

MAY 2018

PRESENTATION
1Q 2018
FINANCIAL RESULTS

HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE

- Net banking income at 139,4 mio due to strong contribution of the NPL BU and double digit growth of Enterprises Segment
- Net profit at 37,9 mio with cost of credit at 73 b.p.

....WITH SOLID BALANCE SHEET

- Shareholder's equity at 1.413,0 with CET1 15,49

....AND STRONG LIQUIDITY POSITION

- Continued effort on diversification as well as lengthening maturity profile of funding position
- Funding position at 7.617,3 well balance between deposits, debt securities and due to banks



INSIGHTS FOR THE UNDERSTANDING OF THE RESULTS

MAIN DISCONTINUTY IN NUMBERS REPORTED 2018-2017

- **New segment reporting**
- **Valuation risk model metrics extended to a part of NPL positions included in the WIP process of the legal factory**
- **Reversal PPA**
- **IFRS9 first time adoption**
- **New funding structure**
- **Acquisition of Capitalfin**



MARGINS (NBI and NPFA*)

(Million Euro) –

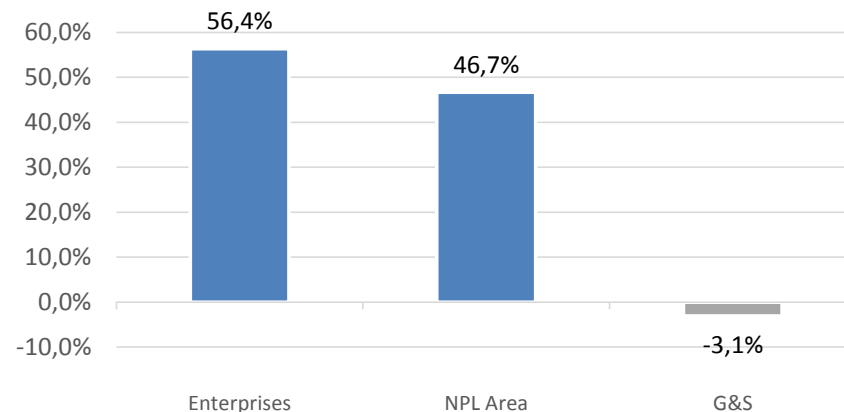
NBI: 139,4

(103,5 1Q2017) +34,6%

NPFA*: 128,4

(101,4 1Q2017) +26,7%

NBI 1Q 2018 by segment



Data 1Q	Enterprises	Area NPL	G&S	Total
NBI 2018	78,6	65,1	-4,3	139,4
NBI 2017	70,9	30,5	2,1	103,5
<i>% Change</i>	<i>10,9%</i>	<i>113,3%</i>	<i>NS</i>	<i>34,6%</i>
NPFA 2018	67,6	65,1	-4,3	128,4
NPFA 2017	68,3	30,5	2,6	101,4
<i>% Change</i>	<i>-1,0%</i>	<i>113,3%</i>	<i>NS</i>	<i>+26,7%</i>

Enterprises segment includes:

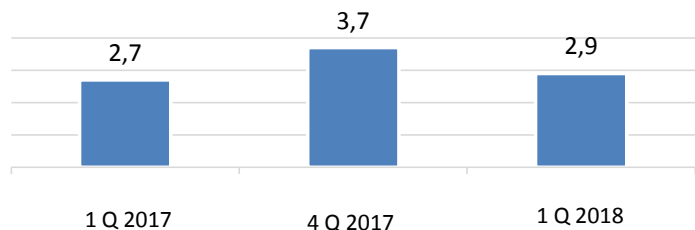
- Trade receivables &M/L term lending
- Corporate banking
- Leasing
- Tax receivables



*NPFA= Net Profit from Financial Activities

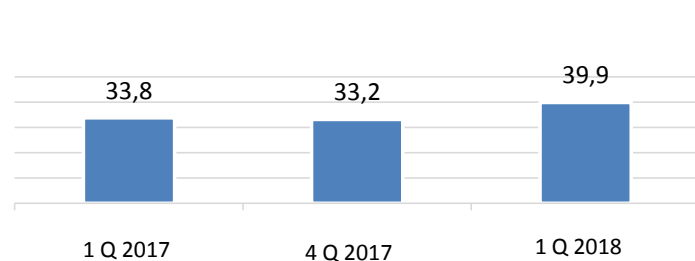
TRADE RECEIVABLES* (Factoring +m/l term lending)

TURNOVER € Bn

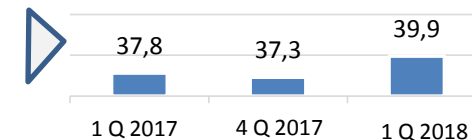


- Turnover 2,9 mln up 7,3% vs 1 Q 2017 due to increase in n. of clients (+3%)
- Outstanding 3,6 bn (+2,2%) vs 1 Q 2017
- Loans 3208 mn +5,6% vs 4 Q 2017 (LFL -5,1% due to seasonality)

