



BANCA IFIS

Acquisition of GE Capital Interbanca Group

28 July 2016

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Key Transaction Highlights

Strategic Rationale

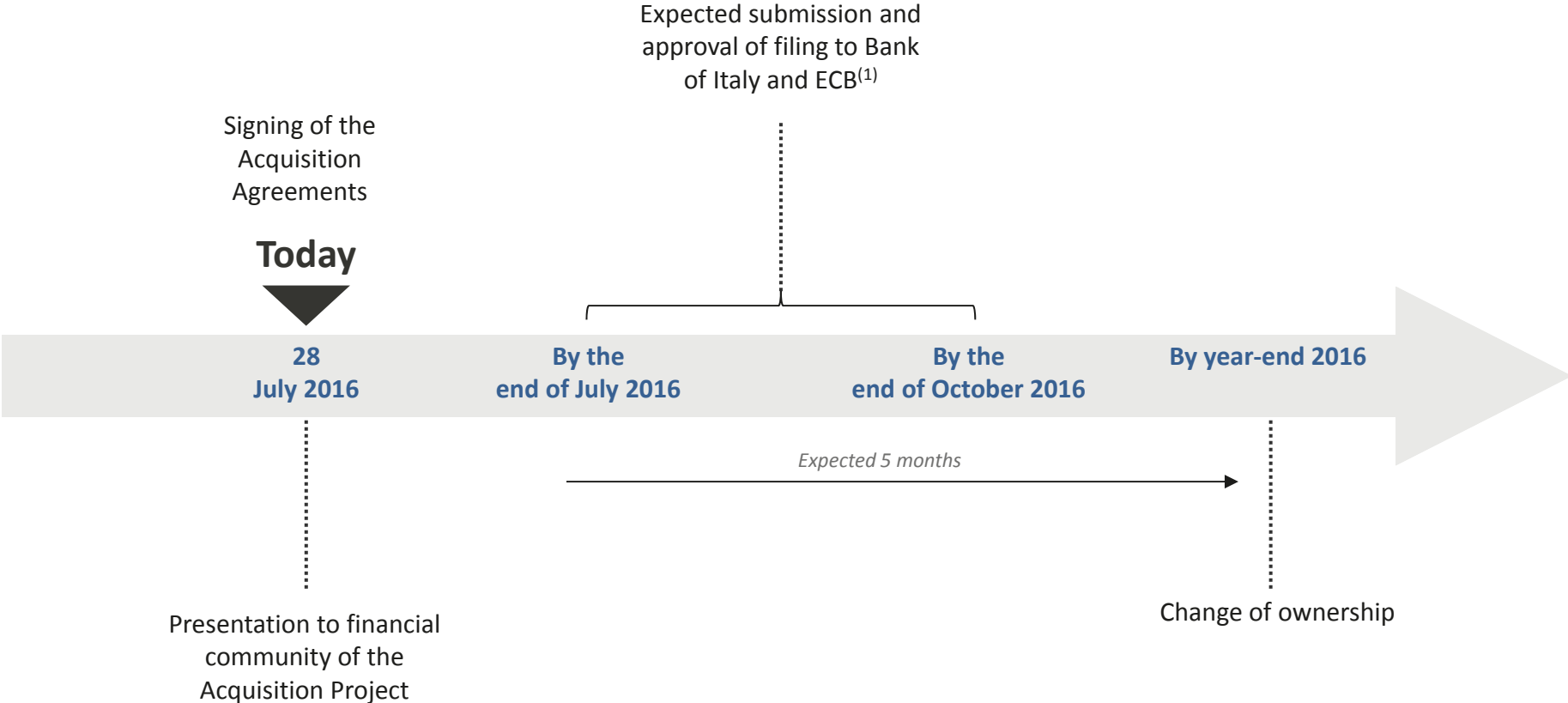
Financial Projection

Annexes



Key Transaction Highlights

Indicative Timeline



⁽¹⁾ In parallel with the BoI and ECB approval process, Banca IFIS will also apply to Italian Competition Authority (Autorità Garante della Concorrenza e del Mercato – AGCM) in order to exclude abuses of dominant position as well as concentrations which may create or strengthen dominant positions detrimental to competition.

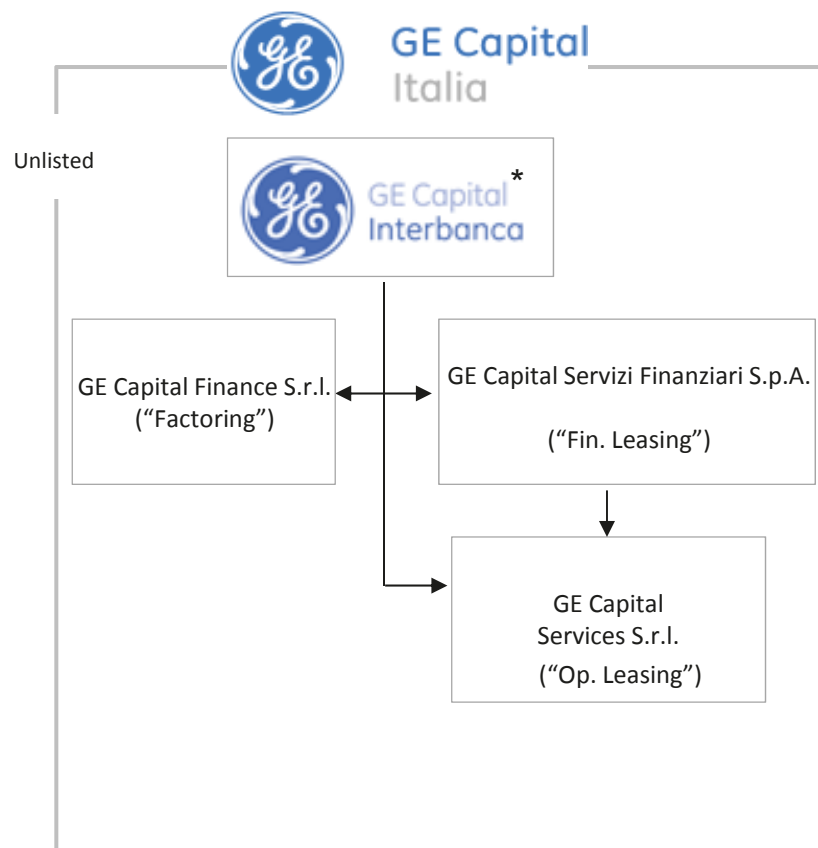
The application process has been started with the support of the Bank’s legal advisors, Clifford Chance.



