INFORMATION DOCUMENT

Drawn up pursuant to Article 71 of the Regulation implementing Legislative Decree No. 58 of 24 February, 1998, setting forth the rules governing issuers and adopted by CONOSOB by means of resolution No. 11971 of 14 May 1999 (as subsequently amended and supplemented)

***

concerning the acquisition of 99.993% of the share capital of GE Capital Interbanca S.p.A.

Information Document made available on 5 December 2016

PREAMBLE

This information document (the "**Information Document**") has been prepared by the Issuer in accordance with Article 71 of the Issuers Regulation and related outline No. 3 of Attachment 3B, for the purpose of providing exhaustive information on the Transaction involving the acquisition of the Interest, which was closed on 30 November 2016 and announced to the market on the same date.

More specifically, pursuant to the Agreement entered into on 28 July 2016 between the Seller and Banca IFIS, on 30 November the Seller sold to Banca IFIS no. 72,440,331 shares representing 99.993% of Interbanca's share capital.

This Information Document was filed at the registered office of the Issuer on 5 December 2016 and is also available on the Issuer's website site www.bancaifis.it and on the website of Borsa Italiana www.borsaitaliana.it.

Certain information and statements contained in this Information Document that are not information and statements on historical facts, are to be deemed forward-looking statements, even if such statements are not specifically defined as such. These statements include, by way of example and without limitation, the plans, intentions and expectations concerning the Transaction referred to in this Information Document, the financing of the Transaction, as well as the results, benefits, synergies, profits, costs, timeframes and other outcomes expected from this Transaction.

The forward-looking statements refer to future – not past – events and are no guarantee of the future performance. The statements are based on current expectations and projections about future events and, by their nature, address matters that, to different degrees, are uncertain and subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not take place or exist in the future and, as such, no reliance should be placed upon them. The actual results may materially differ from those expressed in such statements due to a variety of factors, including changes in the general economic, financial and market conditions, and other changes in business conditions, most of which are outside the control of Banca IFIS.

Banca IFIS expressly disclaims and does not assume any liability for mistakes and/or inaccuracies in relation to any of these forward-looking statements and/or in connection with any use by any person of such forward-looking statements. Any forward-looking information contained in this Information Document speaks only as at the date thereof.

Banca IFIS undertakes no obligation to update, revise or correct its projections or forward-looking statements as a result of new developments or otherwise. Names, organizations and company names contained herein may be the trademarks of the respective owners. This Information Document does not constitute investment advise, or a solicitation, recommendation, or invitation for the purchase or sale of financial products and/or of any kind of financial services as contemplated by the laws of any jurisdiction.

PRO-FORMA SUMMARY AND PER SHARE FIGURES CONCERNING THE ISSUER AND INTERBANCA AS AT 30 JUNE 2016

The following tables show briefly the consolidated economic and financial data of Banca IFIS and Interbanca and the pro-forma data of Banca IFIS including Interbanca, as well as the relating per share indicators for the six months ended on 30 June 2016.

The summary figures indicated below were drawn from the pro-forma consolidated statements reported in Chapter 5, and must be read in conjunction with the description of the hypotheses and the criteria adopted for the drafting of the pro-forma consolidated statements and the other information contained therein.

Pro-forma consolidated balance sheet as at June 30, 2016			
	Assets (in thousands of Euros)	**BIFIS Group**	**Pro-forma**
10.	Cash and cash equivalents	35	38
20.	Financial assets held for trading	366	45,123
40.	Available for sale financial assets	1,027,770	1,142,078
60.	Due from banks	153,877	294,128
70.	Loans to customers	3,355,998	5,680,994
100.	Equity investments	-	754
120.	Property, plant and equipment and investment property	56,729	103,747
130.	Intangible assets	8,929	10,379
	- of which goodwill	*795*	*795*
140.	Tax assets	64,595	585,420
150.	Non-current assets and disposal groups held for sale	-	210,325
160.	Other assets	74,899	168,812
	Total assets	**4,743,198**	**8,241,798**
	Liabilities and Equity (in thousands of Euros)		
10.	Due to banks	43,587	55,648
20.	Due to customers	3,928,261	5,957,873
30.	Securities issued	-	632,312
40.	Financial liabilities held for trading	13	52,675
80.	Tax liabilities	16,180	30,109
100.	Other liabilities	187,612	299,632
110.	Post-employment benefits	1,545	7,878
120.	Provisions for risks and charges	3,803	27,003
	Group Equity	562,197	1,178,597
	- of which gain on bargain purchase	-	*616,400*
	Non controlling interests	-	71
	Total Liabilities and Equity	**4,743,198**	**8,241,798**

Pro-forma consolidated Income Statement 1st semester 2016 (in thousands of Euro)			
	Item	**BIFIS Group**	**Pro-forma**
10.	Interest income and similar revenues	151,465	229,893
20.	Interest expense and similar charges	(21,909)	(41,025)
30.	***Net interest income***	***129,556***	***188,868***
40.	Commission income	29,547	39,168
50.	Commission expense	(2,583)	(6,887)
60.	***Net commission income***	***26,964***	***32,281***
70.	Dividends and similar revenues	-	5
80.	Net profit (loss) from trading	(332)	(7,900)
100.	Profit (loss) from sale or buyback of:	11,189	11,447
	a) receivables	5,694	5,694
	b) available for sale financial assets	5,495	5,753
120.	***Net banking income***	***167,377***	***224,701***
130.	Net impairment losses/reversal on:	(32,215)	(32,270)
	a) receivables	(28,216)	(28,216)
	b) available for sale financial assets	(3,999)	(4,337)
	d) other financial transactions	-	283
140.	***Net profit from financial activities***	***135,162***	***192,431***
170.	***Net income from banking and insurance activities***	***135,162***	***192,431***
180.	Administrative expenses:	(74,067)	(140,269)
	a) personnel expenses	(27,595)	(51,485)
	b) other administrative expenses	(46,472)	(88,784)
190.	Net allocations to provisions for risks and charges	(1,633)	(3,723)
200.	Net adjustments to/recoveries on tangible assets	(846)	(1,644)
210.	Net impairment losses/reversal on plant, property and equipmei	(1,161)	(1,557)
220.	Other operating income (expenses)	910	4,615
230.	***Operating costs***	***(76,797)***	***(142,578)***
240.	Profits (Losses) on disposal of investments	-	44
280.	***Pre-tax profit (loss) from continuing operations***	***58,365***	***49,897***
290.	Income taxes for the year relating to current operations	(19,245)	(28,798)
300.	***Profit (Loss) after tax from continuing operations***	***39,120***	***21,099***
320.	***Profit (loss) for the year***	***39,120***	***21,099***
330.	Non controlling interests	-	(3)
	Gain on bargain purchase	-	616,400
340.	**Profit (loss) attributable to the parent company**	**39,120**	**637,501**

KPIs per share		
	BIFIS Group	**Pro-forma**
Outstanding shares	53,076,576	53,076,576
Earnings per share (EPS)	0.74	12.01
Equity per share	10.59	22.21

DEFINITIONS AND GLOSSARY

A list of the main definitions and terms used in this Information Document is provided below. These definitions and terms (whether used in the plural or singular form), unless otherwise specified, have the meaning indicated below.

"Agreement"	means the preliminary agreement concerning the purchase and sale of the Interest, governing the Transaction, entered into on 28 July 2016 between the Seller and the Purchaser, as lastly amended on 30 November 2016.
"Banca IFIS Group"	means jointly Banca IFIS and the companies directly or indirectly owned by the Issuer.
"Borsa Italiana"	means Borsa Italiana S.p.A..
"CONSOB"	means the *Commissione Nazionale per le Società e la Borsa* (Italian commission for companies and the stock exchange).
"Execution Date"	means 28 July 2016, the date on which the Agreement was entered into.
"IFIS Factoring"	means IFIS Factoring S.r.l., having its registered office in Milan (MI), via Borghetto 5, with a fully paid-up share capital of Euro 123,240,000, registered with the Companies Register of Venice, registration number, tax code and VAT number 11990630151.
"IFIS Finance"	means IFIS Finance Sp. z o.o, a company incorporated under the Laws of Poland, having its registered office in Warsaw, Wspolna 62, with a share capital of Zloty 47,000,000, registration number KRS 0000156397, wholly owned by Banca IFIS as at the Information Document Date.
"IFIS Leasing"	means IFIS Leasing S.p.A., having its registered office in Mondovì (CN), via Vecchia di Cuneo 136 (Loc. Pogliola), with a fully paid-up share capital of Euro 41,000,000, registered with the Companies Register of Cuneo, registration number, tax code and VAT number 00596300046.
"IFIS Rental Services"	means IFIS Rental Services S.r.l., having its registered office in Milan (MI), via Borghetto, 5, with a fully paid-up share capital of Euro 6,000,000.00, registered with the Companies Register of Milan, registration number, tax code and VAT number 09635390967.
"**Information Document Date**"	means the date of publication of this Information Document.
"Information Document"	means this information document, drawn up by the Issuer in compliance with the Issuers Regulation.
"Interbanca Group"	means jointly Interbanca and the Investees.

"Interbanca"	means GE Capital Interbanca S.p.A., having its registered office in Milan (MI), Corso Venezia 56, with a fully paid-up share capital of Euro 217,335,282, registered with the Companies Register of Milan, registration number, tax code and VAT number 00776620155.
"Intercompany Debt"	means the debt outstanding at the Transaction Performance Date between the companies of the Interbanca Group and the Seller's group.
"Interest"	means No. 72,440,331 shares with a par value of Euro 3 each, representing 99.993% of the share capital of Interbanca.
"Interim Report as at 30 September 2016"	means the interim report as at 30 September 2016 of Banca IFIS.
"Investees"	means jointly IFIS Leasing, IFIS Factoring and IFIS Rental Services.
"Issuers Regulation"	means the regulation adopted by CONSOB under resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented.
"**Preliminary Price**"	means the amount of Euro 160,000,000 paid as at the Execution Date by Banca IFIS to the Seller subject to the Price Adjustment.
"**Price Adjustment**"	means the Preliminary Price adjustment mechanism.
"Purchaser" or "Issuer" or "Banca IFIS"	means Banca IFIS S.p.A., having its registered office in Mestre (VE), via Terraglio 63, with a fully paid-up share capital of Euro 53,811,095.00, registered with the Companies Register of Venice, registration number, tax code and VAT number 02505630109, registered with the Bank Register under No. 5508.
"Seller"	means GE Capital International Holdings Limited, a company incorporated under the Laws of the United Kingdom, having its registered office in London, in The Ark, 201 Talgarth Road, company number 9666321.
"Transaction Performance Date"	means 30 November 2016, the date on which the Transaction was performed.
"Transaction"	means the transaction involving the acquisition by Banca IFIS of the Seller's Interest and the simultaneous repayment of debt to the Seller by the Interbanca Group also by partial refinancing to third parties..
"TUB"	means the Legislative Decree No. 385 of 1 September 1993, (*Testo Unico delle leggi in materia bancaria e creditizia*, consolidated law on banking and credit), as subsequently amended and supplemented.

Contents

1. WARNINGS

A summary of the following potential risk factors regarding the Transaction subject of this Information Document is outlined below.

It should be noted that additional risks and uncertain events, currently unforeseeable or which are considered to be improbable at present, could equally influence the Issuer's business activity, economic and financial conditions and outlook.

For a more complete analysis of the risk profiles underlying the Transaction, the considerations detailed below are to be read together with the other information included in the Information Document, in the Half-Yearly Report 2016 and in the Interim Report as at 30 September 2016 which are available on the Issuer's Internet website: www.bancaifis.it.

1.1 RISK FACTORS ARISING FROM THE TRANSACTION

1.1.1 Risks associated with the Transaction

The Interbanca Group’s acquisition entails the typical risks of an investment in significant interests in the capital of companies with unlisted shares, and in particular, the possibility that the interest acquired is subject to depreciation due to: (i) the occurrence of contingent liabilities and/or unsubstantiated assets not recognised and/or unforeseeable at the Transaction completion date, in the financial position of Interbanca, or of the Investees; or (ii) other factors unforeseeable at the Transaction completion date.

Despite the fact that the Seller has provided contractual warranties and indemnities in the Agreement, which are in line with market practice, the occurrence of the possibilities represented could entail negative effects regarding the financial position and the reputation of the Interbanca Group and the Issuer.

1.1.2 Risks associated with the integration process

The Transaction entails the risks which are typical of integration operations with a new corporate group, with particular reference to the necessary management coordination, integration of the existing IT systems, functions and services with those of the new group. This integration process could be completed on the basis of timeframes and methods which differ from those planned by the Issuer and entail greater costs unforeseeable at the Transaction completion date with possible negative effects on the financial position of the Interbanca Group and the Issuer.

A potential risk exists at the date of this Information Document related to the success of the integration process, also with reference to the centralisation of the operating structure of the group member companies from the administrative point of view and of the IT systems, as well as in terms of rationalisation of the products and services offered, and with reference to the harmonisation of the resources with the group's management policy.