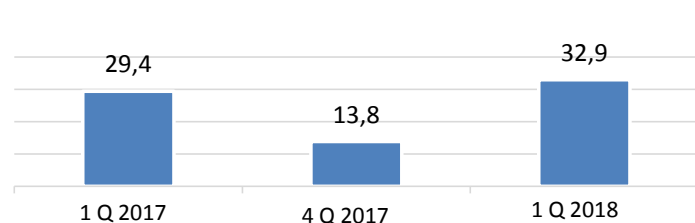
NET BANKING INCOME €m



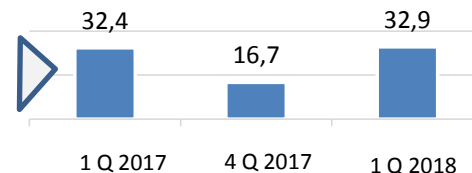
- Strong growth of 18,0% at NBI level in 1Q 2018 vs 1 q 2017 driven by turnover & clients growth
- **LFL** growth up 5,5%, including M/L term lending



NET PROFIT from FINANCIAL ACTIVITY €m

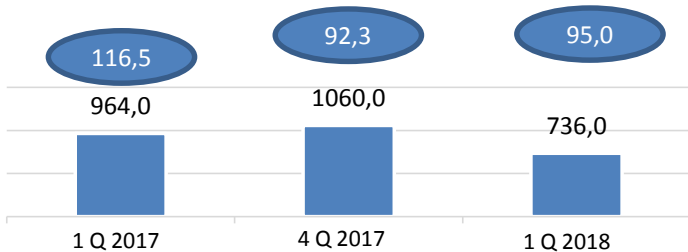


- 11,9% increase reported in NPFA vs 1 Q 2017
- 7 mln euro provisions in 1 Q with a cost of credit of 83** bp in this area
- **LFL** growth up 1,4%, including M/L term lending vs 1Q 2017



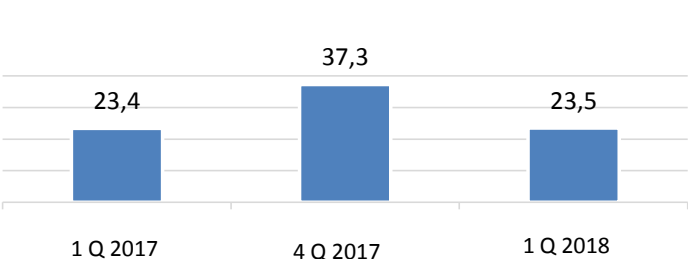
*1 Q 2018 includes M/L term Lending; ** data proforma

CUSTOMERS LOANS & NEW VOLUMES € m

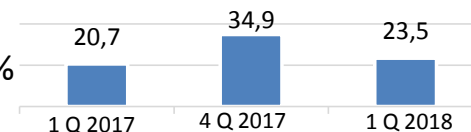


- New loans at 95,0 in 1Q 2018; loans up by 18% at LFL perimeter (M/L term lending not anymore included in this area)
- Outstanding loans at 736 m € up by 9% vs 4Q 2017

NET BANKING INCOME €m



- M/L term lending not anymore included in this area
- Reversal PPA included in NBI at 19 mn in 1Q2018 vs 23 mn in 1Q2017
- LFL comparison 14,7%



NET PROFIT from FINANCIAL ACTIVITY €m



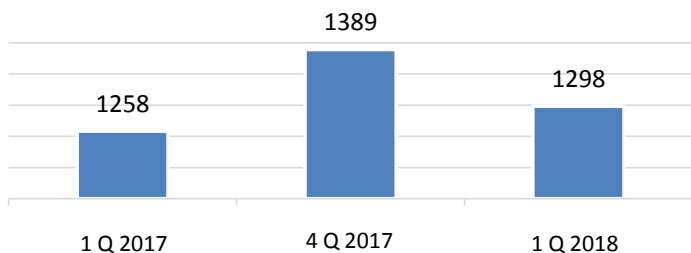
- 1,5 mln euro provisions in 1 Q 2018
- In 1Q 2017 NPFA it is included a positive provision of 4 m€



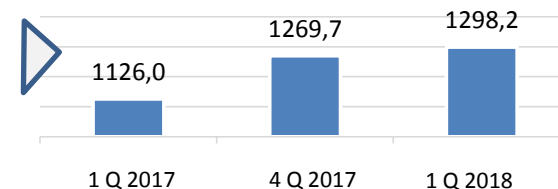
*1 Q 2018 does not include M/L Term Lending