Key Transaction Highlights

The Target

BANCA IFIS



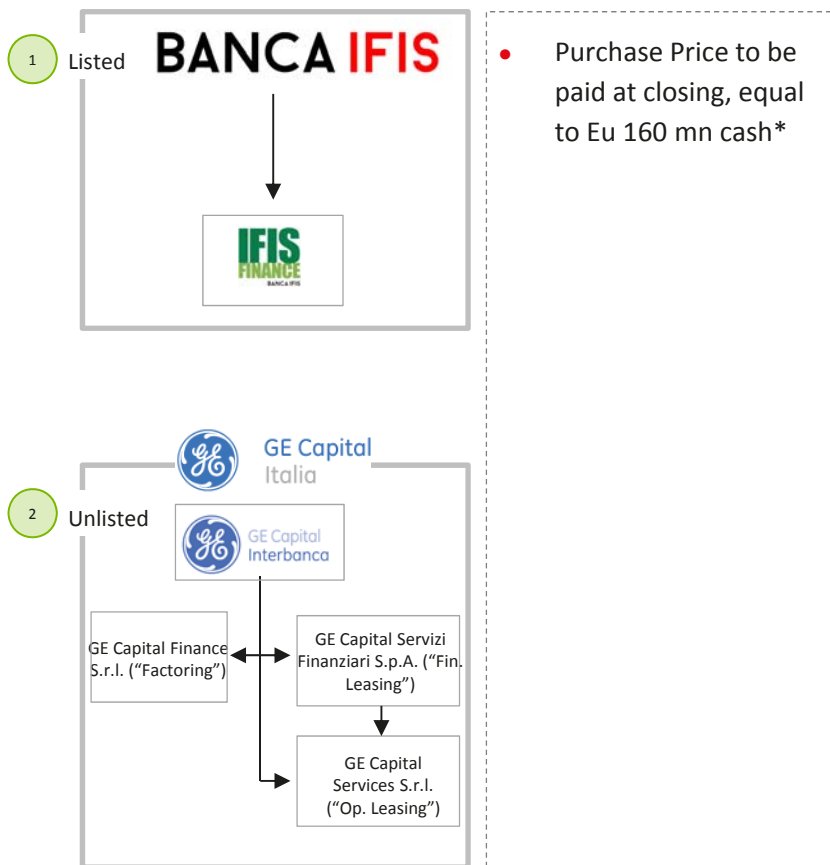
(*) Company's legal entities before acquisition

(**) Source: Interbanca's Consolidated Report as of Dec.2015

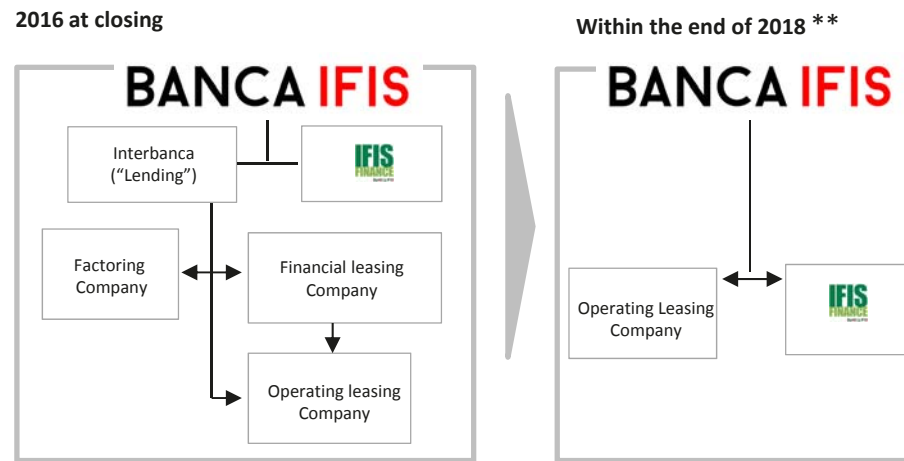
Highlights 2015 **	Eu mn
Net banking income	87
Result from financial operations	28
Operating costs	(83)
Net Loss	(45)
Total assets	4.098
Loans to customers	3.038
Due to GE	2.395
Equity	1.059
<i>Common Equity Tier 1 Cap Ratio</i>	<i>25,7%</i>
<i>Total Capital Ratio</i>	<i>25,9%</i>
Impaired loans (gross)	1.159
<i>of which NPL (gross)</i>	<i>549</i>
Net Exposure(Net Impaired loans)	509
<i>Coverage Deteriorated assets</i>	<i>56,1%</i>
<i>Net Deteriorated Assets/Equity</i>	<i>48,1%</i>
<i>Net NPL</i>	<i>117,4</i>
<i>NPL Coverage</i>	<i>78,6%</i>
<i>Net NPL/Equity</i>	<i>11,1%</i>
<i>Net NPL/Loans</i>	<i>3,6%</i>



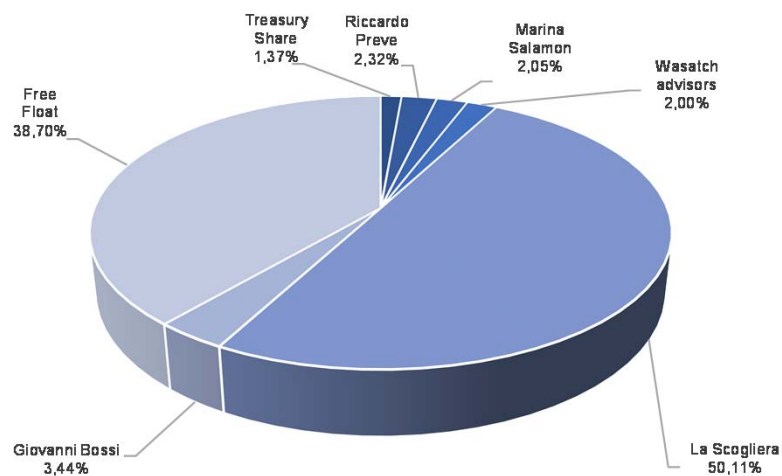
Transaction's key terms



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



Banca IFIS Shareholder Structure at 31 December 2015



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

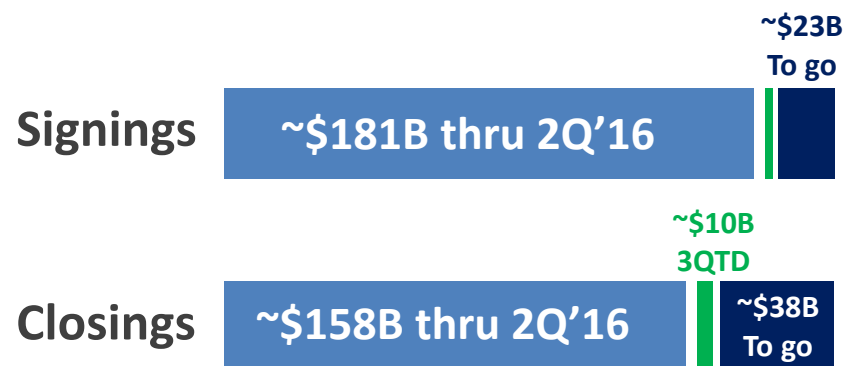
(**) As results of the merger of the company of GE Capital Interbanca Group