The Issuer considers that the new group resulting from the Transaction could benefit from synergies arising, *inter alia*, from lower costs and greater revenues, despite the existence of the above-mentioned risks. Achieving these synergies will depend, *inter alia*, on the capacity to efficiently integrate the different entities and increase their productivity by reducing costs. There is the risk that failing to implement all or part of the above-mentioned synergies could produce negative effects, *inter alia*, in terms of smaller cost savings and smaller revenue increases generated by the expected synergies. Furthermore, the complete integration of the Issuer and of the Interbanca Group could entail the occurrence of unforeseen problems, the need to sustain unexpected costs and liabilities or reduced revenues also resulting from possible negative synergies and require an extraordinary activity compared to the ordinary operations, all of which could have consequent negative – and even significant – impacts, on the Issuer's economic, equity and/or financial position.

1.1.3 Risks associated with the estimates and forecasts associated with the Transaction

The valuation process performed for the purposes of the Transaction entails estimates and forecasts relating, *inter alia*, to the activities, the results of the activities, the business lines through which the Issuer and the Interbanca Group operate, the growth outlook and the respective risk factors associated with the Issuer and the Interbanca Group, also with regard to the outcome of the Transaction. These estimates and forecasts are based on the data available to the Issuer, and, even if considered reasonable at present, could be subject to margins of uncertainty in the future. Factors exist which could cause differences in the actual growth and/or in the post-Transaction results compared to the outcome explicitly or implicitly expressed in terms of estimates and forecasts.

The actual occurrence of one or more negative scenarios, which include the uncertainties associated with the process of estimating the various quantities, could give rise to different results compared to the results represented in the estimates and forecasts contained in the valuation process performed for the purposes of the Transaction.

1.1.4 Risks associated with equity adequacy

Banking laws and regulations establish rules regarding the capital adequacy of banks in order to establish prudent levels of the capital to be held, qualifying their quality and assessing the possible risk mitigation instruments.

The Issuer's capital coefficients at the Information Document Date were higher than the minimum levels envisaged by prudential legislation. The data relating to the Issuer's Common equity tier 1, risk-weighted assets and CET 1 ratio and the same pro-forma figures as at 30 June 2016 are detailed below:

Capital ratios		
(€/mln)	**BIFIS Group**	**Pro-forma**
Common equity tier 1 (CET 1)	452	1,004
Risk weighted assets	3,432	6,964
CET 1 ratio	13.17%	14.41%

1.1.5 Risks associated with credit quality deterioration

The Bank has made some considerations regarding the credit quality of the portfolio subject to acquisition, and has made further adjustment estimates, with the consequent foreseen increase for the coverage ratios of the various credit categories, for the purposes of a preliminary price allocation regarding the assets and liabilities subject to acquisition, as required by the reference accounting standards, and supported by the outcome of a specific due diligence activity performed by a leading auditing firm with reference to 31 December 2015.

The risks associated with a further deterioration of the portfolio credits are considered to be probable, but implausible; however, reasons for an unexpected deterioration in the quality of the assets can be found in a further deterioration of the generalised economic situation or the reference sector of the financed enterprises.

1.1.6 Risks associated with the average extension of maturities

The incorporation of the Interbanca Group's new corporate perimeter introduces a natural extension of the maturities of assets compared to the existing position for Banca IFIS, by reason of the Target's business model, since the Target provides funding with maturities which are longer, on average.

In this regard the simulations performed show how the banking Group to be established is more exposed to the risk of increased interest rates, a risk to be found in the different composition between assets and liabilities with reference to the type of rate to which the entries are index-linked. The estimated impact, however, is limited.

Therefore, the extent of this risk is also to be read together with the prospects associated with the monetary policies applied by the European Central Bank, as well as the economy's overall performance; both factors are difficult to be foreseen without introducing a significant margin of uncertainty.

1.1.7 Liquidity risk

The liquidity risk represents the risk that the Issuer is unable to honour its payment commitments which are certain or expected with reasonable certainty, when they become due. Two forms of liquidity risk can be identified: (a) funding liquidity risk, namely, the risk that the Issuer is unable to honour its payment commitments and its obligations efficiently due to its inability to secure funding, without prejudice to its core activity and/or its financial position; and (b) market liquidity risk, namely, the risk that the Issuer is unable to sell a financial asset without incurring capital account losses due to the reference market's limited liquidity and/or as a consequence of the time period in which the transaction must be carried out. The availability of liquidity intended for the various activities, as well as the possibility of accessing long-term funding are essential to achieve the Issuer's strategic objectives. In particular, liquidity and long-term funding are essential so that the Issuer is able to honour the foreseen or unforeseen cash payment or payment on delivery obligations, in order not to prejudice the Group's current operations or financial position. The Group's ability to raise liquidity could be prejudiced by the Group's inability to access the debt market, the inability to sell its assets or to settle/refinance its investments. These events could arise due to a deterioration of the risk profile or other problems related to the Group, a deterioration of market conditions, a lack of confidence in the financial markets, uncertainties and speculation relating to the solvency of the market participants, or operational problems related to third parties. A limited capacity to find the necessary liquidity on the market at favourable conditions or the difficulty of accessing long-term funding at favourable conditions could have negative effects on the Group's results and on its financial position.

The key indicators used by the Issuer to assess the liquidity profile are as follows:

- Liquidity Coverage Ratio (LCR): this represents the short-term liquidity indicator and corresponds to the ratio between the amount of high quality liquidity assets and the total net cash outflows during the following 30 calendar days; the indicator is subject to a minimum regulatory requirement of 70% since January 2016, and it will rise to 80% in 2017 and 100% in 2018.
- Net Stable Funding Ratio (NSFR): this represents the structural liquidity indicator at 12 months and corresponds to the ratio between the available amount of stable funding and the mandatory amount of

stable funding; this indicator will be subject to a minimum regulatory requirement commencing from 2018 (or commencing from a different date that will be established at a European level at the time the relating technical parameters will be defined, which are not yet available at the Registration Document Date), and should be higher than 100% on the basis of the agreements reached in the framework of the Basel Committee (Basel 3); and

- Loan to Deposit Ratio: this represents the ratio between loans to customers and direct funding, excluding transactions with central counterparties.

The simulations performed reflect findings which do not indicate alarm elements, however, there remains the risk that the estimated aggregates and their unwinding time frame may generate deviations and margins of error as specified in relation to the risks associated with the estimates and forecasts relating to the Transaction; therefore, these deviations may introduce elements of uncertainty with regard to the estimates of the indicators described above.

It should be noted that the Bank's position at the proposed deal closure date has sufficient capacity with reference to the liquidity risk associated with financing the Transaction.

1.2 RISKS ASSOCIATED WITH PREPARING THE PRO-FORMA DATA

This Information Document contains the pro-forma consolidated balance sheet as at 30 June 2016 and the pro-forma consolidated income statement for the period ended as at 30 June 2016 (the "**Pro-forma Consolidated Statements**") and the respective explanatory notes, prepared solely to reflect retroactively the significant effects of the Transaction as if the Transaction had been completed during the period to which the above-mentioned pro-forma data refer. The information contained in the Pro-forma Consolidated Statements represents a simulation of the possible effects which could have been produced, if the Transaction had been completed at the above-mentioned date and are provided only for purposes of illustration. In particular, there are limits associated with the very nature of the pro-forma data, since the Pro-forma Consolidated Statements are constructed to reflect retroactively the significant effects of subsequent transactions, despite compliance with the commonly accepted rules and the adoption of reasonable assumptions, accompanied by the necessary certificates. Consequently, there is a risk that if the Transaction had really been completed at the dates considered as a reference to prepare the Pro-forma Consolidated Statements, then the results represented in the Pro-Forma Consolidated Statements would not necessarily have been obtained.

It should be noted that the pro-forma data do not reflect forward-looking data and under no circumstance do they intend to represent a forecast of the Group's future post-Transaction results, since the pro-forma data were only prepared in order to represent the effects of the Transaction which can be isolated and are objectively measurable, without taking into account the potential effects due to changes in the management's policies and operating decisions consequential or following the Transaction, and therefore, are not to be used in this sense.

Therefore, the gain on bargain purchase shown in the Pro-forma Consolidated Statements conventionally represents the difference between the acquisition price and the fair value preliminarily determined for the assets and liabilities acquired; the final quantification of the gain on bargain purchase will be subject to fluctuations related to the following two aspects:

- the purchase price will be definitively determined at the completion of price adjustment activities planned in the acquisition agreement;

- the determination of the fair value of assets and liabilities of Interbanca Group over the book values of recognition and measurement of other assets, liabilities and contingent liabilities, possibly not currently recognized in the balance sheet and income statements of the acquired entity, it must be updated with reference to the effective date of acquisition.

If other identified tangible and intangible assets with finite useful lives, or other assets and liabilities will be identified at the closing of the purchase price allocation process, future income statements will also reflect the effects of these allocations, not included in the Pro-forma Consolidated Income Statement.

Lastly, due to the different purposes of the pro-forma data compared to the data of the historical financial statements and of the different ways to calculate the effects with reference to the balance sheet and the income statement, the Pro-forma Consolidated Statements are to be read and interpreted separately without attempting to establish any accounting relationship between them.

Therefore, investors are invited not to rely on the Pro-forma Consolidated Statements when taking their investment decisions.

Please refer to Chapter 5 of this Information Document for further information regarding the Pro-forma Consolidated Statements.

1.2.1 Risks associated with information relating to Interbanca contained in the Information Document

The Information Document contains some information relating to Interbanca, and in particular, includes information regarding the Pro-forma Consolidated Statements contained in Chapter 5 of this Document. The Issuer disclaims any liability in relation to the truthfulness and correctness of the information relating to Interbanca contained in the Information Document, and for which no autonomous and independent verification activities have been performed.

Also for this reason, the possible emergence of potential, contingent or prior liabilities or operational problems relating to the group whose parent company is Interbanca cannot be excluded. With reference to these possible liabilities or operational problems, the Issuer could be called upon to bear costs and expenses that were not foreseeable at the Information Document Date, and which could have negative effects on the Issuer's economic, equity and/or financial position.

BANCA IFIS

2. INFORMATION RELATING TO THE TRANSACTION

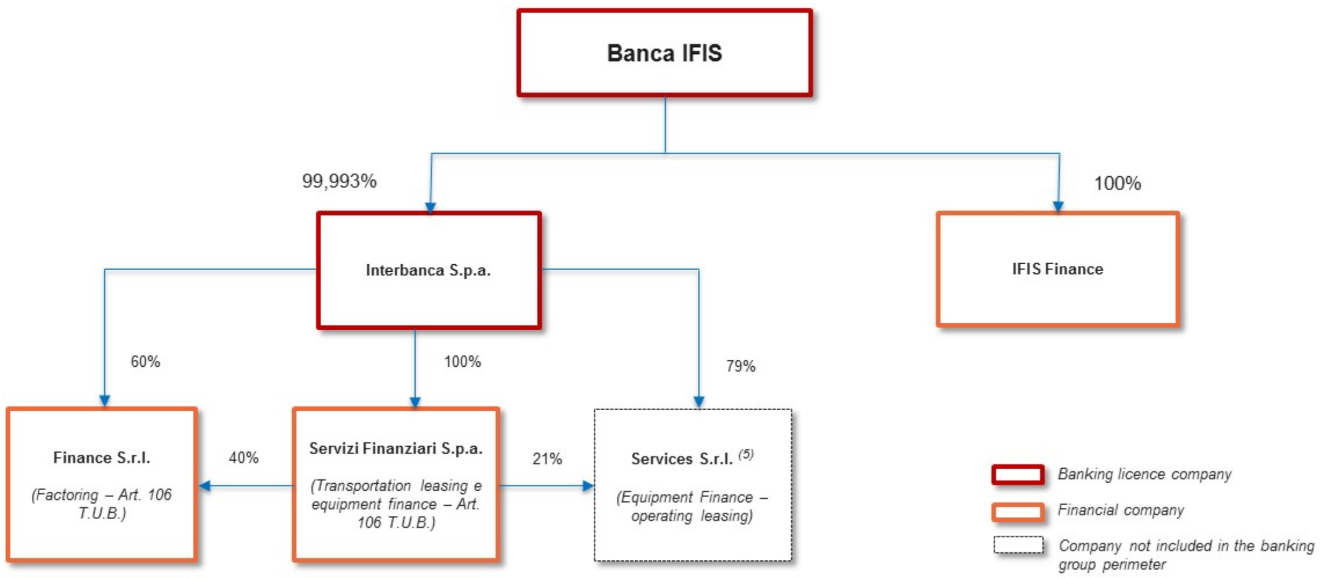
2.1 SUMMARY DESCRIPTION OF THE PROCEDURES AND TERMS AND CONDITIONS OF THE TRANSACTION

2.1.1 Description of Interbanca, the Investees and the assets subject to the Acquisition

The transaction concerns the Issuer's acquisition of the Interest representing 99.993% of the share capital of GE Capital Interbanca S.p.A. (hereafter, also referred to as "**Interbanca**") from GE Capital International Holdings Limited.

At the Information Document Date Interbanca holds, directly or indirectly, 100% of the share capital of IFIS Factoring, IFIS Leasing and IFIS Rental Services. It should be noted that the Investees changed their company name after the Transaction. The company names prior to the Transaction were, respectively, GE Capital Finance S.r.l., GE Capital Servizi Finanziari and Ge Capital Services 2 S.r.l.