LEASING

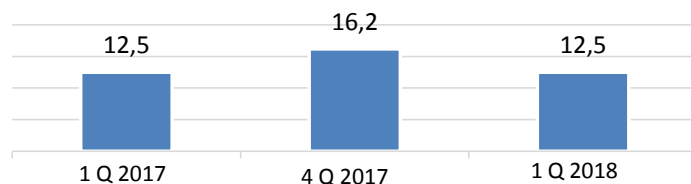
LOANS € m



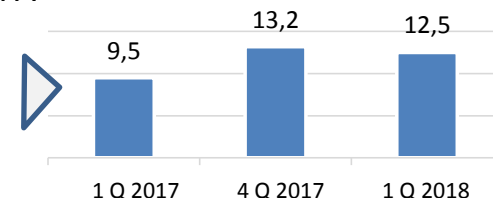
- #clients: 71.613
- New loans at 172 mn € (+13% vs 1 Q 2017)
- **LFL** leasing loans increased by 2,2%, excluding a real estate mortgage portfolio, reclassified in G&S.



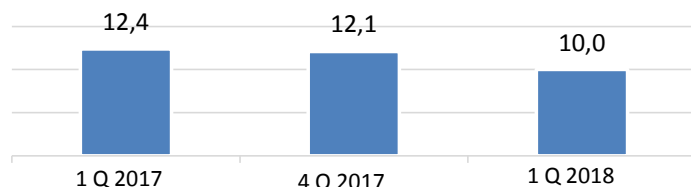
NET BANKING INCOME €m



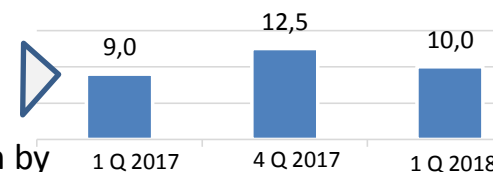
- NBI affected by the reclassification of a real estate mortgage portfolio, reclassified in G&S, together with the reversal of PPA
- **LFL** comparison NBI grew by 31% driven by volumes increase and n. of clients



NET PROFIT from FINANCIAL ACTIVITY €m



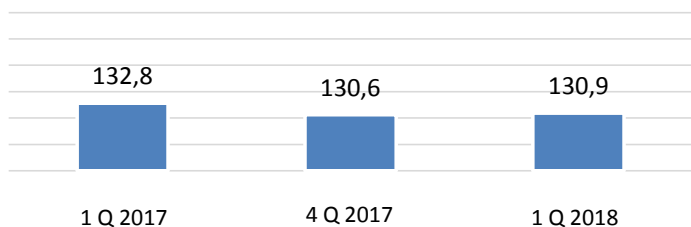
- No reversal of PPA
- Provisions 2,5m
- Cost of credit 74** bp
- **LFL** comparison NPFA grew by 11,5% driven by an increase in equip. volumes and n. of clients