“We decided to exit all of the financing platforms not related to GE industrial businesses”

Jeffrey R. Immelt Chairman of the Board & Chief Executive Officer, GE
February 26, 2016 *

GE Capital announced it would sell approximately \$200 billion of assets by the end of 2017. As of June’16, GE has closed transactions for more than \$158 billion of assets and signed transactions for \$181 billion of assets **



(*) GE Annual Report 2015 (<http://www.ge.com/ar2015/letter/>)

(**) GE 2016 second quarter performance (http://www.ge.com/sites/default/files/ge_webcast_presentation_07222016_1.pdf)



Key Transaction Highlights

Main figures

Scope of the Acquisition	Acquisition of 99,99%* of Interbanca S.p.A (Lending) and its Factoring and Leasing (financial & operational) businesses
Rationale	<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
Purchase Price	Purchase price is equal to Eu 160 mn in cash, subject to price adjustment mechanism between 31/12/2015 and closing
Funding	At Closing Interbanca Group exposure vs GE (estimated below 2 bn**) will be reimbursed Funding sources mainly comprise of: <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)
People	Acquisition of approximately 500 HR, over 1300 HR at Banca IFIS Group post-transaction

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

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



Key Transaction Highlights

Strategic Rationale

Financial Projection

Annexes



Strategic Rationale

Complementary products with strong commitment to growing in an efficient way

BANCA IFIS



- B2B Trade finance** - Focus on SMEs & micro companies and Public Administration
- DRL** - Investment in retail Unsecured Distressed Loan portfolios
Over 1,000,000 positions
- Tax receivables** - Purchase of tax receivables arising from insolvency proceedings

- * **Lending** - Medium/long term financing to MidCap through a dedicated legal entity, **GE Capital Interbanca**
- * **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
- * **Factoring** - Factoring business towards medium size companies through a dedicated legal entity, **GE Capital Finance**, formally registered ex art. 106 del TUB.

Key figures (2015)*

# Headcount	724 ***
# Offices	29
Net Banking income (Eu mn)	408
Net Equity (Eu mn)	573
Total Assets (Eu bn)	6,9
# Clients (SMEs)	5,000+

Key figures (2015)* *

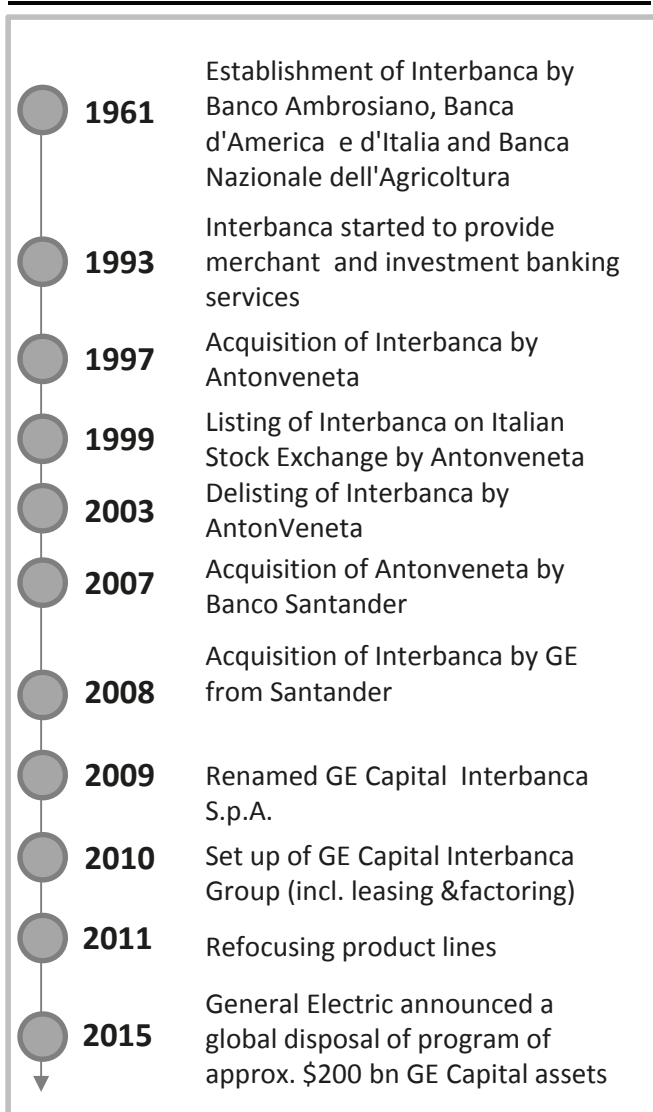
# Headcount	505
# Offices	5
Net Banking income (Eu mn)	87
Net Equity (Eu mn)	1,059
Total Assets (Eu bn)	4,1
# Clients (Enterprises)	80,000+



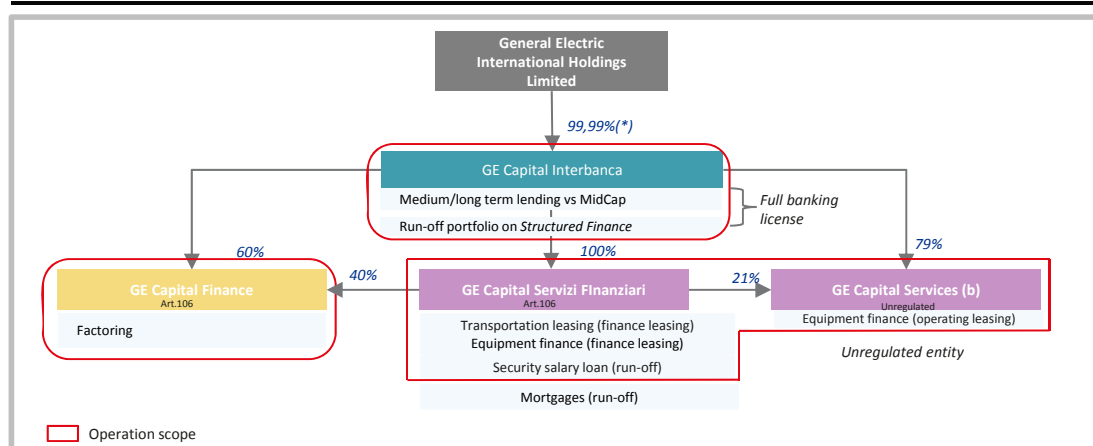
(*) Company's legal entities before acquisition