The chart below illustrates the structure of the Banca IFIS Group after completion of the Transaction:



A description of Interbanca and the Investees and the principal services offered by them is provided below.

Interbanca was established in Milan in 1961, when "Interbanca - Banca per i Finanziamenti a Medio Termine" was established on the initiative of "Banco Ambrosiano", "Banca d'America e d'Italia" and "Banca Nazionale dell'Agricoltura" as the banking institution for providing medium and long-term loans and structured finance operations.

The Bank was subsequently controlled by "Banca Antonveneta" (from 1997), by "ABN AMRO" (from 2006), by "Banco Santander" and by "Banca Monte dei Paschi di Siena" (from 2007).

Interbanca was acquired by the American General Electric group in 2009; the General Electric group already had a presence in Italy for many years on the leasing and factoring markets. The GE Capital Interbanca Banking Group was then created in 2010, as a single and advanced banking platform capable of supporting entrepreneurial projects with a long-term outlook, also with customised solutions, adhering to the most demanding sustainability criteria.

In Italy, Interbanca offers enterprises a specialised range of products and services, also through the Investees, as described in greater detail below.

Lending

The Lending sector includes extraordinary finance products and products intended for the capital market offered directly by Interbanca. In particular, the Lending sector includes the following solutions:

- *Corporate lending*: medium and long-term financial solutions to help companies implement structural investments which sustain business competitiveness in consideration of the continuing evolution of technology, commercial growth objectives and the quest for efficiency in products and business processes; financial support referred to the operating cycle, with well-structured interventions ranging from the advance payment of multi-year contracts to covering funding requirements associated with specific production investments, up to supporting the working capital.
- *Finanza strutturata* (structured finance): solutions designed to provide financial support in acquisition and divestment transactions, so-called acquisition finance. In addition, the Interbanca Group operates side-by-side with the principal private equity funds present in Italy or directly with the companies to structure and implement transactions designed to achieve growth, reorganisation or generational change over. Interbanca is active on the primary and secondary market as the lead arranger or as a participant in domestic and international syndicated transactions.

Factoring

The Factoring proposal is managed by IFIS Factoring and includes instruments for financing, risk coverage and business loan management with the aim of simplifying the company's business operations, optimising the resources dedicated to production and commercial operations and accelerating the working capital turnover.

Leasing

The Leasing proposal is divided as follows:

- *Leasing autoveicoli* (motor vehicle leasing)*:* leasing products to finance company vehicles – from passenger cars to commercial vehicles – with diversified solutions based on requirements; IFIS Leasing has been working in the passenger car and commercial vehicle finance lease business for 35 years, manages more than 35,000 customers and has a car pool of approximately 40,000 vehicles. IFIS Leasing supports customers and partners through a customised consulting service provided by a dedicated commercial organisation and the widespread presence of a network of selected agencies throughout the country.
- *Leasing e noleggio di beni strumentali* (leasing and hire of capital goods): providing financial services, in particular, leasing and operating leases to support equipment investments in the following sectors: IT, TLC, Office Equipment, Medical and industrial machinery. The activity performed by IFIS Rental Services operates through direct distribution, but also via a network of agencies and avails of framework and strategic agreements entered into with some of the world's

largest manufacturers, for example, Apple and Fujitsu, to propose leasing and operating lease contracts to its entrepreneurial customers.

2.1.2 Procedure, terms and conditions of the Transaction and the respective payment forms and timing

The paragraphs below describe the main terms and conditions of the Transaction, as outlined in the share purchase and sale Agreement entered into between Banca IFIS and GE Capital International Holdings Limited on 28 July 2016.

Price

The Agreement envisages a preliminary acquisition price (paid to the Seller by Banca IFIS at the Transaction Performance Date) equal to euro 160,000,000 (the "**Preliminary Price**"), subject to an adjustment mechanism, Euro per Euro, to be calculated on the basis of the equity situation at the Transaction Performance Date. This price adjustment mechanism (the "**Price Adjustment**") is based on the difference between the value of the shareholders' equity of the Interbanca Group member companies as at 31 December 2015 and the corresponding value resulting from the equity situation at the Transaction Performance Date, and more precisely:

- if the shareholders' equity of the Interbanca Group member companies at the Transaction Performance Date is less than the shareholders' equity of the foregoing member companies as at 31 December 2015, taking into account a specific contractual deductible envisaged with reference to the value adjustments with respect to receivables, the Preliminary Price will be reduced, Euro per Euro;
- if the shareholders' equity of the Interbanca Group member companies at the Transaction Performance Date is higher than the shareholders' equity of the foregoing member companies as at 31 December 2015, the Preliminary Price will remain unchanged.

The financial position of the Interbanca Group member companies at the Transaction Performance Date, as provided by the Agreement, will be prepared by Banca IFIS that will submit it to the Seller within 90 calendar days from the Transaction Performance Date; the Seller will have 30 calendar days to examine the financial position and possibly to challenge the situation by resorting to an independent expert. The balance price will be established, possibly adjusted in accordance with the mechanism outlined above, after these deadlines have expired, if no objections have been raised.

Debt repayment of Interbanca Group member companies to the Seller's group

In addition to payment of the price described in the paragraph above, the Agreement envisages the commitment of Banca IFIS to ensure that the Interbanca Group member companies repay the outstanding debt between the Interbanca Group member companies and the Seller's group at the Transaction Performance Date (the "**Intercompany Debt**") on the basis of an estimate prepared by the Seller ten working days prior to the Transaction Performance Date. The actual amount of the Intercompany Debt will be determined subsequently in the balance sheet duly prepared for the purposes of the price adjustment referred to in the paragraph above. If this amount is lower than the amount paid by the Interbanca Group member companies at the Transaction Performance Date, the Seller shall refund the difference to the Interbanca Group member companies within ten working days from the date of such determination, whereas, if the amount is higher than the amount paid by the Interbanca Group member companies at the Transaction Performance Date, the Interbanca Group member companies shall pay this difference to the Seller within ten working days from the date of such determination.

Furthermore, the Agreement also envisages that if the amount of the Intercompany Debt at the Transaction Performance Date exceeds euro 2,200 million, this surplus shall be paid in full by the Interbanca Group member companies to GE Capital in monthly instalments corresponding to an amount of not less than euro 30 million; lastly, the Agreement envisages that Banca IFIS is entitled to request the deferment (up to ten working days from the Transaction Performance Date) of the repayment of part of the Intercompany Debt corresponding to a maximum amount equal to euro 600 million.

The amount of the Intercompany Debt was estimated to euro 2,100,035,092 (of which a non significant amount in USD) at the Transaction Performance Date and the Interbanca Group member companies have paid euro 1,800,035,092 (of which a non significant amount in USD), since Banca IFIS availed itself of the right to defer repayment of part of the debt for an amount corresponding to euro 300 million. This residual amount will be repaid by the Interbanca Group member companies within 10 working days from the Transaction Performance Date partially using the current cash funds resulting from the securitisation of their assets described in the paragraph below.

Conditions precedent

The Agreement envisages the following conditions precedent at the Transaction closing date:

- the European Central Bank's authorisation regarding the acquisition of 99.993% of the share capital of Interbanca;
- the Bank of Italy's authorisation regarding the acquisition of 100% of the share capital of IFIS Leasing and IFIS Factoring; and
- the Italian antitrust Authority (*Autorità Garante della Concorrenza e del Mercato*) authorisation regarding the Transaction.

The authorisations issued by the competent Supervisory Authorities were received on 29 November 2016, while the authorisation issued by the Italian antitrust Authority regarding the Transaction was received on 5 October 2016.

Representations, warranties and special indemnities

In line with market practice, the Agreement envisages that the Seller is required to provide a structured set of representations and warranties relating to Interbanca and to the other Investees. Similarly, the Agreement envisages a limited set of representations and warranties issued by Banca IFIS which concern, in particular, the capacity of Banca IFIS to complete the Transaction.

In addition, the Agreement envisages a series of special indemnities issued by the Seller in relation to the principal outstanding disputes against the Interbanca Group member companies.

2.1.3 **Funding sources**

Banca IFIS has availed itself of its own cash and cash equivalent funds amounting to euro 1,960,035,092 (of which a non significant amount in USD) in order to meet the financial obligations associated with the payment of the Preliminary Price and to repay the estimated Intercompany Debt, which correspond to a total of euro 2,260,035,092 (of which a non significant amount in USD) at the Transaction Performance Date, whereas for the remaining euro 300 million, Banca IFIS will draw on the financial capacity resulting from divesting assets held by the Interbanca Group member companies, after having exercised the right to defer payment envisaged contractually and described in the paragraph above.

In fact, with regard to this latter aspect, the structuring of two private securitisations with respect to assets held by Interbanca and IFIS Leasing, and corresponding to a total plafond of euro 990 million granted by the banking consortium composed of Banca IMI S.p.A., Deutsche Bank AG London Branch, and Citibank, N.A. London Branch that has guaranteed the subscription of the negotiable securities issue, will generate financial resources amounting to approximately euro 550 million at their closing, which will be used, in part, to settle the deferred payment of euro 300 million of which Banca IFIS availed itself.

In particular, the securitisation of Leasing receivables envisages the assignment without recourse to SPV Indigo Lease S.r.l. of a credit portfolio resulting from Car leasing agreements entered into by IFIS Leasing with its direct customers. An issue of securities amounting to euro 370 million is expected from the business activities engaged in to-date. The transaction closing date is foreseen on 14 December 2016.

As regards the securitisation of the Lending receivables, this envisages the assignment without recourse to SPV Indigo Loan S.r.l. of a credit portfolio resulting from financing agreements entered into by Interbanca with its customers. An issue of securities amounting to euro 180 million is expected from the business activities engaged in to-date. The transaction closing date is foreseen on 22 December 2016.

2.2 REASONS AND PURPOSES OF THE TRANSACTION

2.2.1 Reasons for the Transaction with particular regard to the Issuer’s management objectives

The corporate Transaction will enable Banca IFIS to continue pursuing the growth of its business activities by combining an increasingly marked attention to the basic elements which form the foundation of the Bank's well-established growth and a "bordering" and calculated extension of the market position achieved by refocusing a number of the Target’s market segments.

The principal strategic guidelines for the post-Transaction intervention will concern the following aspects:

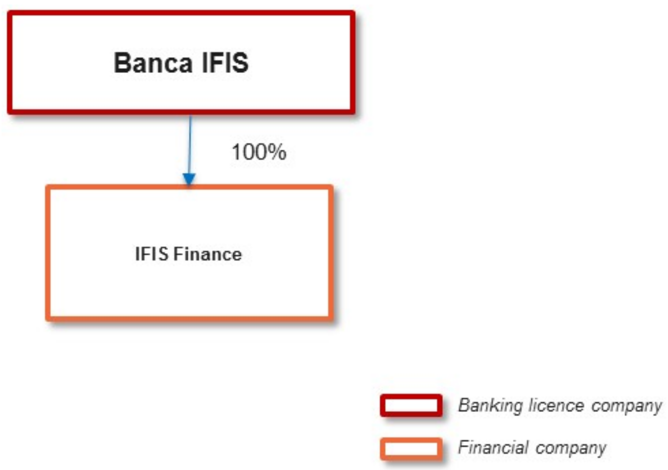
- strengthening the presence of Banca IFIS on the reference market, with the objective of achieving a leading role in the working capital sector for Italian Small and Medium-Sized Businesses (SMEs) and to expand the activity in the sectors related to the historical sectors of Banca IFIS with medium/long term financing;
- extending the range of products offered to customers with both growth and retention objectives;
- cross-selling opportunities with the existing customers of Banca IFIS and the Target’s customers by exploiting the complementary nature of the services provided, above all, with reference to leasing and factoring;
- the selective commercial re-launch of the Target's business activities, and for the new financing initiative, privileging transactions with smaller counterparties which optimise the risk/return ratio and transactions in niche market sectors, for example, companies in the restructuring phase;
- rationalising and streamlining the Target's operating model with approval compared to the operating model adopted by Banca IFIS; and
- optimising the management activities of the non-performing portfolio for the lending segment, characterised by Corporate Non-Performing Loans (NPL) positions. Creating the operating conditions – also thanks to the expertise gained in the DRL (Distressed Retail Loans) business – to define industrialised

recovery processes will enable the development of a single NPL management platform transverse to the different types of asset class, where the market allows.

2.2.2 An indication of the programmes developed by the Issuer relating to Interbanca and to the Investees

After the Transaction has been completed, Banca IFIS intends to pursue a progressive corporate streamlining programme during the forthcoming financial years, and however, within 2018, through the merger by incorporation in Banca IFIS of Interbanca, IFIS Leasing, IFIS Factoring and IFIS Rental Services. Once this programme has been completed, the Bank will be characterised by a particularly streamlined corporate and governance structure that will be in line with its own "divisional" layout in terms of business lines and with an effective and efficient decision-making chain. The management and coordination mechanisms will be fully implemented in this context, and in any event, will be initiated immediately to ensure that all the Parent Company's functions exercise a meaningful policy-making and control action with regard to the operational activities, primarily through the provision of constant and detailed information flows.