*1 Q 2018 does not include real estate mortgage; ** data proforma

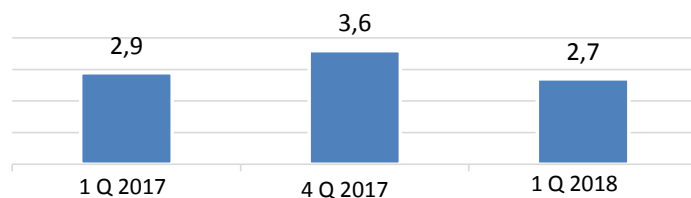
TAX RECEIVABLES

LOANS € m



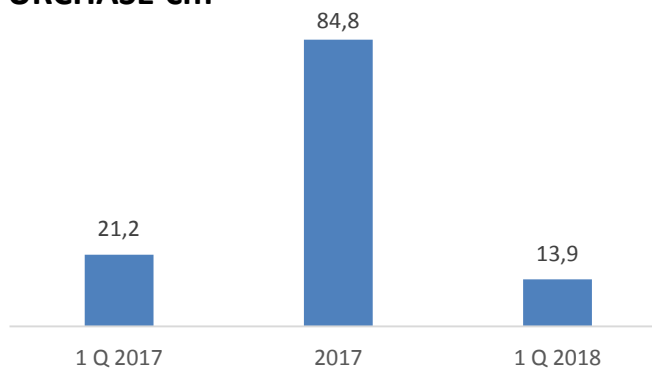
- Loans increased by 0,3%

NET BANKING INCOME €m



- NBI decreased by 7,0% due to lower activity in 1 Q 2018 vs 1 Q 2017

PURCHASE €m

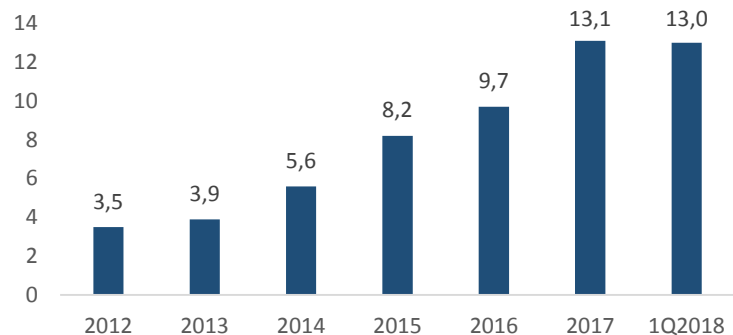


- GBV €m 175,3 m€

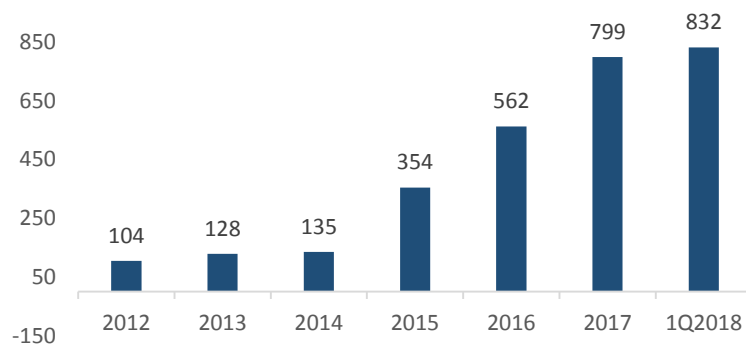


NPL AREA

GROSS BOOK VALUE Bn €



NET BOOK VALUE Bn €



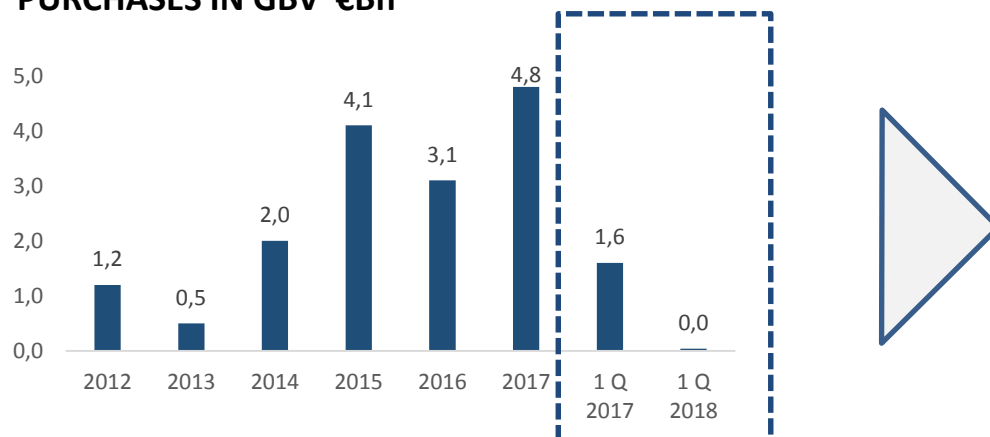
ERC 15 yrs over 1,8 bn

- #Total Positions: 1,5mln
- Average Ticket: 8k€
- #Total Debtors: 1,1mln

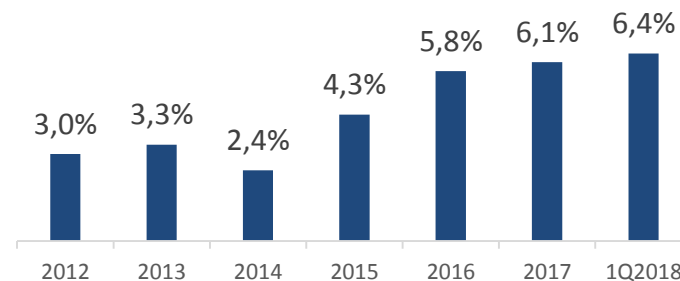


NPL AREA