(**) Source: Consolidated Report as of Dec.2015 (***) As of today: 820

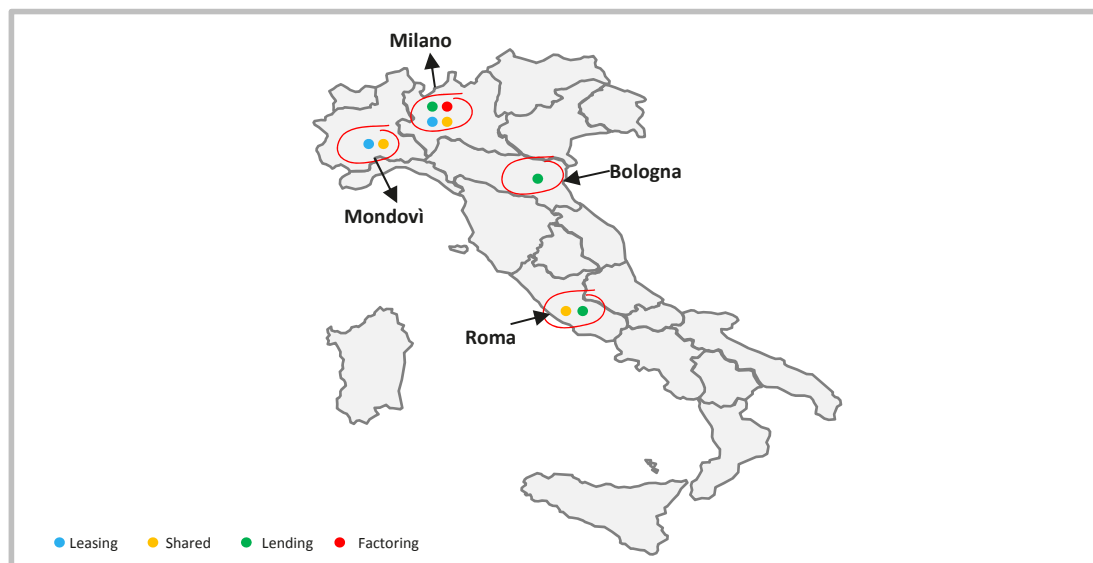
Historical development of Interbanca



Highlights on GE Capital Interbanca Group **



Location GE Capital Interbanca Group



(*) 0.01% owned by natural persons, non-active shareholders (***) Company's legal entities before acquisition



Vision

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)

Mission

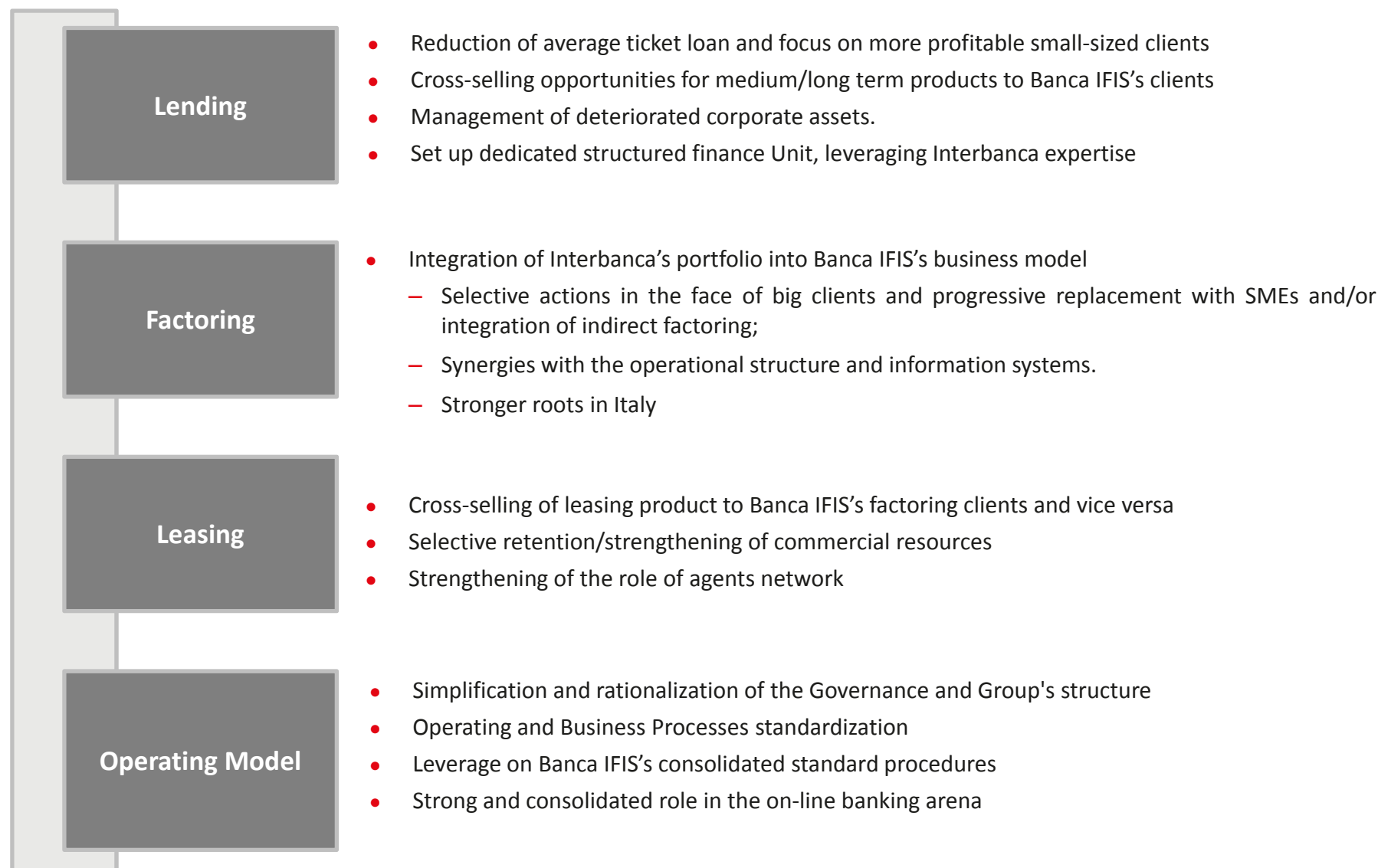
The leading specialty finance Italian player with indepth know-how on SMEs:

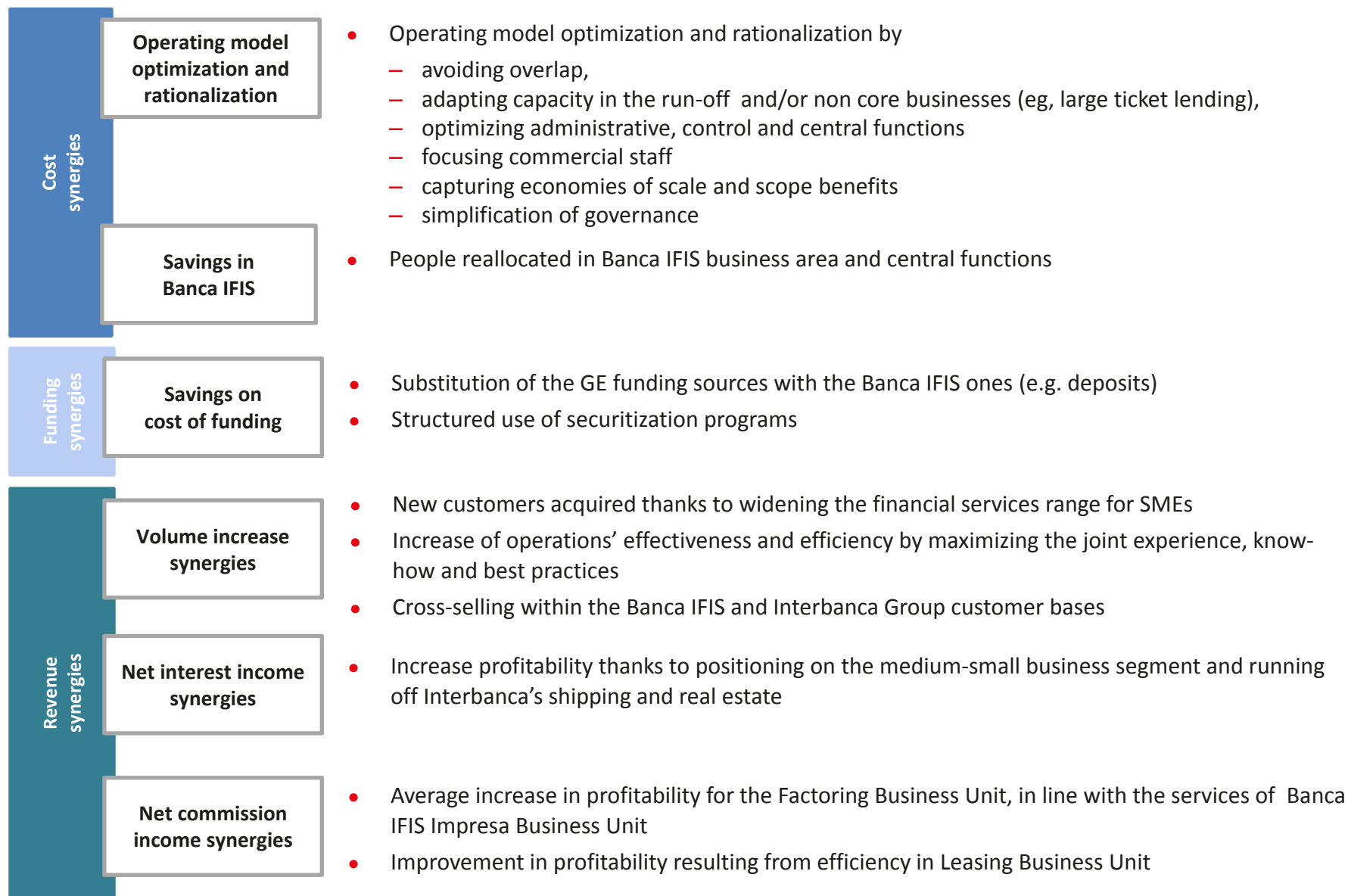
- Financing working capital
- Financing medium to long term projects
- Providing leasing services for the purchase of vehicles and capital goods
- Supporting specialty-finance operations
- Focusing on corporate impaired assets