The chart below illustrates the structure of the Banca IFIS Group after the above-mentioned merger operation:



2.3 RELATIONS WITH THE ACQUIRED COMPANIES AND/OR WITH THE SELLER

2.3.1 Significant relations existing at the Transaction performance date maintained by the Issuer, directly or indirectly, with Interbanca and the Investees

The Banca IFIS Group did not have significant relations at the Transaction Performance Date, either directly or indirectly through subsidiaries, with Interbanca and with the other Investees or with the Seller's group.

2.3.2 Significant relations or agreements between the Issuer, companies owned by the Issuer, the directors and members of the Issuer's administrative body and the Seller

There are no significant relations or agreements between Banca IFIS (or the companies owned by Banca IFIS, the directors and the members of the management body of Banca IFIS) and the Seller, with the exception of the relations and agreements instrumental to the Transaction (as described in this Information Document).

2.4 DOCUMENTS AVAILABLE TO THE GENERAL PUBLIC AND CONSULTATION VENUES

A copy of this Information Document, with the respective annexes, may be consulted at the Issuer's registered office, on the Issuer's Internet website: (www.bancaifis.it), as well as on the Borsa Italiana website: (www.borsaitaliana.it).

3. SIGNIFICANT EFFECTS OF THE TRANSACTION

3.1 SIGNIFICANT EFFECTS OF THE TRANSACTION ON THE KEY FACTORS AFFECTING AND CHARACTERISING THE ACTIVITIES OF THE ISSUER AND THE TYPE OF BUSINESS

This Transaction is part of the growth strategies of Banca IFIS, whose primary objective is to preserve and further strengthen its role as a leading Banking Group in the Italian business system and, particularly, in the micro, small and medium businesses segment with reference to trade receivables, non-performing loans and tax receivables. The Transaction will allow the Bank to naturally integrate the range of products and services offered to its target customers, which is confirmed to be the Italian Small and Medium-Sized Businesses (SMEs). The integration of the "product catalogue" to include the financial and operating leasing segment, as well as secured and unsecured medium to long-term loans, will be supported by an expansion of the trading network and by the significant new business development potential of sharing customer databases.

It is on the basis of these strategic guidelines that Banca IFIS intends to pursue the integration with Interbanca, which, therefore, does not give rise to any changes in the strategic approach of the Issuer and of its nature as a banking institution supporting the Italian production sector, refocusing – where possible – the new production on the target SME which Banca IFIS is historically associated with and which over the past few years has proven to be able to guarantee increasing margins compared to market averages.

From an organizational and operating viewpoint, the divisional model of Banca IFIS will be implemented progressively through the creation of specific business units and the activation of a number of enabling factors that will allow to approach the market and customers, by maximizing their relational experience while, at the same time, guaranteeing a prompt and effective identification of the credit solution that best suits their needs. These factors include by way of example:

- the definition of a structured training program for all distribution platforms and of customer credit rating;
- the setting-up of monitoring instruments for the purpose of highlighting the commercial and operational effectiveness of the approach adopted; and
- the introduction of support IT procedures.

From the customer's viewpoint, the benefits envisaged through the adoption of the model will be the perception of the Bank as the sole reference point for access to the specialised services capable of interpreting its needs, of establishing a long-term relationship and sharing development plans.

3.2 IMPLICATIONS OF THE TRANSACTION ON THE STRATEGIC POLICIES CONCERNING THE COMMERCIAL, FINANCIAL AND CENTRALISED SERVICE PROVISION ARRANGEMENTS BETWEEN THE ISSUER'S GROUP COMPANIES

Strengthening the presence of Banca IFIS on the reference market and expanding the Bank's activities in sectors adjacent to the one it historically operates in by introducing in the commercial offer financial and operating leasing solutions and a wide range of medium to long-term loans, will allow to pursue challenging objectives in terms of business development and customer retention.

Selectively re-launching the business activities of the Interbanca Group, by preferring, for the new financing initiative, to operate with counterparties of smaller size that can maximize the risk-to-return ratio, fully meets the established strategic policies of Banca IFIS, which directs the development of its portfolio towards SMEs and focuses the new credit production according to the level of attractiveness of the economic sectors of the different geographical areas and the current positioning of the Bank.

4. FINANCIAL INFORMATION RELATING TO THE ACQUIRED OPERATIONS

4.1 FINANCIAL INFORMATION RELATING TO THE ACQUIREE

The following paragraphs set forth:

- consolidated financial information (that is, balance sheet and income statement) as at and for the year ended 31 December 2015 of the GE Capital Interbanca Group, and comparative information as at and for the year ended 31 December 2014;
- abbreviated consolidated financial information (balance sheet and income statement) as at and for the six months ended 30 June 2016, and comparative information; and
- some notes regarding the principal items on the balance sheet and income statement, as determined based upon the aforementioned financial information.

The information has been obtained from the consolidated financial statements of the GE Capital Interbanca Group as at and for the years ended 31 December 2014 and 2015, and its Consolidated Half-Yearly Report 2016. Please refer to those documents for further information – they are publicly available on the website of Banca IFIS (www.bancaifis.it), in the section Institutional Investor Relations, under the heading Financial Statements and Reports.

Amounts shown in the financial statements and the explanatory notes reported in these paragraphs are in thousands of euros, except where indicated otherwise.

Consolidation perimeter

As at 31 December 2015, the GE Capital Interbanca Group comprised the parent company GE Capital Interbanca S.p.A. and the companies part of the Banking Group:

- GE Capital Servizi Finanziari S.p.A.;
- GE Capital Finance S.r.l..

In addition to the companies within the group, the consolidation perimeter also includes GE Capital Services S.r.l., a non-financial company that operates in the long-term hire of capital equipment.

The aforementioned equity interests are fully consolidated.

4.1.1 Consolidated balance sheets and income statements as at and for the Interbanca Group's two most recent financial years

The following table sets forth consolidated balance sheets, income statements, and some explanatory notes, as at and for the years ended 31 December 2014 and 2015, of the GE Capital Interbanca group, which were prepared in accordance with IAS/IFRS, pursuant to the terms of the Bank of Italy's Circular No. 262, "Banks' financial statements: layouts and preparation", dated 22 December 2005, as amended.

The financial statements in question have been audited, as described in Paragraph 4.1.2, below.

Balance sheet

Consolidated Balance Sheet			
	Assets (in thousands of Euros)	**31/12/2015**	**31/12/2014**
10.	Cash and cash equivalents	1	5
20.	Financial assets held for trading	52,275	59,749
40.	Available for sale financial assets	119,271	134,389
60.	Due from banks	208,405	181,042
70.	Loans to customers	3,038,187	3,436,275
100.	Equity investments	754	754
120.	Property, plant and equipment and investment property	47,699	181,675
130.	Intangible assets	1,824	2,668
	- of which goodwill	-	-
140.	Tax assets	290,916	319,049
150.	Non-current assets and disposal groups held for sale	227,586	-
160.	Other assets	110,680	102,961
	Total assets	**4,097,598**	**4,418,567**
	Liabilities and Equity (in thousands of Euros)		
10.	Due to banks	8,267	9,415
20.	Due to customers	2,614,618	2,861,341
30.	Securities issued	203,027	198,736
40.	Financial liabilities held for trading	50,752	61,747
80.	Tax liabilities	13,640	18,254
100.	Other liabilities	110,512	111,447
110.	Post-employment benefits	6,039	7,924
120.	Provisions for risks and charges	31,576	35,565
140.	Valuation reserves	42,737	53,121
170.	Reserves	489,534	505,362
180.	Share premiums	354,148	354,148
190.	Share capital	217,335	217,335
220.	Profit (loss) for the year	(44,587)	(15,828)
	Total liabilities and Equity	**4,097,598**	**4,418,567**

Loans to customers

Total loans to customers decreased by 11.6% compared to 31 December 2014. Part of the decrease is attributable to the reclassification of euro 228 million of assets related to portfolios of mortgage loans and salary-backed loans ("*cessione del quinto dello stipendio*" or CQS), to non-current assets held for sale, in application of IFRS 5. The reclassification reflected the prospective sale of those assets by GE Capital Servizi Finanziari S.p.A., anticipated to take place in 2016. Disregarding the reclassification of euro 228 million of mortgage loans and salary-backed loans (CQS) described above, the reduction would have been 5%, mostly related to reduced cash flows as a result of exposures that were extinguished early (euro 289 million from the lending portfolio), and to impairments that were recognised.

Total new loans made during 2015 amounted to Euro 2,552 million, an increase of 5.8% over the total new loans of Euro 2,412 million made during 2014. The largest growth in absolute terms came from factoring, which saw new originations of approximately Euro 1,672 million, an increase of 5.6% over the originations during 2014. There was also growth in "regulated finance leases", which increased by 12.5% to Euro 358 million; and "unregulated finance leases", which increased by 2.6% to Euro 201 million. In terms of lending, total loans made during 2015 amounted to approximately euro 270 million, an increase of 3% compared to the Euro 262 million of loans made during 2014.

Credit quality

The following table sets forth a breakdown of gross and net loans, to banks and customers, by risk class.

in thousands of Euros	Gross exposure at 31/12/2015 (A)	Impaiment losses at 31/12/2015 (B)	Net exposure at 31/12/2015 (C)	% (C)	% coverage ratio (B/A)	Gross exposure at 31/12/2014	Net exposure at 31/12/2014 (D)	% chg. (C/D)
Impaired Loans	***1,158,651***	***649,552***	***509,099***	***15.7%***	***56.1%***	***1,226,505***	***529,048***	***-3.8%***
Non performing	549,410	432,058	117,352	3.6%	78.6%	557,508	141,383	-17.0%
Unlikely to pay	482,089	144,411	337,678	10.4%	30.0%	515,186	329,980	2.3%
Past due impaired	127,152	73,083	54,069	1.7%	57.5%	153,811	57,685	-6.3%
Performing Loans	***2,773,016***	***35,523***	***2,737,493***	***84.3%***	***1.3%***	***3,153,880***	***3,088,269***	***-11.4%***
Total	**3,931,667**	**685,075**	**3,246,592**	**100.0%**	**17.4%**	**4,380,385**	**3,617,317**	***-10.2%***

The broad-based improvement in the various components of net non-performing loans (which decreased by 3.8%) is principally related to the aforementioned reclassification of the assets related to mortgage loan and salary-backed loan portfolios.

Without that reclassification, there would have been an increase to net non-performing loans of 3.7%.

Key indicators of credit risk for cash credit, by risk classification

Amounts in %	31/12/2015	31/12/2014
Gross impaired loans / Total gross loans	29.5	28.0
Net impaired loans / Total net loans	15.7	14.6
Net impaired loans / Equity	48.1	47.5
Gross non performing loans / Total gross loans	14.0	12.7
Net non performing loans / Total net loans	3.6	3.9
Net non performing loans / Equity	11.1	12.7
Gross unlikely to pay / Total gross loans	12.3	14.2
Net unlikely to pay / Total net loans	10.4	9.8
Net unlikely to pay / Equity	31.9	31.7
Gross past due impaired exposures / Total gross loans	3.2	1.1
Net past due impaired exposures / Total net loans	1.7	1.0
Net past due impaired exposures / Equity	5.1	3.2

Assets held for sale

This item regards the initiative by the controlling shareholder of GE Capital Interbanca for the sale of the mortgage loan and salary-backed loan portfolios held by the subsidiary GE Capital Servizi Finanziari S.p.A., which is anticipated to be forthcoming. As mentioned earlier, pursuant to IFRS 5 those assets have been classified under this item, for an amount of euro 228 million.

Funding

Total funding decreased by 7.9% compared to 31 December 2014, a change which reflected, in addition to a decrease in loans, a cancellation of approximately euro 126 million related to funding connected with operations in the lease of company car fleets that the associated GE Capital Services S.r.l. previously carried on and which were sold during 2015.

in thousands of Euros	31/12/2015	31/12/2014	% chg.
Due to banks	8,267	9,415	-12.2%
Due to customers	2,614,618	2,861,341	-8.6%
Securities issued	203,027	198,736	2.2%
Total	**2,825,912**	**3,069,492**	**-7.9%**

in thousands of Euros	31/12/2015	%	31/12/2014	%
Group loans	2,274,113	87.0%	2,546,223	89.0%
Corporate deposits and current accounts	197,167	7.5%	150,818	5.3%
Intercompany deposits and current accounts	120,535	4.6%	144,710	5.1%
Deposits held as collateral	9,196	0.4%	9,196	0.3%
Other amounts due to customers	13,607	0.5%	10,394	0.4%
Total	**2,614,618**	**100.0%**	**2,861,341**	**100.0%**

In terms of amounts due to customers, a breakdown of which is set forth in the above table, 89% of the finance lines are made up of intercompany funding granted by financial companies of the GE Capital Group. The 8.6% decrease reflected a decrease in loans, and also the cancellation of approximately euro 107 million of funding connected with operations in the lease of company car fleets that the associated GE Capital Services S.r.l. previously carried on and which were sold during 2015. The item "Intercompany deposits and current accounts" comprised amounts used under cash pooling arrangements with financial companies of the GE Capital group to meet temporary liquidity needs. Funding from corporate customers – a service that supports businesses in managing their surplus liquidity and optimising returns by opening time deposits – increased during 2015 compared to the previous year, as a result of trends in cash management among the customers themselves.

Funding in the form of securities is comprised almost entirely of bond issues. As at 31 December 2015, four totalling approximately euro 80 million were outstanding, and two of these were listed on Milan's MOT.