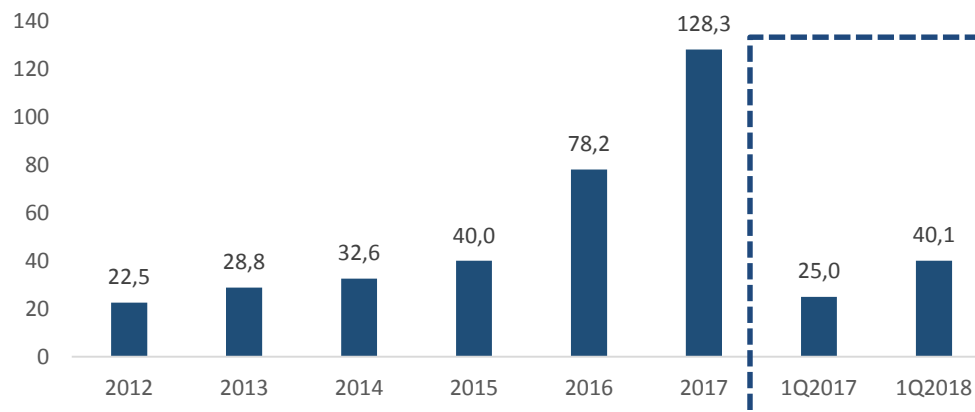
PURCHASES IN GBV €Bn



NBV/GBV



YEAR/QUARTER CASH COLLECTED €m

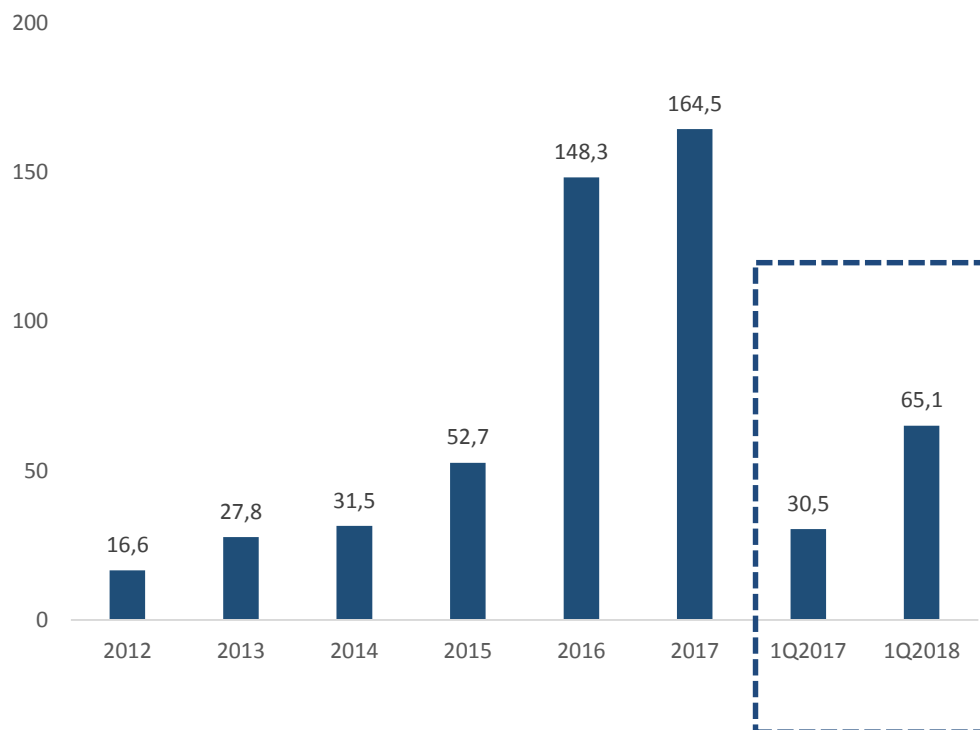


CASH COLLECTED			
	2016	2017	2018
1q	17.1	25,0	40,1



NPL AREA

NET BANKING INCOME/ NET PROFIT from FINANCIAL ACTIVITY €m



NBI up by 113% vs 1 Q 2017
19,7 m€ impact mainly due to first adoption of a risk value model on a tranche of legal positions

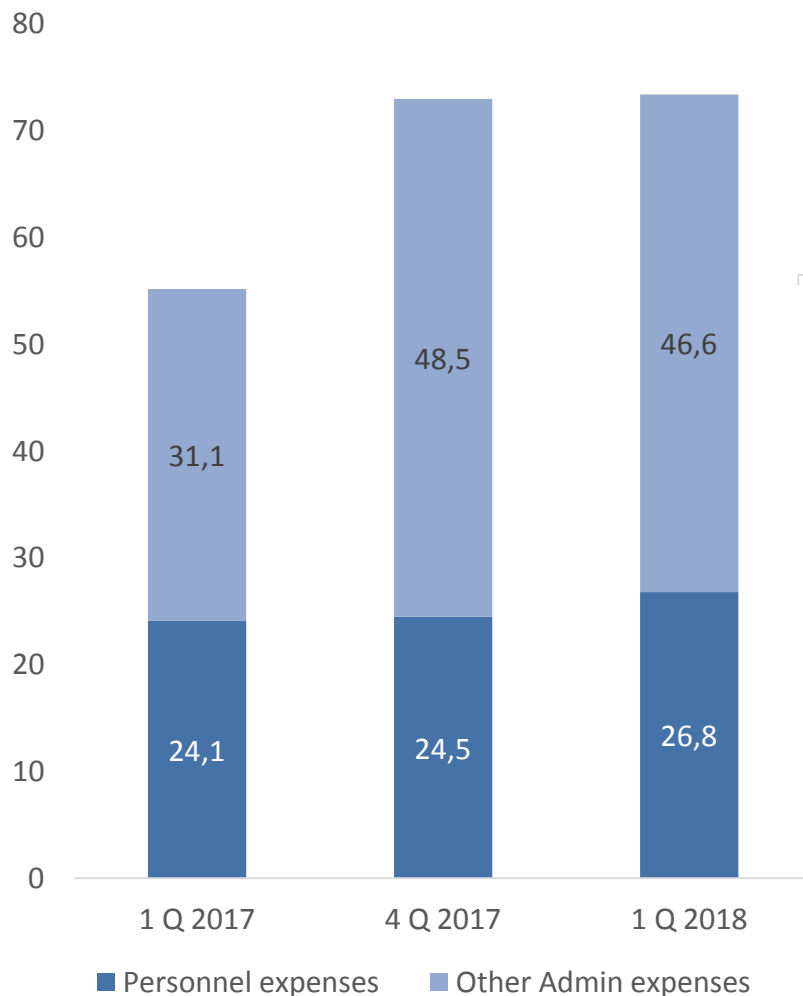
Proprietary technology coordinating and managing 1000 professionals and 1,5 mln positions
Digital approach to simplify processes and accelerate work-outs
Two proprietary database with profiles of 1,1 debtors and timings of Italian tribunals