	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







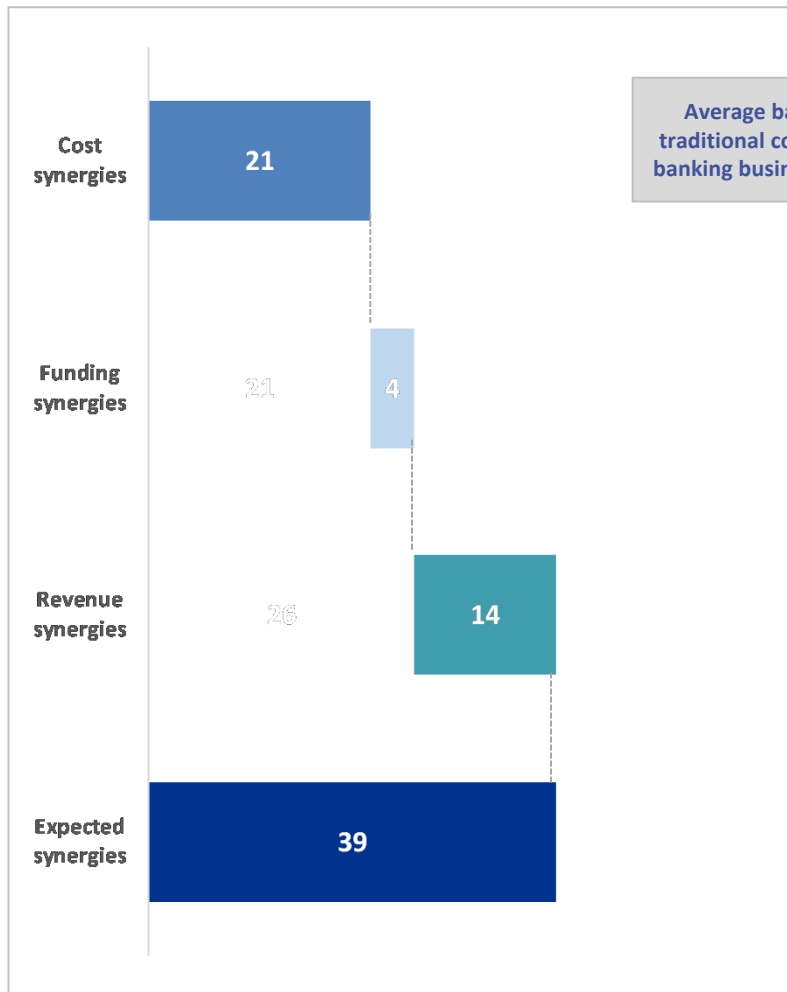
Strategic Rationale

Run rate synergies in 2018

HIGHLY
PRELIMINARY

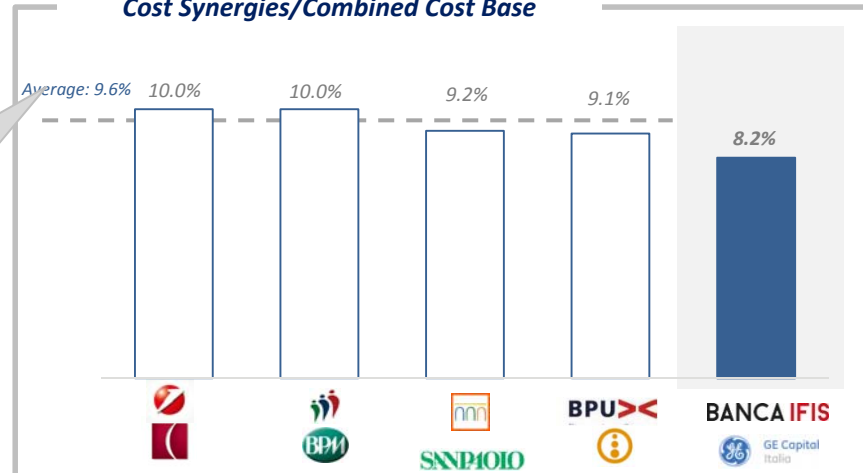
Expected synergies in 2018

Eu mn; gross of tax

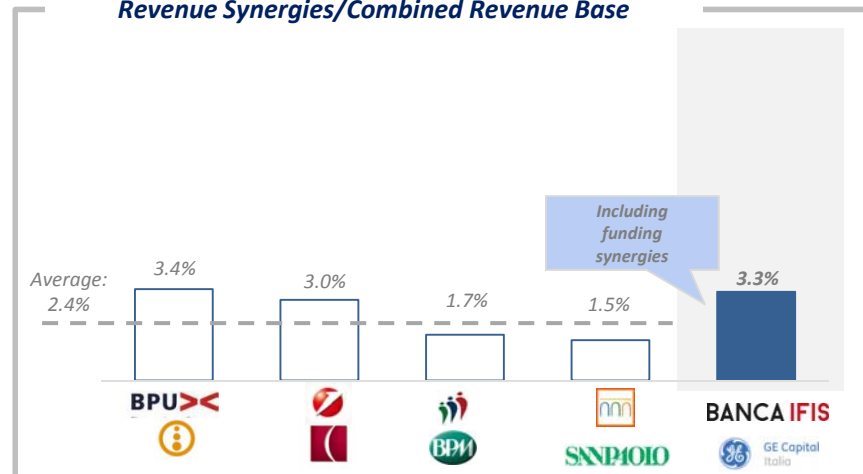


Synergies Announced in Previous Transactions

Cost Synergies/Combined Cost Base



Revenue Synergies/Combined Revenue Base



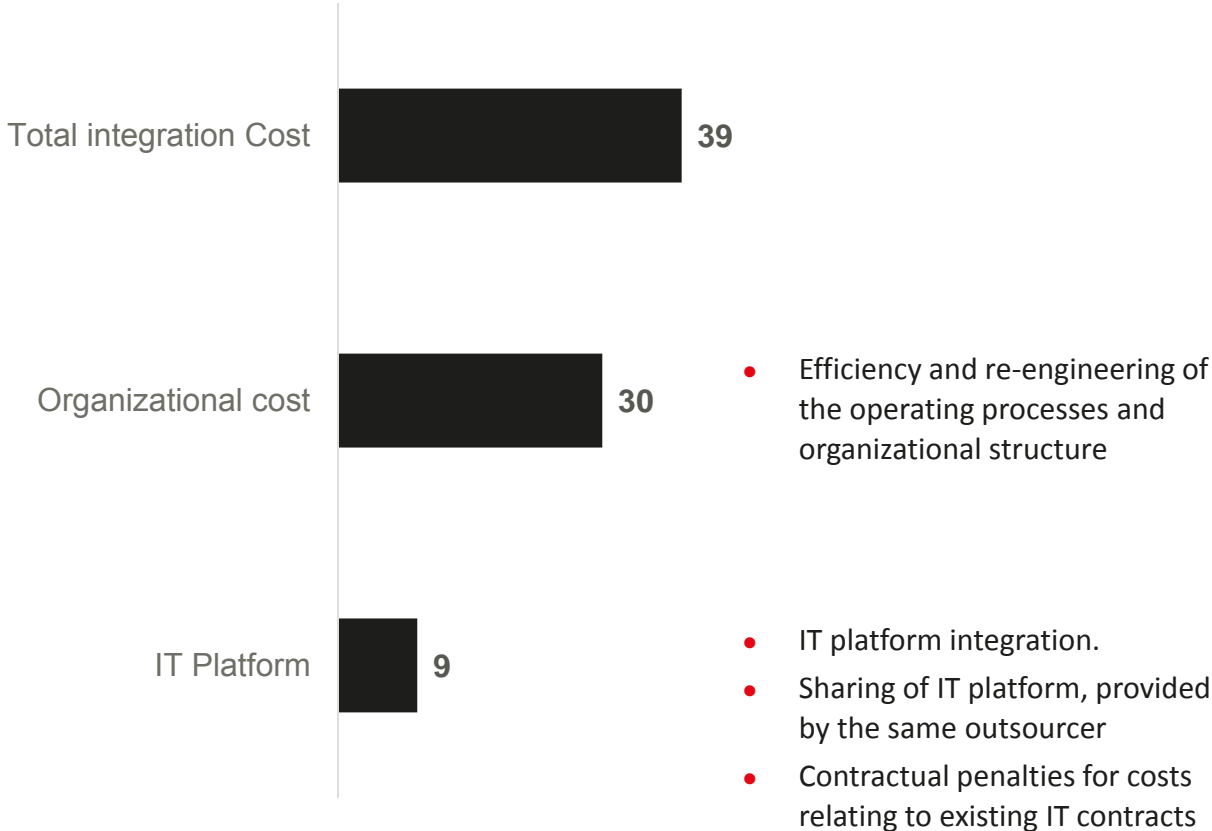
Strategic Rationale

Preliminary hypothesis of integration costs in 2016 and 2017

HIGHLY
PRELIMINARY

Expected integration costs

Eu mn

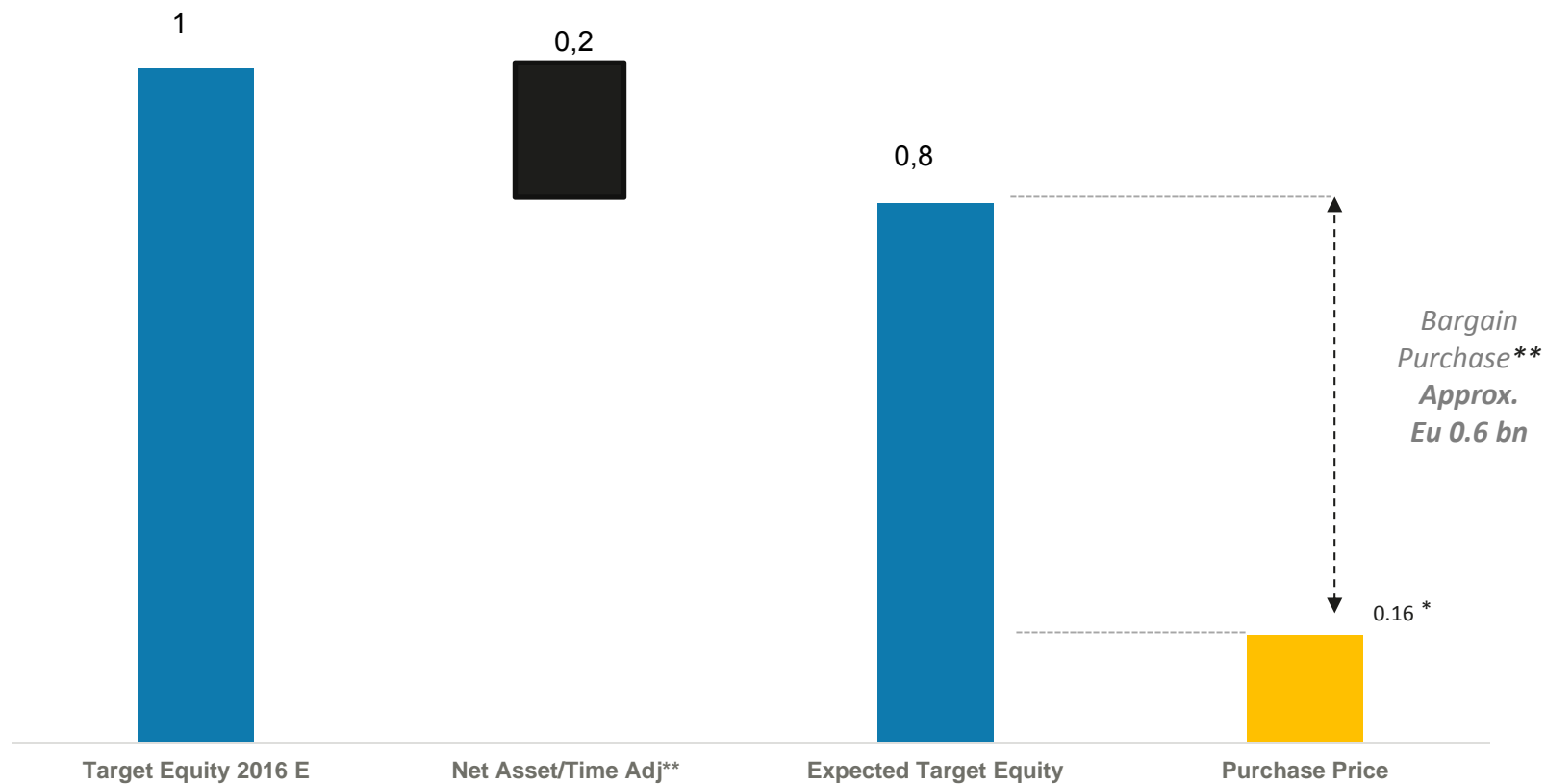


Strategic Rationale