During 2015, no bonds were issued.

Tax assets

Current tax assets amounted to euro 65.8 million. Of this, euro 48.7 million related to a tax credit arising out of the conversion of a deferred tax asset in accordance with the terms of Law No. 214/2011.

The remaining euro 17.1 million regarded IRAP and IRES credits related to previous financial years.

With respect to the deferred tax assets, as a result of the tax legislation in this area, and bearing in mind the contractual consequences of the parent company having opted for national consolidated tax treatment, deferred tax assets were recognised in respect both of IRES and IRAP, in relation only to losses and loan impairments, deduction of part of which has been deferred to subsequent years in accordance with Article 13 of Law Decree 83/2015.

Prepaid taxes related to tax losses in prior years from 2009 to 2015 have not been recognised in respect of that part that cannot be converted into a tax credit, as well as other smaller deductible temporary differences, totalling euro 77.9 million, because there remains uncertainty as to when and how future taxable amounts will be generated in an amount sufficient for their recovery.

The amount of this item, approximately euro 225 million, decreased by euro 15 million relative to 31 December 2014. That decrease was principally the result of the conversion into tax credits of deferred tax assets pursuant to Law 214/2011, connected with loan impairments of approximately euro 6.8 million, and the release of euro 12.1 million of the loan impairment reserve for the related prepaid taxes, following the realisation during 2015 of loan losses that satisfied the legal requirements for their deductibility to be recognised, net of new prepaid taxes of euro 5.5 million that arose during the year, which principally regarded loan losses and impairments that were recognised during 2015 and which for both IRES and IRAP purposes were deductible in subsequent years .

Shareholders' equity, own funds and prudential requirements

As at 31 December 2015, total capital and reserves, including the loss for the year, was euro 1,059.2 million, a decrease of 4.9% compared to the equivalent figure as at 31 December 2014.

The principal changes regarded:

- reductions to valuation reserves of euro 10.4 million, as a result of changes to the fair value measurement of AFS financial instruments and divestments that took place, and actuarial changes to post-employment benefits; and
- the reduction by the loss for the year, of euro 44.6 million.

As at 31 December 2015, the banking group had a Common Equity Tier 1 ratio, on a consolidated basis, of 25.7%, and a Total Capital ratio of 25.9%.

Income Statement

Consolidated Income Statement (in thousands of Euros)			
	Item	**31.12.2015**	**31.12.2014**
10.	Interest income and similar revenues	123,036	136,583
20.	Interest expense and similar charges	(55,204)	(70,950)
30.	***Net interest income***	***67,832***	***65,633***
40.	Commission income	15,716	15,561
50.	Commission expense	(9,240)	(7,352)
60.	***Net commission income***	***6,476***	***8,209***
70.	Dividends and similar revenues	548	2,569
80.	Net profit (loss) from trading	(777)	(1,091)
90.	Net result of hedge accounting	-	(37)
100.	Profit (loss) from sale or buyback of:	13,242	9,259
	b) available for sale financial assets	13,226	8,056
	d) other financial transactions	16	1,203
120.	***Net banking income***	***87,321***	***84,542***
130.	Net impairment losses/reversal on:	(58,934)	(17,232)
	a) receivables	(58,856)	(17,672)
	b) available for sale financial assets	(25)	(138)
	d) other financial transactions	(53)	578
140.	***Net profit from financial activities***	***28,387***	***67,310***
170.	***Net income from banking and insurance activities***		
180.	Administrative expenses:	(92,685)	(110,074)
	a) personnel expenses	(46,880)	(54,423)
	b) other administrative expenses	(45,805)	(55,651)
190.	Net allocations to provisions for risks and charges	(561)	4,484
200.	Net impairment losses/reversal on plant, property and equipment	(1,640)	(38,548)
210.	Net impairment losses/reversal on intangible assets	(1,223)	(1,195)
220.	Other operating expense/income	13,099	62,397
230.	***Operating costs***	***(83,010)***	***(82,936)***
270.	Profits (losses) on disposal of investments	38	15
280.	***Pre-tax profit (loss) from continuing operations***	***(54,585)***	***(15,611)***
290.	Income taxes relating to current operations	799	(217)
300.	***Profit (loss) after tax from continuing operations***	***(53,786)***	***(15,828)***
310.	Income taxes relating to discontinued operations	9,199	-
320.	**Profit (loss) for the year**	**(44,587)**	**(15,828)**

The income statement of the GE Capital Interbanca Group showed a loss for the year of euro 44.6 million, which was euro 28.8 million greater than the loss in the previous year.

The increased loss is principally the result of impairments recognised in loans to customers, which was negatively affected by approximately euro 41.2 million over the year, a change which substantially related to Interbanca's lending portfolio.

In making comparisons with the 2014 income statement, one has to consider that the various income components reflected the long-term motor vehicle leasing operations that were assigned on 2 November 2015, while the proceeds of that sale, together with the income statement effects that accrued through to the date of sale, which totalled euro 9.2 million, were recognised in the income statement for the year 2015 under "Income from disposal groups net of taxes".

With respect to individual items on the income statement, the following should be noted.

Net interest income

The net contribution by net interest income amounted to approximately euro 67.8 million, an increase of 3% over the contribution in 2014.

Net income reflected a smaller contribution from GE Capital Interbanca, which continued to show a decrease in customer loans, with extraordinary early repayments over the year that totalled approximately euro 289 million. Subsidiaries benefitted over the year from improvements to the interest rates charged on credit facilities when they came up for renewal.

Net commission income

This item was positive in 2015 by euro 6.5 million, a decrease of 21.1% compared to the prior year. The positive component, from the supply of services, amounted to euro 15.7 million, in line with the figures for 2014.

Commission expenses increased by euro 1.8 million compared to 2014, which was entirely attributable to the increased fees for absence of use that accrued on the GE Capital Group's funding lines.

Profit from sale of available-for-sale financial assets

This item includes profit from the sale of certain equity interests recognised among available-for-sale financial assets that resulted from restructurings of clients that were in temporary difficulty.

Net impairment losses on loans, financial assets and security

With respect to the credit risk assessment, net impairments were negative by approximately euro 58.9 million, an increase in that figure of more than euro 41 million compared to 2014.

Technical writedowns amounted to euro 79.1 million, and principally regarded the Bank's non-performing loan portfolio, which represented euro 60.1 million of that, while the performing loan portfolio saw euro 20.2 million of value recovered, which reflected both improvements to credit quality and a decrease in the size of the lending portfolio.

Administrative expenses

Administrative expenses regarded personnel expenses, and other administrative expenses.

Personnel expenses fell in 2015 by 14% compared to 2014, principally with respect to "salaries and social security contributions", which reflected the fall in the number of employees by 115 (of which, 51 related to the sale of the long-term motor vehicle hire operations).

Other administrative expenses decreased compared to 2014 by approximately euro 9.8 million, or 18%, principally as a result of a smaller extraordinary cost for the outsourcing of Interbanca's IT system (euro 3.3 million in 2015, compared to euro 6.3 million in 2014); and a reduction in the cost of services supplied by companies of the General Electric Group under the Master Service Agreement (by approximately euro 2.1 million). These were offset in part by ordinary and extraordinary contributions totalling euro 3.8 million that the parent company made following the establishment of the European Resolution Fund.

Other operating income (expenses)

This item decreased by approximately euro 49.3 million, compared to 2014, principally as a result of the sale of the long-term motor vehicle hire operations that took place on 2 November 2015, such that the income component for hire charges regarded only the first ten months of the year.

Profit from disposal groups held for sale, after tax

This item includes the effects of the transfer of the "long-term motor vehicle hire" going concern (through the sale of 100% of the shares of a newly incorporated company, Italy Fleet Newco S.r.l., following the contribution to that company of the mentioned going concern) net of the costs incurred for the sale.

4.1.2 **Review conducted by the auditors**

The 2014 and 2015 consolidated financial statements of GE Capital Interbanca group have been audited by KPMG S.p.A., which issued its report without qualifications or reservations, on 26 March 2015 and 8 April 2016, respectively. In the auditors' reports for the 2014 and 2015 consolidated financial statements KPMG S.p.A. also (in accordance with the applicable provisions of law) expressed its opinion on the consistency of the report on operations of the GE Capital Interbanca Group, and the information under Article 123-bis(2)(b) of Legislative Decree 58/1998 presented in the corporate governance report, and the ownership structures, with the consolidated financial statements. The procedures indicated by auditing principle 001 issued by the National Council of Commercial Accountants (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) and recommended by CONSOB in respect of 2014, and by auditing principle (SA Italy) 720B in respect of 2015, were accordingly carried out.

4.1.3 **Balance sheet and income statement for the first six months of the current year**

The consolidated half-yearly report of the GE Capital Interbanca group was prepared in accordance with IAS 34, Interim Financial Reporting.

There were no intervening changes to the consolidation perimeter or to the relevant accounting standards from 31 December 2015.

Balance sheet

Consolidated Balance Sheet			
	Assets (in thousands of Euros)	**30/06/2016**	**31/12/2015**
10.	Cash and cash equivalents	3	1
20.	Financial assets held for trading	44,757	52,275
40.	Available for sale financial assets	114,308	119,271
60.	Due from banks	140,251	208,405
70.	Loans to customers	2,884,767	3,038,187
100.	Equity investments	754	754
120.	Property, plant and equipment and investment property	47,018	47,699
130.	Intangible assets	1,450	1,824
	- of which goodwill	-	-
140.	Tax assets	280,225	290,916
150.	Non-current assets and disposal groups held for sale	210,325	227,586
160.	Other assets	93,913	110,680
	Total assets	**3,817,771**	**4,097,598**
	Liabilities and Equity (in thousands of Euros)		
10.	Due to banks	12,061	8,267
20.	Due to customers	2,495,612	2,614,618
30.	Securities issued	82,312	203,027
40.	Financial liabilities held for trading	52,662	50,752
80.	Tax liabilities	13,929	13,640
100.	Other liabilities	112,020	110,512
110.	Post-employment benefits	6,333	6,039
120.	Provisions for risks and charges	23,200	31,576
140.	Valuation reserves	38,381	42,737
170.	Reserves	444,946	489,534
180.	Share premiums	354,148	354,148
190.	Share capital	217,335	217,335
220.	Profit (loss) for the year	(35,168)	(44,587)
	Total liabilities and Equity	**3,817,771**	**4,097,598**

Loans to customers

Total loans to customers decreased by 5% compared to 31 December 2015. That contraction is principally explained by a smaller contribution from new loans (euro 1,182 million), which decreased by 6% compared to the volumes generated in the six months ended 30 June 2015.

Additionally, in these first six months, early repayments of loans were again a feature of the parent company's portfolio, with euro 51 million repaid early.

Credit quality

The following table sets forth a breakdown of gross and net loans, to banks and customers, by risk class.

in thousands of Euros	Gross exposure at 30/06/2016 (A)	Impaiment losses at 30/06/2016 (B)	Net exposure at 30/06/2016 (C)	%	% coverage ratio (B/A)	Gross exposure at 31/12/2015	Net exposure at 31/12/2015	% chg. (C/D)
Impaired loans	***1,140,678***	***675,814***	***464,864***	***15.4%***	***59.2%***	***1,158,651***	***509,099***	***-8.7%***
Non performing	593,384	478,079	115,305	3.8%	80.6%	549,410	117,352	-1.7%
Unlikely to pay	481,592	168,983	312,609	10.3%	35.1%	482,089	337,678	-7.4%
Past due impaired	65,702	28,752	36,950	1.2%	43.8%	127,152	54,069	-31.7%
Performing loans	***2,585,488***	***25,334***	***2,560,154***	***84.6%***	***1.0%***	***2,773,016***	***2,737,493***	***-6.5%***
Total	**3,726,166**	**701,148**	**3,025,018**	**100.0%**	**18.8%**	**3,931,667**	**3,246,592**	**-6.8%**

The performing portfolios on the Group's various platforms are measured collectively, using calculation criteria based principally on historical statistics and estimates of Losses Given Default (LGD). These processes resulted in a collective impairment of the balances of approximately euro 25.3 million, equivalent to 1.0% of the whole performing portfolio, compared to 1.3% as at 31 December 2015, as a result of a general improvement in credit quality.

In terms of overall exposure, net impaired loans decreased by 8.7%; and coverage of impaired loans was 59.2%, an increase from 56.1% as at 31 December 2015. Coverage of bad loans reached approximately 80% as at 30 June 2016.

Assets held for sale

This item regards the initiative by the controlling shareholder of GE Capital Interbanca for the sale of the mortgage loan and salary-backed loan portfolios held by the subsidiary GE Capital Servizi Finanziari S.p.A., which is anticipated to be forthcoming. As set forth in the 2015 financial statements, pursuant to IFRS 5 those assets have been classified under this item, for an amount of euro 210.3 million.

Funding

Overall funding decreased by 8.3% compared to 31 December 2015, principally as a result of the maturity of two bond issues totalling euro 122.4 million.

The composition of amounts due to customers was substantially unchanged from that shown as at 31 December 2015.

Tax assets

Current tax assets amounted to euro 73.3 million, principally related to a tax credit of euro 57.5 million arising out of the conversion of a deferred tax asset, in accordance with the terms of Law No. 214/2011.