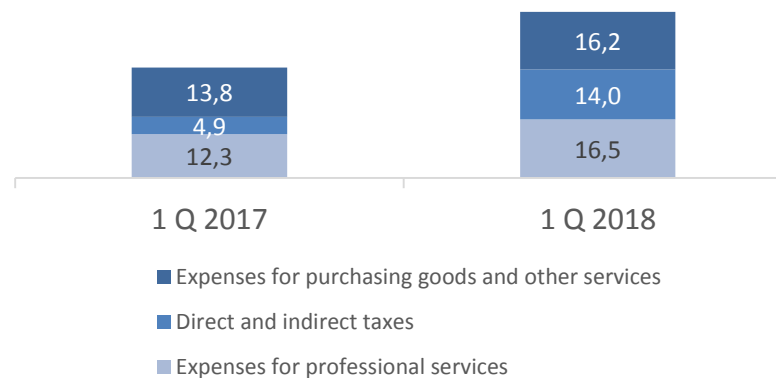
NPL AREA

1 Q 2018 data	Collection	NPL Gross Portfolio	Value	Book Value/NPL Portfolio	Contribution on P&L	Cash
Internal and External Recovery Department	Non Judicial Payment Plans	607 mln	138 mln	23%	21 mln	16 mln
Legal Recovery Department	Order of Assignment Wage	414 mln	149 mln	36%	27 mln	15 mln
	Judicial ongoing workout	257 mln	52 mln	20%	16 mln	0 mln
	Waiting for the judicial workout	2.182mln	285 mln	13%	3 mln	6 mln
Processed at least one time		7.298 mln	153 mln	2%	0 mln	3 mln
Staging		2.254 mln	55 mln	2%	0 mln	0 mln
		13,0 bln	832mln	6%	67 mln	40mln

1Q 2018 data; Million Euro



Breakdown Other Admin Expenses



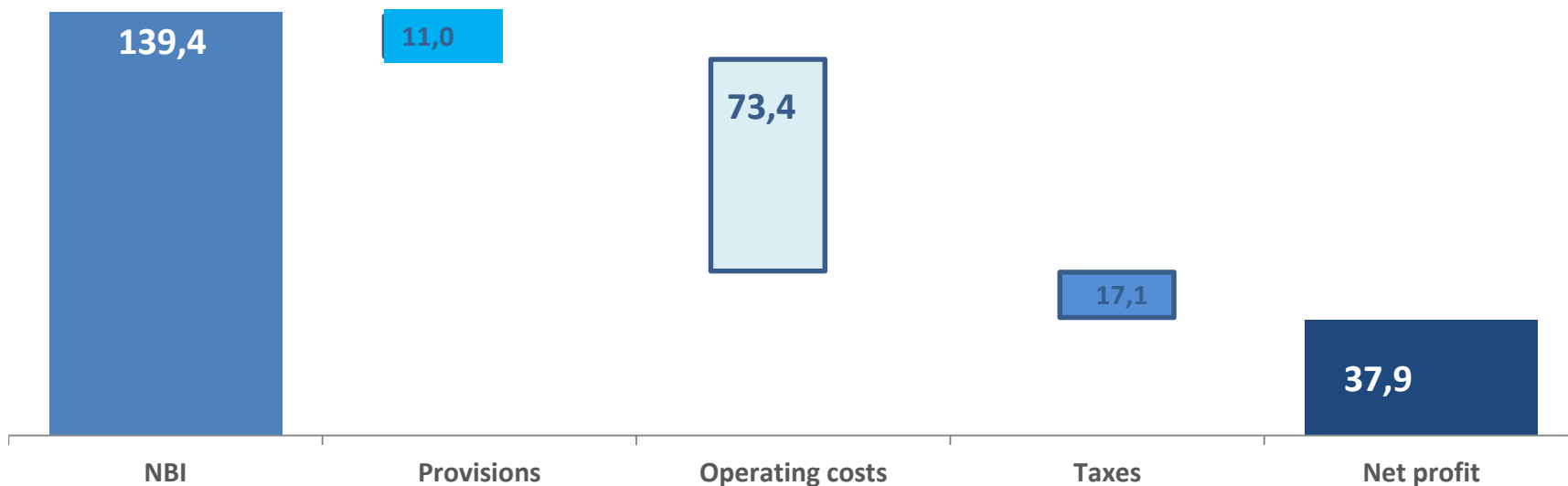
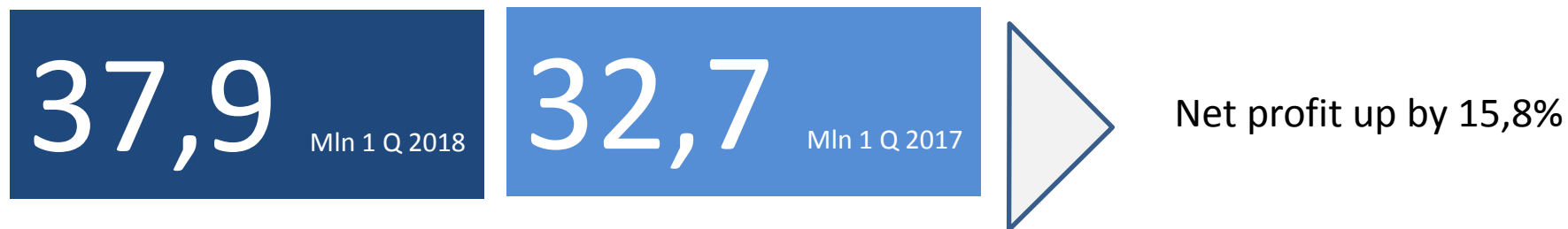
Personnel expenses up by 11,4%
 Total #employees 1.541 up by +13,2% vs 1 Q 2017

