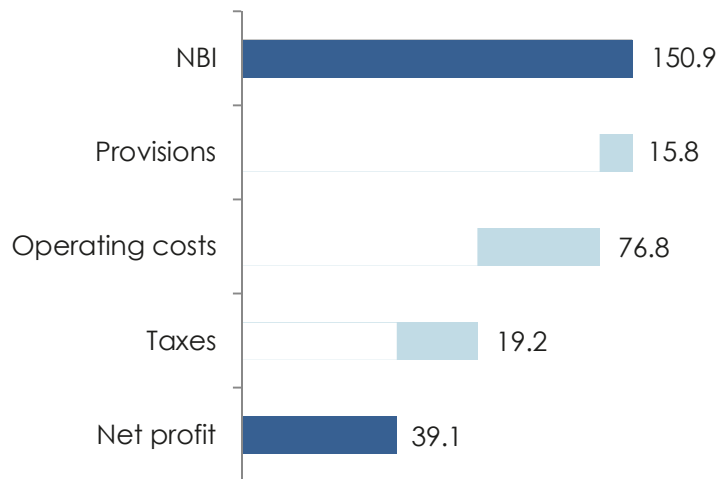
Source: Banca IFIS

### Net Banking Income (Eumn) breakdown by segment

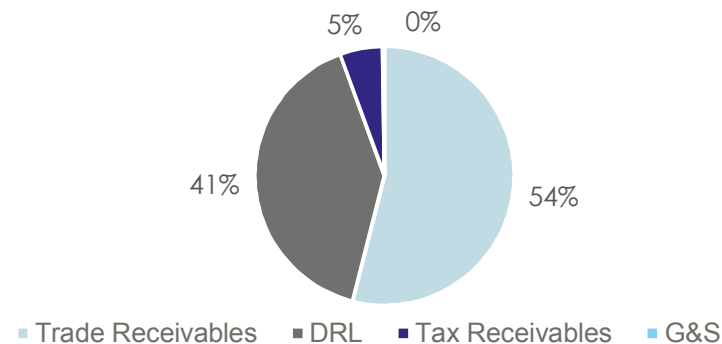


Banca IFIS's track record is strong and shows significant growth in all businesses, both in the traditional trade receivables segment, that currently accounts for nearly 67.7% of the Group's NBI, and in the DRL segment, where the bank has been active since 2011 and that currently represents around 15% of NBI

### Income highlights (Eumn) 1H2016



### Net Banking Income (%) breakdown by segment 1H2016



Trade receivables KPIs	1H2016	1H2015	% CHANGE
Trade receivables	81	77	+5.3
DRL	61	20	+202.8%
Tax receivables	8.0	7.5	6.7%
G&S	0.4	160.4	-99.8%