Deferred tax assets of euro 206 million principally comprised deferred tax assets pursuant to Law 214/2011 connected with loan impairments recognised in the financial statements of euro 192 million, for which the Group has opted to continue to convert into current tax assets. The amount decreased by euro 18 million compared to 31 December 2015, as a result of the conversion made based on the presence of non-consolidated losses in the financial statements as at and for the year ended 31 December 2015 of GE Capital Interbanca S.p.A. and GE Capital Finance S.r.l..

Shareholders' equity

As at 30 June 2016, total capital and reserves, including the loss for the six months, was euro 1,020 million, a decrease of 3.7% compared to the equivalent figure as at 31 December 2015.

The principal changes regarded:

- reductions to valuation reserves of euro 4,5 million, as a result of changes to the fair value measurement of AFS financial instruments and divestments that took place, and actuarial changes to post-employment benefits; and
- the loss for the period of euro 35.2 million.

With regard to the prudential requirements, on a consolidated basis as at 30 June 2016 the Group's Common Equity Tier 1 ratio and Total Capital ratio were, at 26.9% and 27.0% respectively, both higher than required.

In calculating Own Funds as at 30 June 2016, with regard to Article 3 of Regulation (EU) No. 575/2013 and the application of stricter requirements than expected, the deductions from CET1 included the effects upon the balance sheet of the loss estimated at approximately euro 65.5 million from the anticipated sale of mortgage loan assets by GE Capital Servizi Finanziari S.p.A. that is expected to occur by the end of 2016.

Income statement

Consolidated Income Statement (in thousands of Euros)			
	Item	**1st sem 2016**	**1st sem 2015**
10.	Interest income and similar revenues	56,898	61,377
20.	Interest expense and similar charges	(21,463)	(28,329)
30.	***Net interest income***	***35,435***	***33,048***
40.	Commission income	9,621	7,416
50.	Commission expense	(4,304)	(4,588)
60.	***Net commission income***	***5,317***	***2,828***
70.	Dividends and similar revenues	5	548
80.	Net profit (loss) from trading	(7,568)	(628)
100.	Profit (loss) from sale or buyback of:	258	251
	b) available for sale financial assets	258	251
120.	***Net banking income***	***33,447***	***36,047***
130.	Net impairment losses/reversal on:	(16,912)	(7,302)
	a) receivables	(16,857)	(7,884)
	b) available for sale financial assets	(338)	(25)
	d) other financial transactions	283	607
140.	***Net profit from financial activities***	***16,535***	***28,745***
170.	***Net income from banking and insurance activities***		
180.	Administrative expenses:	(51,087)	(43,713)
	a) personnel expenses	(23,890)	(24,561)
	b) other administrative expenses	(27,197)	(19,152)
190.	Net allocations to provisions for risks and charges	(2,090)	(2,571)
200.	Net impairment losses/reversal on plant, property and equipment	(798)	(781)
210.	Net impairment losses/reversal on intangible assets	(396)	(499)
220.	Other operating expense/income	3,705	6,379
230.	***Operating costs***	***(50,666)***	***(41,185)***
240.	Utile (perdita) delle partecipazioni	44	23
280.	***Pre-tax profit (loss) from continuing operations***	***(34,087)***	***(12,417)***
290.	Income taxes relating to current operations	(1,081)	1,485
300.	***Profit (loss) after tax from continuing operations***	***(35,168)***	***(10,932)***
310.	Income taxes relating to discontinued operations	-	(2,255)
320.	**Profit (loss) for the year**	**(35,168)**	**(13,187)**

The consolidated income statement of the GE Capital Interbanca group showed a loss of euro 35.2 million in the six months ended 30 June 2016.

The result in the period reflected impairments of loans and derivatives that increased by euro 16.6 million, and operating costs that were higher by approximately euro 9.5 million, principally as a result of the charge incurred for the conversion of deferred tax assets of euro 5.5 million, and also euro 3.2 million of costs incurred by way of price adjustment, upon completion of the transaction for the sale of the long-term motor vehicle hire operations that took place in 2015. It also reflected a larger contribution from net interest income, principally as a result of a lower intercompany funding costs that applied to new lines.

Net interest income

The contribution by net interest income amounted to approximately euro 35.4 million, an increase of 7.2% over the contribution in the six months ended 30 June 2015 of euro 33.0 million.

The improvement principally regarded both lower funding costs, and greater late-payment interest collected in the period, notwithstanding the loss of margin as a result of the fall in loans to customers, which featured a good deal of early repayment of loans by corporate customers during the period, which totalled approximately euro 51 million.

Net commission income

Net commission income amounted to approximately euro 5.3 million, an increase of euro 2.5 million over the figure for the first six months of 2015.

That growth was substantially due to the recognition of commission income related to a particular corporate transaction, where the failure to restructure the debt, and the position's impairment, meant that the item and its impairment were both recognised together, the latter among the loan impairments. Commission expenses included fees for non-use of funding lines from the GE Capital Group, which were approximately euro 0.4 million lower in the period.

Net impairment losses on loans, financial assets and security

Net loan impairments were negative by approximately euro 16.9 million, an improvement of euro 9.0 million compared to the six months ended 30 June 2015.

Technical writedowns amounted to euro 27.6 million, principally from the Bank's non-performing portfolio, which was generated prior to the acquisition by General Electric.

The performing loan portfolio saw euro 11.0 million of value recovered, which reflected both improvements to credit quality and a decrease in the size of Interbanca's lending portfolio.

Administrative expenses

Administrative expenses regarded personnel expenses and other administrative expenses.

The personnel expenses decreased compared to the six months ended 30 June 2015, by approximately euro 0.7 million or 2.7%. That change reflected a fall in the average number of employees, and is significant also in light of the extraordinary expense of approximately euro 1.8 million that was incurred in relation to a retention plan addressed to a number of the group's employees, who were identified as key to the successful completion of the complex and extraordinary sale transaction involving the Bank and its subsidiaries.

Other administrative expenses rose compared to the six months ended 30 June 2015 by approximately euro 8 million, or 42%. This change was principally the result of: the fee incurred in connection with the conversion of prepaid taxes of euro 5.5 million; euro 2.8 million of higher costs for services supplied by companies of the General Electric Group, on the basis of the Master Service Agreement, including royalties for the use of the GE name and mark; and the 2016 contribution to the Single Resolution Fund of euro 0.7 million.

The six months ended 30 June 2015 had also featured approximately euro 2.6 million of extraordinary costs incurred in starting up the outsourcing of the IT system.

Net income for the period

Net of income taxes, the result for the period was a loss of euro 35.2 million, an increased loss compared to the first six months of the previous year, which was euro 13.2 million.

5. PRO-FORMA FINANCIAL INFORMATION RELATING TO THE ISSUER

5.1 PRO-FORMA BALANCE SHEETS AND INCOME STATEMENTS

This section sets forth Pro-Forma Consolidated Statements as at 30 June 2016, and related explicatory notes. This information has been prepared solely for information purposes, and only in order to retrospectively reflect the material effects of the acquisition of the controlling stake of 99.993% of the share capital of GE Capital Interbanca S.p.A in accordance with the provisions of the Agreement, and the resulting settlement of the existing financial relationships between the Seller and Interbanca Group, partially by autonomous refinancing of the latter (the ''Transaction"), as if the Transaction had occurred as at the reference date of the pro-forma consolidated balance sheet and at the beginning of the period of the pro-forma consolidated income statement.

As a result of the Transaction, which has been structured as an acquisition of a controlling stake, the banking Group ("**Banca IFIS**") will be arranged as follows:

- Banca IFIS as parent company;
- Interbanca S.p.A., a wholly-owned subsidiary holding a banking licence;
- IFIS Finance, a Polish-law financial company, already a wholly-owned subsidiary of Banca IFIS;
- IFIS Factoring and IFIS Leasing, two financial companies for the purposes of Article 106 TUB specialising in factoring and leasing respectively, and wholly-owned subsidiaries of Interbanca S.p.A..

Banca IFIS will also control a non-financial company specialising in operating finance leases, IFIS Rental Services, not included within the perimeter of the banking Group, as more particularly described in paragraph 2.1.1, above.

The Acquisition was authorised by the relevant regulatory authorities on 29 November 2016.

5.2 PRO-FORMA CONSOLIDATED STATEMENTS AND EXPLANATORY NOTES AS AT 30 JUNE 2016

5.2.1 Basis of preparation of the Pro-Forma Consolidated Statements

The Pro-Forma Consolidated Statements was prepared based on the consolidated abbreviated interim financial statements of Banca IFIS and the GE Capital Interbanca Group as at and for the six months ended 30 June 2016, which were prepared in accordance with IAS/IFRS as adopted by the European Union and applying the pro-forma adjustments that are described below.

The consolidated abbreviated interim financial statements of Banca IFIS as at and for the period ended 30 June 2016 has been the subject of a limited review by the audit firm EY S.p.A. (formerly Reconta Ernst & Young S.p.A.) and on 28 July 2016 it issued a report without qualifications.

The pro-forma consolidated abbreviated interim financial statements of the GE Capital Interbanca Group as at and for the six months ended 30 June 2016 has been the subject of a limited review by the audit firm KPMG S.p.A., and on 29 September 2016 it issued a report without qualifications.

Regarding the accounting standards adopted by the Banca IFIS Group and the GE Capital Interbanca Group in preparing the historical consolidated information, please refer to Part A – Accounting Policies, of their respective consolidated interim reports as at and for the six months ended 30 June 2016, prepared by Banca IFIS S.p.A. and GE Capital Interbanca S.p.A. in accordance with IAS/IFRS, as approved by the European Commission ("IAS/IFRS"). Based on the preliminary analyses carried out, currently those standards are substantially consistent between the two groups. There may however be some differences as a result of different methodologies or parameters used in measuring assets and liabilities.

The Pro-Forma Consolidated Statements and the explanatory notes were prepared only in order to retrospectively reflect the material effects of the Transaction, as if it had occurred in the period to which the pro-forma information relates. The Pro-Forma Consolidated Statements represent a simulation of the possible effects that could arise if the Transaction had been carried out on that date and is provided only for illustrative purposes.

More specifically, in accordance with CONSOB Communication DEM/1052803 of 5 July 2001, the Transaction's effects are reflected retrospectively in the pro-forma consolidated balance sheet as if it had been performed on 30 June 2016, and in the pro-forma consolidated income statement as if it had been performed on 1 January 2016.

In order to interpret correctly the Pro-Forma Consolidated Statements, one must consider the following aspects:

- since these are accounts constructed upon assumptions, the results set forth in the Pro-Forma Consolidated Statements would not necessarily have been achieved, had the Transaction actually taken place on the reference dates for the preparation of the pro-forma information;
- in preparing the pro-forma information, a purchase price allocation (PPA) was made on a preliminary basis, based on assumptions and estimates that may differ from the final PPA. That provisional PPA resulted in almost all the fair value differences being attributed to the item loans, as shown in the tables below. Since this was a preliminary estimate, there was no detailed analysis to identify a more accurate classification of the items in the financial statements, and accordingly the classification of the pro-forma adjustments may be different when the final PPA is made; and
- the pro-forma information is not forward-looking, in that it has been prepared in order solely to represent the effects of the Transaction's performance that may be isolated and measured objectively, without taking account of the potential effects resulting from changes to the management's policies or operational decisions consequent to the Acquisition's performance.

Additionally, in light of the different purpose that the pro-forma information serves, compared to the historical interim information, and the differences in the approaches to calculating the effects in the pro-forma consolidated balance sheet and the pro-forma consolidated income statement, the Pro-Forma Consolidated Statements should be read and interpreted separately, without attempting to establish any accounting relationship between them.

The acquisition of Interbanca by Banca IFIS will be represented by applying the International Financial Reporting Standard 3, as adopted under Commission Regulation (EC) No. 495/2009 of 3 June 2009 ("IFRS 3"). IFRS 3.4 establishes that an "entity shall account for each business combination by applying the acquisition method", which implies the following stages:

(a) *identifying the acquirer*

IAS/IFRS require that an acquirer be identified for every business combination. Under IAS/IFRS, the acquirer is identified as the entity that obtains control, meaning the power to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In connection with the Transaction, Banca IFIS S.p.A. is considered the acquirer.

(b) *determining the acquisition date*

The acquisition date is the date on which the acquirer obtains control of the acquiree (IFRS 3.8 and Appendix A).

In connection with the Transaction, it is assumed that the acquisition date is the date on which the consideration is legally transferred, and the Interbanca shares transferred to Banca IFIS.

(c) *determining the cost of the combination*

IFRS 3 requires that the costs of a business combination be determined as the sum, at fair value, on the acquisition date, of: (i) the assets acquired; (ii) the liabilities assumed; and (iii) any capital instruments issued by the acquirer in exchange for control of the acquiree.

Accordingly, in the Transaction the acquisition cost is substantially represented by the acquisition-date fair value of the consideration paid by Banca IFIS S.p.A. to obtain 99.993% of the shares representing the share capital of Interbanca S.p.A., an amount of up to euro 160 million (being subject to possible price adjustments as described in Chapter 2 herein).