Other Admin expenses up by 49,8%
One off cost of 9,2 mln € related to the adoption of a risk value model on a tranche of legal positions
 Cost Income at 52,7% vs 53,7% in 1Q2017



NET PROFIT

1 Q 2018; Million Euro



BALANCE SHEET – ASSET STRUCTURE

(Million Euro) % change 1Q 2018 vs 31.12.2017

Loans to customers

6.457,2 +1,0%

5.373,2 Enterprises
831,8 Area NPL
252,2 G&S



NPL up by 4,1%
First time consolidation of Cap.Ital.fin S.p.A.

Financial Asset = 604,4

According to ifrs9

through P&L	35,0 (HFT)
through P&L at fair value	115,6 (FV TLP)
through OCI	453,8 (FV OCI)



Adoption of IFRS9

Due from banks

1.565,4 -11,1%



Excess of liquidity as a buffer for ongoing activities of the bank

Other Assets

893,8 +3,5%

Fiscal Assets	408,3 of which:
Current tax assets	51,9
DTA	356,4



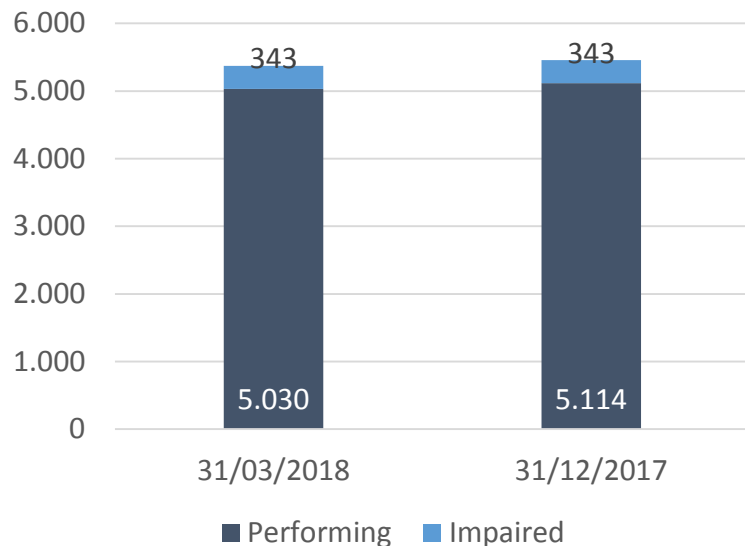
Expected impact mainly on future cash flows