Preliminary price allocation **

Eu bn

HIGHLY
PRELIMINARY
Based on data
available



(*) Original Purchase price equal to Eu160 mn will be subject to price adjustment mechanism between 31/12/2015 and closing

(**) As per IFRS3



Strategic Rationale

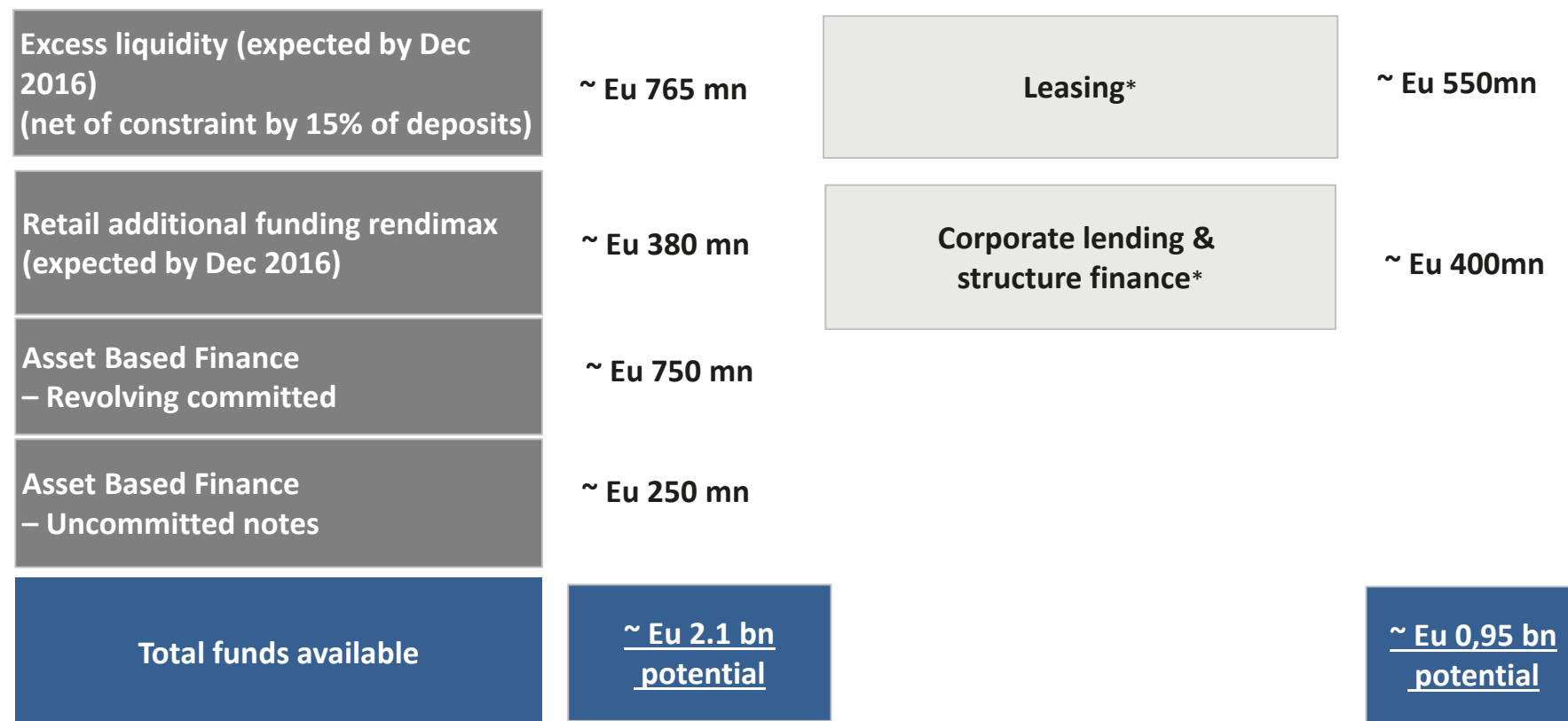
Funding sources available to support the transaction

Eu/mn

HIGHLY
PRELIMINARY

Funding Banca IFIS stand alone

Asset Based Finance - Interbanca



Funding needs expected at closing Eu 1,8 bn + price paid at closing

(*) Bank Consortium commitment is based on these categories of assets; other Interbanca Group's assets potentially available for additional financing