(d) *Purchase Price Allocation*

The cost of the combination must be accounted for by applying the purchase method, the final stage of which requires the acquirer to allocate, as at the acquisition date, the cost of the combination (thus, making a purchase price allocation) to the assets acquired, the liabilities assumed, and any identifiable contingent liabilities of the acquiree, recognising them at fair value as at that date. This requires the acquiree's balance sheet to be prepared as at the moment at which the Transaction becomes effective, measuring, at fair value, the entity's assets, liabilities, and contingent liabilities.

The residual difference between the fair value of the consideration paid, and the fair value of the assets net of the liabilities and contingent liabilities acquired, taking account also of intangible assets not previously recognised in the accounts of the acquiree (such as trade marks):

- if positive, is recognised as goodwill;
- if negative, is recognised in the income statement of the entity resulting from the business combination (a gain on bargain purchase or badwill).

IFRS 3 allows provisional amounts to be reported for fair value of the assets, liabilities and contingent liabilities of the entity identified for accounting purposes as the acquiree, and thus the provisional allocation of the difference between the consideration paid and the net fair value of the acquired assets and liabilities. The acquirer must however recognise impairments or recoveries of value to the provisional amounts, and complete the initial accounting of the acquisition within 12 months of the acquisition date, and with effect from that date.

In preparing the Pro-Forma Consolidated Statements, a preliminary measurement has been made of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. These fair value amounts shall in any event be determined as at the acquisition date using valuation techniques and sources of information that are consistent with those used by the acquirer in preparing its financial statements, with 12 months available from the date of effectiveness of the transaction for determining the final amounts.

Accordingly, the gain on bargain purchase shown in the Pro-Forma Consolidated Statements typically represents the difference between the purchase price and the fair value of the acquired assets and liabilities, as determined on a preliminary basis. The final measurement of the gain on bargain purchase will thus be subject to changes connected with:

1) the purchase price, the final value of which shall be calculated upon completion of the price adjustment contemplated by the acquisition agreement; and

2) determination of the fair value of the Interbanca Group's assets and liabilities, relative to the carrying amounts and the measurement of additional assets, liabilities and contingent liabilities, which may also not currently be recognised in the acquiree's financial information, which must be updated with reference to the actual acquisition date.

If other identified tangible and intangible assets with finite useful lives, or other assets and liabilities will be identified at the closing of the purchase price allocation process, future income statements will also reflect the effects of these allocations, not included in the Pro-forma Consolidated Income Statement.

Finally, all the impairments and/or recoveries of value reflected in the Pro-Forma Consolidated Statements as at and for the six months ended 30 June 2016 are expected to have a recurring effect upon the post-acquisition group, except for that related to impairment losses on receivables and the recognition of the gain on bargain purchase in the Pro-Forma Consolidated Statements, which by its nature is non-recurring.

5.2.2 Pro-Forma Consolidated Statements as at 30 June 2016

Pro-forma consolidated balance sheet as at June 30, 2016

	Assets (in thousands of Euros)	BIFIS Group	IB Group	Adjustment pro-forma	Pro-forma
10.	Cash and cash equivalents	35	3	-	38
20.	Financial assets held for trading	366	44,757	-	45,123
40.	Available for sale financial assets	1,027,770	114,308	-	1,142,078
60.	Due from banks	153,877	140,251	-	294,128
70.	Loans to customers	3,355,998	2,884,767	(559,771)	5,680,994
100.	Equity investments	-	754	-	754
120.	Property, plant and equipment and investment property	56,729	47,018	-	103,747
130.	Intangible assets	8,929	1,450	-	10,379
	- of which goodwill	*795*	-	-	*795*
140.	Tax assets	64,595	280,225	240,600	585,420
150.	Non-current assets and disposal groups held for sale	-	210,325	-	210,325
160.	Other assets	74,899	93,913	-	168,812
	Total assets	**4,743,198**	**3,817,771**	**(319,171)**	**8,241,798**
	Liabilities and Equity (in thousands of Euros)				
10.	Due to banks	43,587	12,061	-	55,648
20.	Due to customers	3,928,261	2,495,612	(466,000)	5,957,873
30.	Securities issued	-	82,312	550,000	632,312
40.	Financial liabilities held for trading	13	52,662	-	52,675
80.	Tax liabilities	16,180	13,929	-	30,109
100.	Other liabilities	187,612	112,020	-	299,632
110.	Post-employment benefits	1,545	6,333	-	7,878
120.	Provisions for risks and charges	3,803	23,200	-	27,003
	Group Equity	562,197	1,019,642	(403,242)	1,178,597
	- of which gain on bargain purchase	-	-	*616,400*	*616,400*
	Non controlling interests	-	-	71	71
	Total Liabilities and Equity	**4,743,198**	**3,817,771**	**(319,171)**	**8,241,798**

Pro-forma consolidated Income Statement 1st semester 2016 (in thousands of Euro)

	Item	BIFIS Group	IB Group	Adjustment pro-forma	Pro-forma
10.	Interest income and similar revenues	151,465	56,898	21,530	229,893
20.	Interest expense and similar charges	(21,909)	(21,463)	2,347	(41,025)
30.	***Net interest income***	***129,556***	***35,435***	***23,877***	***188,868***
40.	Commission income	29,547	9,621	-	39,168
50.	Commission expense	(2,583)	(4,304)	-	(6,887)
60.	***Net commission income***	***26,964***	***5,317***	***-***	***32,281***
70.	Dividends and similar revenues	-	5	-	5
80.	Net profit (loss) from trading	(332)	(7,568)	-	(7,900)
100.	Profit (loss) from sale or buyback of:	11,189	258	-	11,447
	a) receivables	5,694	-	-	5,694
	b) available for sale financial assets	5,495	258	-	5,753
120.	***Net banking income***	***167,377***	***33,447***	***23,877***	***224,701***
130.	Net impairment losses/reversal on:	(32,215)	(16,912)	16,857	(32,270)
	a) receivables	(28,216)	(16,857)	16,857	(28,216)
	b) available for sale financial assets	(3,999)	(338)	-	(4,337)
	d) other financial transactions	-	283	-	283
140.	***Net profit from financial activities***	***135,162***	***16,535***	***40,734***	***192,431***
170.	***Net income from banking and insurance activities***	***135,162***	***16,535***	***40,734***	***192,431***
180.	Administrative expenses:	(74,067)	(51,087)	(15,115)	(140,269)
	a) personnel expenses	(27,595)	(23,890)	-	(51,485)
	b) other administrative expenses	(46,472)	(27,197)	(15,115)	(88,784)
190.	Net allocations to provisions for risks and charges	(1,633)	(2,090)	-	(3,723)
200.	Net adjustments to/recoveries on tangible assets	(846)	(798)	-	(1,644)
210.	Net impairment losses/reversal on plant, property and equipmei	(1,161)	(396)	-	(1,557)
220.	Other operating income (expenses)	910	3,705	-	4,615
230.	***Operating costs***	***(76,797)***	***(50,666)***	***(15,115)***	***(142,578)***
240.	Profits (Losses) on disposal of investments	-	44	-	44
280.	***Pre-tax profit (loss) from continuing operations***	***58,365***	***(34,087)***	***25,619***	***49,897***
290.	Income taxes for the year relating to current operations	(19,245)	(1,081)	(8,472)	(28,798)
300.	***Profit (Loss) after tax from continuing operations***	***39,120***	***(35,168)***	***17,147***	***21,099***
320.	***Profit (loss) for the year***	***39,120***	***(35,168)***	***17,147***	***21,099***
330.	Non controlling interests	-	-	(3)	(3)
	Gain on bargain purchase	-	-	616,400	616,400
340.	**Profit (loss) attributable to the parent company**	**39,120**	**(35,168)**	**633,549**	**637,501**

Assumptions made in preparing the Pro-Forma Consolidated Statements as at 30 June 2016

The accounting standards adopted in preparing the Pro-Forma Consolidated Statements were those used in preparing the abbreviated consolidated half-yearly reports as at 30 June 2016 of the Banca IFIS and GE Capital Interbanca groups, which is to say, IAS/IFRS as adopted by the European Union. Those abbreviated consolidated half-yearly reports were prepared in condensed form, in accordance with IAS 34, Interim Financial Reporting.

Based on IAS/IFRS, the Transaction results in a business combination achieved through the acquisition of 99.993% of the share capital of GE Capital Interbanca S.p.A. by Banca IFIS S.p.A. Please see the previous section for a description of the principal features of IFRS 3.

As indicated above, the purchase cost is represented by the consideration paid to obtain the controlling stake, and should be considered preliminary, in that not all the information necessary for its final determination is available as yet. For further information, please see Chapter 2 of this document.

Accordingly, for the purpose of determining the price for the Transaction, this has been assumed to be the Preliminary Price, without price adjustment.

Description of the pro-forma adjustments to the historical consolidated financial information as at 30 June 2016

The Pro-Forma Consolidated Statements as at and for the six months ended 30 June 2016 presents:

- in the column headed, "BIFIS group", the abbreviated consolidated interim accounts of the Banca IFIS Group;
- in the column headed, "IB group", the abbreviated consolidated interim accounts of the Ge Capital Interbanca Group;
- in the column headed, "Pro-forma adjustments", the adjustments related to the perimeter, the purchase of the stake, the repayment of the funding, and the entries arising out of the preliminary purchase price allocation paid at fair value for the assets acquired and the liabilities assumed; and
- in the column headed, "Pro-forma", figures from the pro-forma consolidated balance sheet as at 30 June 2016, and the pro-forma consolidated income statement for the six months ended 30 June 2016, being the sum of the previous columns.

Specifically, in the column, Pro-forma adjustments, the most significant adjustments made to each item were as follows:

- "Loans to customers" includes an adjustment of euro 76 million regarding the proper identification of the acquisition perimeter, in light of a carve-out transaction that was completed prior to the Performance Date, and the best preliminary estimate of the fair value of the loans to customers being acquired, including the impairment testing that sought to quantify its lower profitability compared to the acquirer's main markets, based on the preliminary data available;
- "Tax assets" includes the tax benefits considered capable of recognition and not previously recognised in Interbanca's financial statements, since the conditions for recovering an amount of approximately of euro 97 million were not satisfied; and the tax effects of the fair value differences that have been preliminarily calculated at approximately euro 144 million;
- "Amounts due to customers" includes a reduction of euro 76 million related to the loans included in the carve-out transaction referred to above, and a reduction of euro 550 million as the effect of replacing the borrowing from GE with debt instruments issued under securitisations by the Interbanca Group, offset in part by an euro 160 million increase in borrowing to pay the Preliminary Price;
- "Issued securities" includes the amount of the instruments issued under the securitisations referred to above;
- "Interest income" represents the positive adjustment made to the income statement of the profitability of the acquired loan exposures whose fair value reduction has been preliminarily estimated, as discussed above;

- "Impairment losses/reversal on: (a) receivables" reflects the reversal of the impairments already taken into consideration upon assumption that such impairments entirely regard positions whose fair value was already subject to impairment;
- "Administrative expenses: (b) other administrative expenses" includes the costs associated with the acquisition as a whole;
- "Gain on bargain purchase" represents the difference between the purchase price paid (assumed to be the Preliminary Price, without any price adjustment) and the preliminary assessment, at the acquisition date, of the fair value of the acquired assets, assumed liabilities and contingent liabilities, of the Interbanca Group.

5.3 PRO-FORMA INDICATORS PER SHARE IN THE ISSUER

The following table sets forth the main pro-forma indicators per share in the Issuer, and the comparative amounts as at and for the six months ended 30 June 2016:

KPIs per share		
	BIFIS Group	**Pro-forma**
Outstanding shares	53,076,576	53,076,576
Earnings per share (EPS)	0.74	12.01
Equity per share	10.59	22.21

5.4 AUDITOR'S REPORT ON THE PRO-FORMA FINANCIAL INFORMATION

Building a better working world

EY S.p.A.
Via Isonzo, 11
37126 Verona

Tel: +39 045 8312511
Fax: +39 045 8312550
ey.com

Independent auditors' report on the examination of the pro forma consolidated financial statements

(Translation from the original Italian text)

The European Commission's regulation on Prospectuses n. 809/2004A, adopted by CONSOB in Italy under Regulation n. 11971, requires, for the preparation of the information memorandum (the "Information Document") in connection with significant mergers, demergers, acquisitions or disposals by Italian listed companies that that, when unaudited pro forma financial information are presented, the Information Document contain "a report prepared by the independent auditors stating that in their opinion the unaudited pro formal financial information has been properly compiled on the basis stated and that basis is consistent with the accounting policies of the Italian listed company". CONSOB in Italy requires that the independent auditors' report be prepared in accordance with CONSOB Rule n. DEM/1061609 of 9 August 2001.

Accordingly, a report on the examination of the unaudited pro forma financial information was issued by the independent auditors of Banca IFIS S.p.A., in connection with the preparation of the Information Document by Banca IFIS S.p.A. pursuant to the Regulation adopted by CONSOB with Resolution no. 11971/99, as amended, for the acquisition of the share capital of GE Capital Interbanca S.p.A. (the "Acquisition"), for the sole purpose of the above mentioned Italian regulation. Such report forms part of the Information Document for the Acquisition.