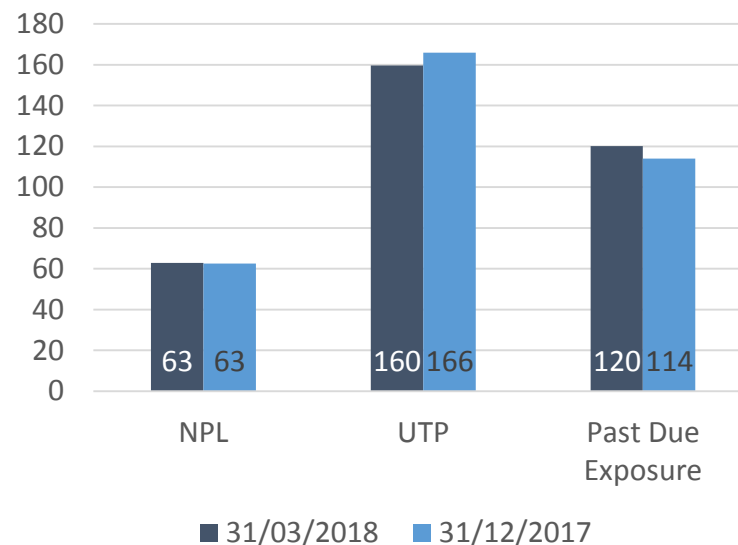
ASSET QUALITY & NPE TREND in ENTERPRISES segment

1 Q 2018 mln €

Net Customer Loans



Net NPE



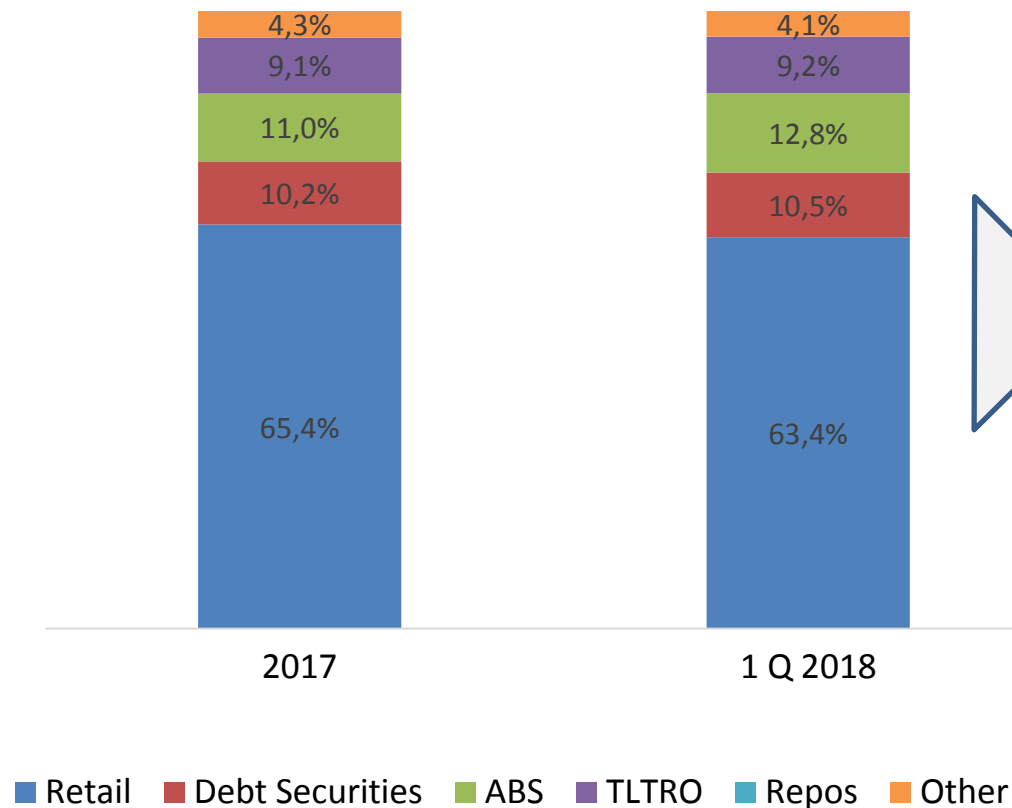
	31/03/2018	31/12/2017
% Net NPL/ Loans	1,2%	1,1%
NPL Coverage	91,7%	91,7%
% Net NPE/ Loans	6,4%	6,3%
Cost of credit	73 bp	31 bp

Restated
Net of release of value
89 bp



FUNDING STRUCTURE

1 Q 2018 mln €



Flexible and diversified funding structure

The diversification has been achieved by:

- **Reducing share of Repos with customers to zero**
- **Renewing focus and attractiveness of retail funding** through the introduction of 3y, 4y, 5y maturities for Rendimax
- **EUR 700m TLTRO**
- **tapping wholesale markets twice in 2017**, with the inaugural issuance of a EUR 302m **senior unsecured bond** and a EUR 406m **Tier 2 bond**
- ✓ **April 2018: 300 mln euro bond senior unsecured preferred issued**



1Q 2018 mln €

Banca IFIS Group only KPIs	2018	2017
	31/03	31/12
Common Equity Tier 1 Ratio (CET1)	15,49%	15,64%
Tier 1 Capital Ratio (T1)	15,49%	15,64%
Total Own Fund Capital Ratio	20,91%	21,07%
Book value share	26,44	25,62



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