Key Transaction Highlights

Strategic Rationale

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Financial Projection

Financial targets

BANCA IFIS

HIGHLY
PRELIMINARY

	2015 Banca IFIS Group	2015 Interbanca Group	2018 Target	
Key Balance Sheet items (Eu bn)	Total Asset	7	4	9,4
	Total Funds and Deposits	6	3	7,5
	Net Equity	0,6	1,1	1,5
Key Profit & Loss items (Eu mn)	Net Banking Income	408,0	8,3	601
	<i>Cost Income (%)</i>	31%	95,1%	39,9%
	<i>Cost of Risk (%)</i>	0,9%	1,97%	0,67%
	Net Income	162,0	-45,0	>200
Key Ratios	ROE (%)	16,3% *	-4,1%	≈14%
	EPS (€)	3,05		4
	Book value per share (€)	10,81		28
	Total Own Funds Capital Ratio (%)	15,8%**	25,9%	17,7%**
	NPL/loans (%)	1,1%		1,3%
	NPL coverage ratio (%)	87,9%	83%	84%
	Deteriorated assets coverage ratio (%)	65,5%	59%	59%

(*) ROE adjusted, net of carry trade

(**) Ratio calculated on BancalFIS Group without considering the minorities effect from the parent Company



100.000 retail + 100.000 SMEs **CUSTOMERS**

Expected **Eu 1 bn** additional **EQUITY** from the acquisition

EPS accretive since inception, delivering **Eu 4** by 2018

No need for **CAPITAL INCREASE**



Key Transaction Highlights

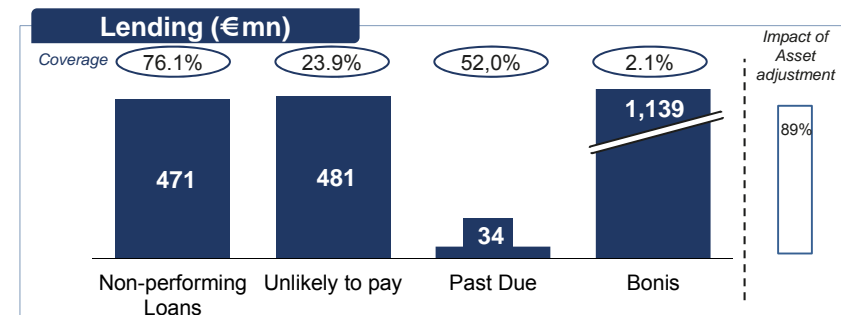
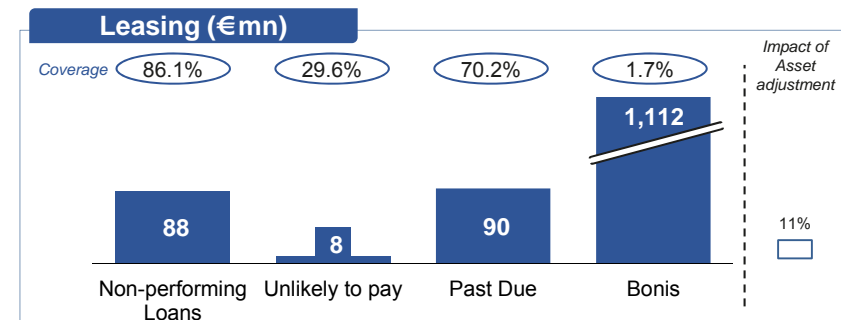
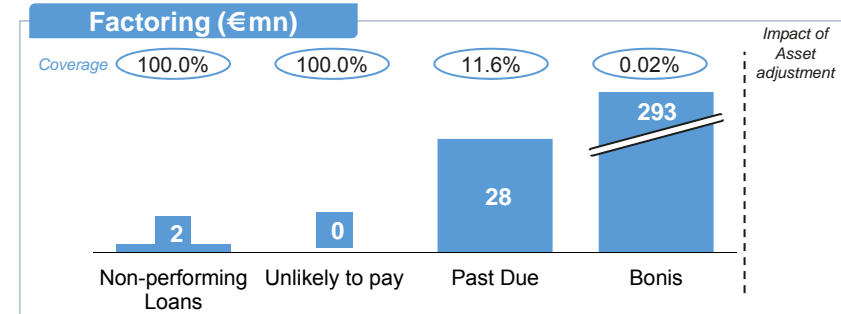
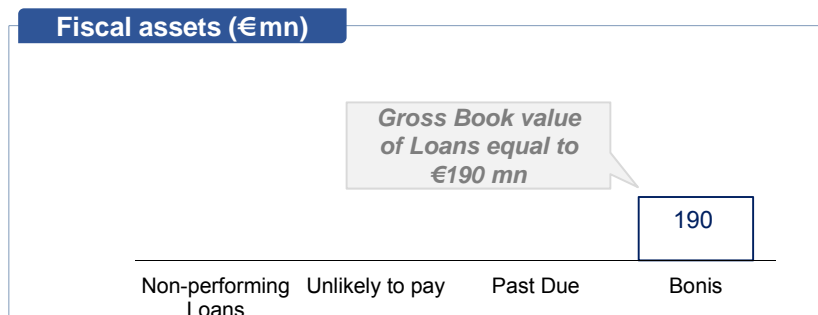
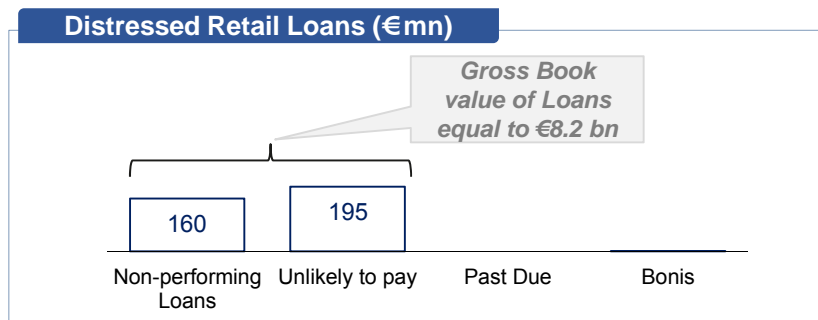
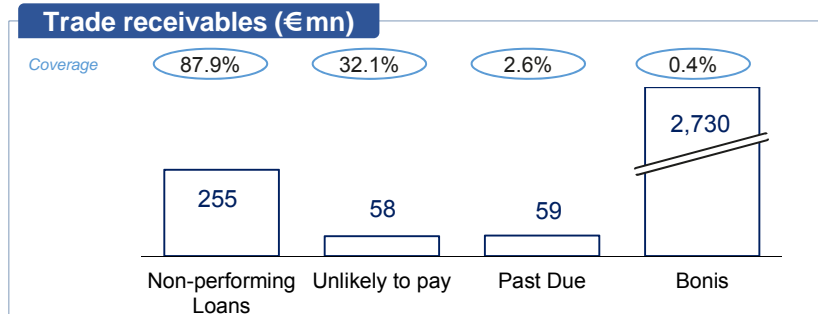
Strategic Rationale

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BANCA IFIS



(*) Data refers to the target assets within the scope of acquisition