The following is the English language translation of the original Italian independent auditors' report on the examination of the unaudited consolidated pro forma financial information of Banca IFIS S.p.A. under the above mentioned Italian regulation, in connection with the Transaction, and cannot be used, in whole or in part, for any other purposes.

To the Board of Directors of
Banca IFIS S.p.A.

1. We examined the pro forma consolidated balance sheet and income statement (the "Pro Forma Consolidated Financial Statements") accompanied by the explanatory notes of Banca IFIS S.p.A. and its subsidiaries (the "Banca IFIS Group") as of and for the six months ended 30 June 2016.

   Such Pro Forma Consolidated Financial Statements derive from

   - the historical financial information related to the condensed consolidated financial statements of the Banca IFIS Group as of and for the six months ended 30 June 2016, prepared in accordance with International Financial Reporting Standard as adopted by the European Union ("IFRS");
   - the historical financial information related to the condensed consolidated financial statements of GE Capital Interbanca S.p.A. and its subsidiaries (the "Interbanca Group") as of and for the six months ended 30 June 2016, prepared in accordance with IFRS;

   and from the pro forma adjustments applied to such financial information and examined by us.

   The condensed consolidated financial statements of the Banca IFIS Group as of and for the six months ended 30 June 2016 have been reviewed by us and we have issued our review report on 28 July 2016.

BANCA IFIS

The condensed consolidated financial statements of the Interbanca Group as of and for the six months ended 30 June 2016 have been reviewed by other auditors and they have issued their review report on 29 September 2016.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we did not express an audit opinion on the condensed interim consolidated financial statements at 30 June 2016 of the Banca IFIS Group.

The Pro Forma Consolidated Financial Statements have been prepared on the basis of the assumptions described in the explanatory notes to retroactively reflect the effects of the Interbanca Group acquisition by Banca IFIS S.p.A., in accordance with the terms set forth in the agreement signed on 28 July 2016 between Banca IFIS S.p.A. and GE Capital International Holdings Limited, and the resulting settlement of the existing financial relationships between the seller and Interbanca Group, partially by autonomous refinancing of the latter (collectively, the "Transaction").

2. The Pro Forma Consolidated Financial Statements, accompanied by explanatory notes, have been prepared pursuant to the Regulation adopted by CONSOB with Resolution no. 11971/99, as amended in application of Law Decree n. 58/98 concerning the regulations governing Italian listed companies.

   The scope of the preparation of the Pro Forma Consolidated Financial Statements is to present, in accordance with valuation criteria consistent with the historical financial data and with the applicable regulations, the effects of the Transaction on the consolidated economic trend and on the consolidated balance sheet of the Banca IFIS Group, as if such Transaction virtually occurred on 30 June 2016 and, with respect to the economic effects only, at the beginning of the year 2016. However, it should be noted that if the Transaction had actually occurred on such dates, the results that are presented therein would not be necessarily obtained.

   The Pro Forma Consolidated Financial Statements are the responsibility of Banca IFIS S.p.A.'s Directors. Our responsibility is to express a conclusion on the reasonableness of the assumptions adopted by the Directors for the preparation of the Pro Forma Consolidated Financial Statements and on the utilization of a proper methodology in preparing such data. In addition, it is our responsibility to express a conclusion on the proper application of the valuation criteria and of the accounting principles.

3. Our examination has been made in accordance with the criteria recommended by CONSOB in its Recommendation n. DEM/1061609 of 9 August 2001 for the examination of the pro forma data applying the procedures we deemed necessary under the circumstances with respect to the engagement received.

4. Based on the work performed, nothing has come to our attention which causes us to believe that the assumptions adopted by Banca IFIS S.p.A.'s Directors for the preparation of the Pro Forma Consolidated Financial Statements as of and for the six months ended 30 June 2016, accompanied by the explanatory notes, to retrospectively reflect the Transaction, are not reasonable, the methodology utilized for the preparation of the above mentioned financial information has not been

properly applied for the information purpose described above and that, finally, the valuation criteria and the accounting principles applied for the preparation of the Pro Forma Consolidated Financial Statements are not adequate.

Verona, December 5, 2016

EY S.p.A.

Signed by: Marco Bozzola, partner

This report has been translated into the English language solely for the convenience of international readers

6. PROSPECTS OF THE ISSUER AND ITS GROUP

6.1 GENERAL OBSERVATIONS ON THE ISSUER'S PERFORMANCE SINCE THE END OF ITS LAST FINANCIAL YEAR

This section sets out the main information regarding the performance of Banca IFIS S.p.A., as reported in the Consolidated Half-Yearly Report at 30 June 2016, and the accompanying press release.

Total **funding** was euro 3,971.8 million at 30 June 2016, a decrease of 35.4% compared to 31 December 2015; 98.9% of the former amount is represented by Amounts due to customers (compared to 89.2% at 31 December 2015), and 1.1% by Amounts due to banks (10.8% al 31 December 2015).

As at 30 June 2016, Amounts due to customers stood at euro 3,928.3 million. The item includes repurchase agreements that have government bonds as their underlying, and *Cassa di Compensazione e Garanzia* as counterparty, which amounted to euro 270 million (compared to euro 2,279.0 million at 31 December 2015), following sales of securities in the three months ended 31 March 2016. Retail funding was euro 3,550.4 million at 30 June 2016, of which euro 3,486.4 million related to rendimax accounts and euro 64.0 million to contomax accounts. This represented an increase of 14% over the figure of euro 3,113.1 million as at 31 December 2015, which partly reflected the introduction of new rendimax maturities of three, four and five years.

Amounts due to banks amounted to euro 43.6 million, compared to euro 663.0 million as at 31 December 2015. This represented a decrease of 93.4%, following the early repayment of the TLTRO tranche that had been executed in December 2014. Changes in market conditions meant that funding could be obtained on more advantageous terms than were available when that tranche was issued. The remainder of the amounts due to banks comprised interbank deposits.

Total **amounts due to customers** were euro 3,356.0 million, a decrease of 2.4% compared to euro 3,437.1 million as at 31 December 2015. More specifically, the DRL loans increased following new acquisitions and also the release, at amortised cost, of a material part of the portfolio that pending completion of the preparations for its release had previously been carried at its purchase cost. Loans in the trade receivables segment fell by 3.1%, following the strategy of refocusing on smaller but more profitable segments. Tax credits decreased after significant collections recognised over the six months ended 30 June 2016. There was a decrease as a result of the reduction of margin lending for the repurchase agreements on the MTS platform, with *Cassa di Compensazione e Garanzia* as counterparty, in light of a reduction in the amount of the securities portfolio available for refinancing.

Net non-performing exposures in the trade receivables segment only were made up as follows:

- net bad loans amounted to euro 31.0 million, an increase of 0.2% and as such substantially unchanged from 31 December 2015. The ratio between net bad loans and net loans of the segment was 1.1%, and therefore also unchanged from 31 December 2015. Net bad loans represented 5.5% of shareholders' equity, compared to 5.4% as at 31 December 2015. The coverage ratio was 88.4% as at 30 June 2016, compared to 87.9% as at 31 December 2015;
- net unlikely-to-pay loans stood at euro 55.4 million, compared to euro 39.6 million at 31 December 2015, an increase of 40.0% that was principally due to two individually significant positions that had previously been classified as net past due non-performing exposures, and performing. The coverage ratio was 28.2% (compared to 32.1% as at 31 December 2015); and
- net past due non-performing exposures amounted to euro 108.9 million, compared to euro 58.2 million as at 31 December 2015, an increase of 87.1%. The increase reflected past-due loans to the public administration definitively purchased, which increased from euro 1.2 million as at 31

December 2015 to euro 46.0 million as at 30 June 2016 (of which euro 43.8 million in the utility segment). The coverage ratio was 1.6%, compared to 2.6% as at 31 December 2015.

Net banking income[1] amounted to euro 150.9 million, a decrease of 43.1% compared to the six months ended 30 June 2015, when it was euro 265.4 million. Net of the euro 124.5 million of profit realised in April 2015 from the restructuring of the government bond portfolio, as at 30 June 2016 net banking income increased by 7.1%. There was a significant increase in the DRL segment (euro 61.1 million, or 202.8%); and increases also in the Trade receivables and Tax receivables segments (euro 81.4 million, or 5.3%, and euro 8.0 million, or 6.7%, respectively). On the other hand, the Governance and Services segment fell sharply (euro 0.4 million, a decrease of 99.8%), reflecting both a smaller contribution from interest as a result of the shrinking of the government bond portfolio, and an increase in the cost of funding as a result of the increase in volumes. With reference to net commission income in particular, this amounted to euro 27.0 million, a decrease of 7.8% compared to 30 June 2015. Commission income was euro 29.6 million, compared to euro 31.6 million as at 30 June 2015, and was derived principally from factoring commissions applied to the turnover produced by individual customers (factored with and without recourse, and under flat or monthly fee arrangements), and from the other fees that are usually required from customers for the supply of services.
Commission expenses amounted to euro 2.6 million, compared to euro 2.3 million in the six months ended 30 June 2015. These essentially related to approved banks' brokering, other credit brokerage, and fees paid to correspondent banks and factors.

Net impairment losses[2] amounted to euro 15.8 million, of which euro 11.8 million regarded loans to customers (compared to euro 13.4 million as at 30 June 2015, a decrease of 12.5%), and euro 4.0 million regarded the impairment of unlisted equity instruments.

Operating costs were euro 76.8 million in the period, compared to euro 51.8 million in the six months ended 30 June 2015, an increase of 48.2%. The increase was mainly attributable to other administrative expenses, as a result of an increase in activity within the DRL segment, in particular with reference to start-up costs for recovery operations, and collection costs. Personnel expenses increased by 16.5% to euro 27.6 million in the period, from euro 23.7 million as at 30 June 2015. The increase was related to the 120 appointments made in the first half of 2016 (which increased personnel numbers by 22.4%). This was done in line with the aim of providing greater structure to some business support areas and services, especially within the DRL segment. As at 30 June 2016, the Group had 807 employees. The cost/income ratio (operating costs to net banking income) in the six months ended 30 June 2016 was 50.9%, compared to 19.5% in the same period in the prior year.

For further information regarding the performance of Banca IFIS, please refer to the Half-Yearly Report 2016 and the Interim Report as at 30 September 2016, both of which may be found on its website at www.bancaifis.it. The Interim Report as at 30 September 2016 has not been audited.

[1] Net impairments of loans from within the DRL segment, of which there were euro 16.4 million as at 30 June 2016 and euro 3.1 million as at 30 June 2015, have been reclassified as Interest income and similar revenues, in order to provide an account that better reflects the particular features of that business, in which the net impairments are an integral part of the return.

[2] Net impairments of loans from within the DRL segment, of which there were euro 16.4 million as at 30 June 2016 and euro 3.1 million as at 30 June 2015, have been reclassified as Interest income and similar revenues, in order to provide an account that better reflects the particular features of that business, in which the net impairments are an integral part of the return.

6.2 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The prospects for the current financial year are positive. A further increase in the number of customers in the segment of SMEs working capital financing is expected, to such an extent as to counteract the decrease in margins that has been taking place since many quarters, particularly with respect to the customers with the relatively best creditworthiness. The development of the line of business in the pharma-industrial sector is currently continuing to progress, while the pharmacy financing segment, is increasing, albeit moderately. The segment of receivables due from the public administration is currently undergoing an interesting development, with increasing volumes expected in the final part of the financial year and an increasing prospected margin.

In the Distressed Retail Loans (DRL) segment, a significant increase in margins is expected for the financial year, together with an – albeit less than proportional – increase, in the cost for the execution of the orders. The volumes in the financial year will increase significantly more than expected, as will the transfers of portfolios, mainly with reference to segments that the Bank deems it more efficient to monetize.

The segment of tax receivables deriving from insolvency proceedings or solvent persons is continuing to develop, in a market that, however, shows a decrease in margins, and faster cash flows than expected.

After the strong reduction, almost to zero, in the volumes of the Italian government bonds held, the Governance&Services Business Unit has limited its business operations almost exclusively to the management of funding, carried out through the rendimax online savings accounts and the contomax online current accounts. Although the funding is significantly positive, a material increase in the cost of funding is expected also as an element of a strategy aimed at supporting the Bank by providing it with a part of the means deemed appropriate to complete the acquisition of the Interbanca Group.

In 2016 the Interbanca Group course of business will be influenced by the particularly delicate phase it is going through, as the company has been on sale since mid-2015, and, therefore, it has not been particularly oriented to the development of new volumes. Factoring is still concentrated on a limited number of customers which, however, are of a significant size, with limited profitability and low risk. In this segment, the trading and operational integration with the activities of the Bank will be promptly carried out. In the leasing segment, a substantial stability is expected, as well as a recovery in the following quarters. In the medium-term funding, the decrease in lending opportunities with an adequate profitability and low risk will be reflected in a substantial runoff of the "historical" portfolio, with the implementation of new activities characterized by higher profitability and a strictly controlled risk.

The Consolidated Income Statement of 2016 will feature a significant badwill that cannot be allocated as a decrease in assets or an increase in liabilities. Even without considering this effect, the expectations for the remaining part of the financial year are however positive and set good foundations also for the following years.

***

Chief Executive Officer

Mr Giovanni Bossi

BANCA IFIS

Gruppo Banca IFIS: diamo valore al tuo lavoro.