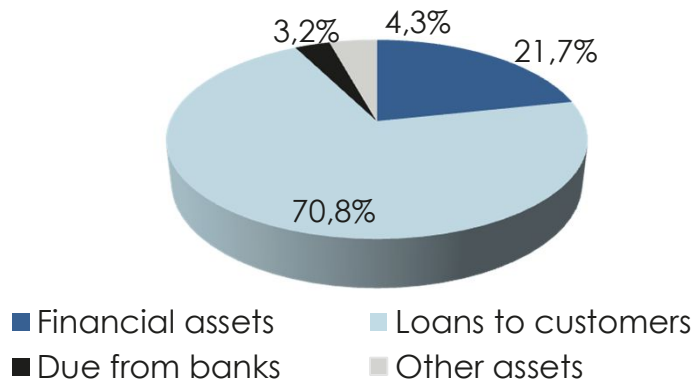
Source: Banca IFIS



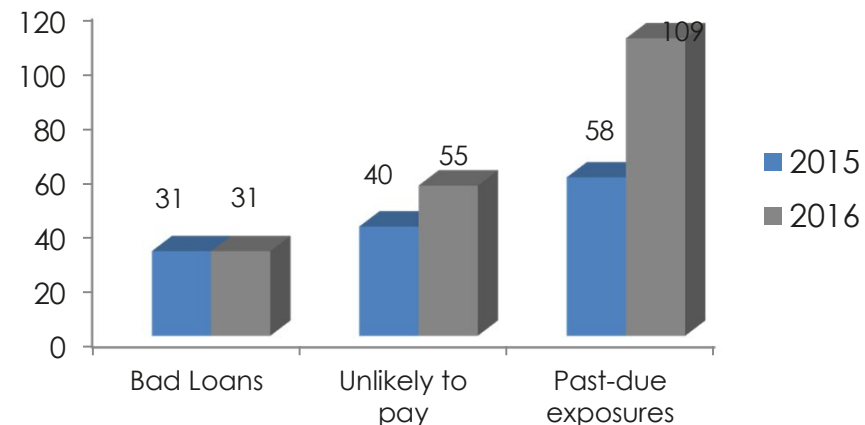


Strong credit quality with a cost of risk of 78 bps as of June. 2016

### 1H2016 Asset structure



### Credit quality (net figures) – Eu mn 1H2016



### Sector – Group KPIs

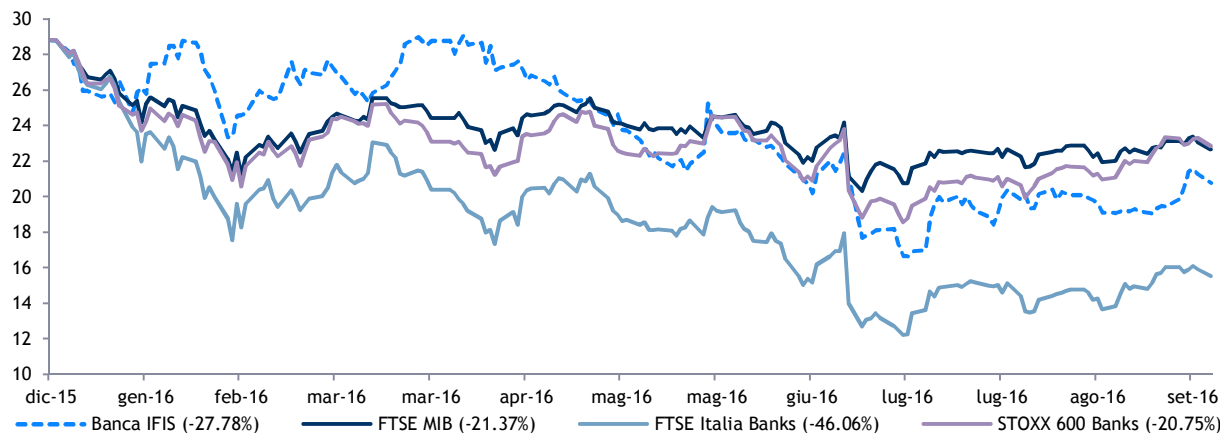
SECTOR KPIs 1H2016	Trade receivables	DRLs	Tax receivables	Governance & services
Net bad loans/Loans to customers	1.1%	49.9%	0%	n.a.
RWA (thousands of Euro)	2,009,883	481,977	45,390	31,821

GROUP KPIs	1H2016	2015	2014
Total own funds Capital Ratio	15.4%	15.8%	14.2%
Common Equity Tier 1 Ratio	15.4%	15.8%	13.9%

	1H2016	1H2015
• NPL Coverage Ratio	88.4%	87.2%
• % NPLs/Trade receivables	1.1%	1.2%
• %NPLs/equity	5.5%	6.2%
• %Impaired assets/Trade receivables	7.1%	4.6%
• %Cost of Credit	0.8%	1.1%

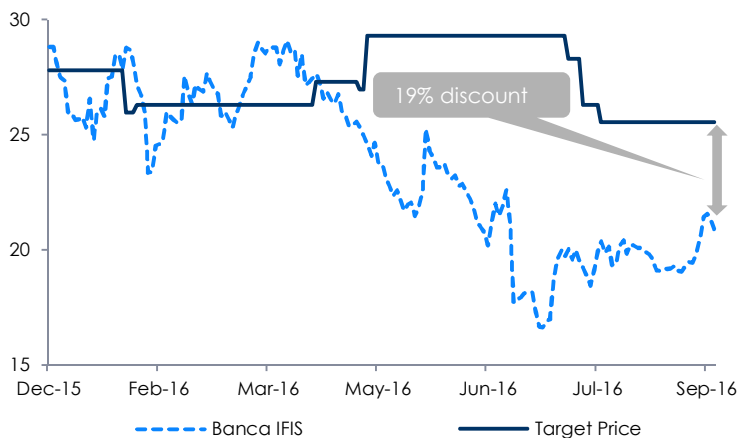


**Stock price (Eu) comparison - based on Banca IFIS price at 31/12/2015**

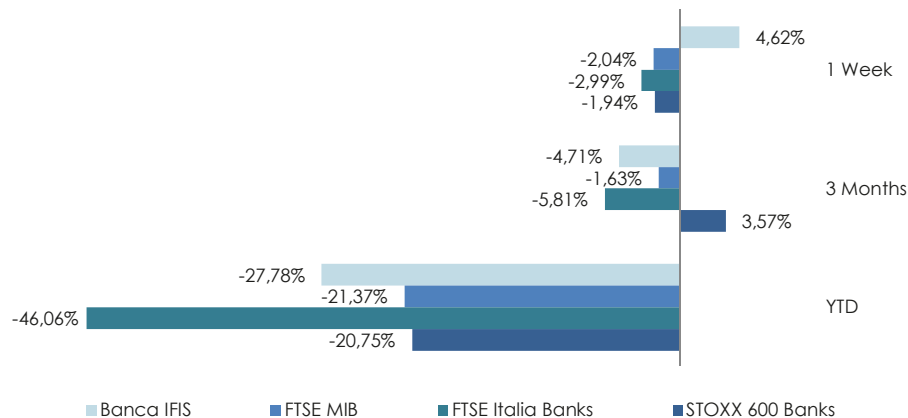


- Banca IFIS has shown a negative performance (-27.78%) YTD, nevertheless overperforming the Ftse Italia Banks index but underperforming the Ftse MIB index and the STOXX 600 Bank Index
- The stock has recovered part of its value after the market plunge post Brexit referendum, in line with the main indices

**Stock price vs. target price - YTD**



**Stock price over different timeframes**



Source: Bloomberg

