



# BANCA IFIS

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## A bigger bank with bigger opportunities.

Strategic guidelines for the next 3 years (2017-2019).

March 2017



AGENDA

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1- **Present:** vision and mission

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2- **Past:** 2016 results achieved

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3- **Future:** the next 3 years

- growth
- challenges
- opportunities

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# 1- TODAY

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Vision and Mission



# OUR VISION AND MISSION

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## VISION

We are convinced that only a bank that is **beneficial to the economy** in which it operates, whilst, at the same time, knows how **to obtain the right amount of profit** from its actions, has the dignity to look forward and plan its future. What is fundamental in the way we operate are the **three pillars** on which we base our work and all our business lines: control of risk-adjusted profitability, of liquidity and of capital absorption.

## MISSION

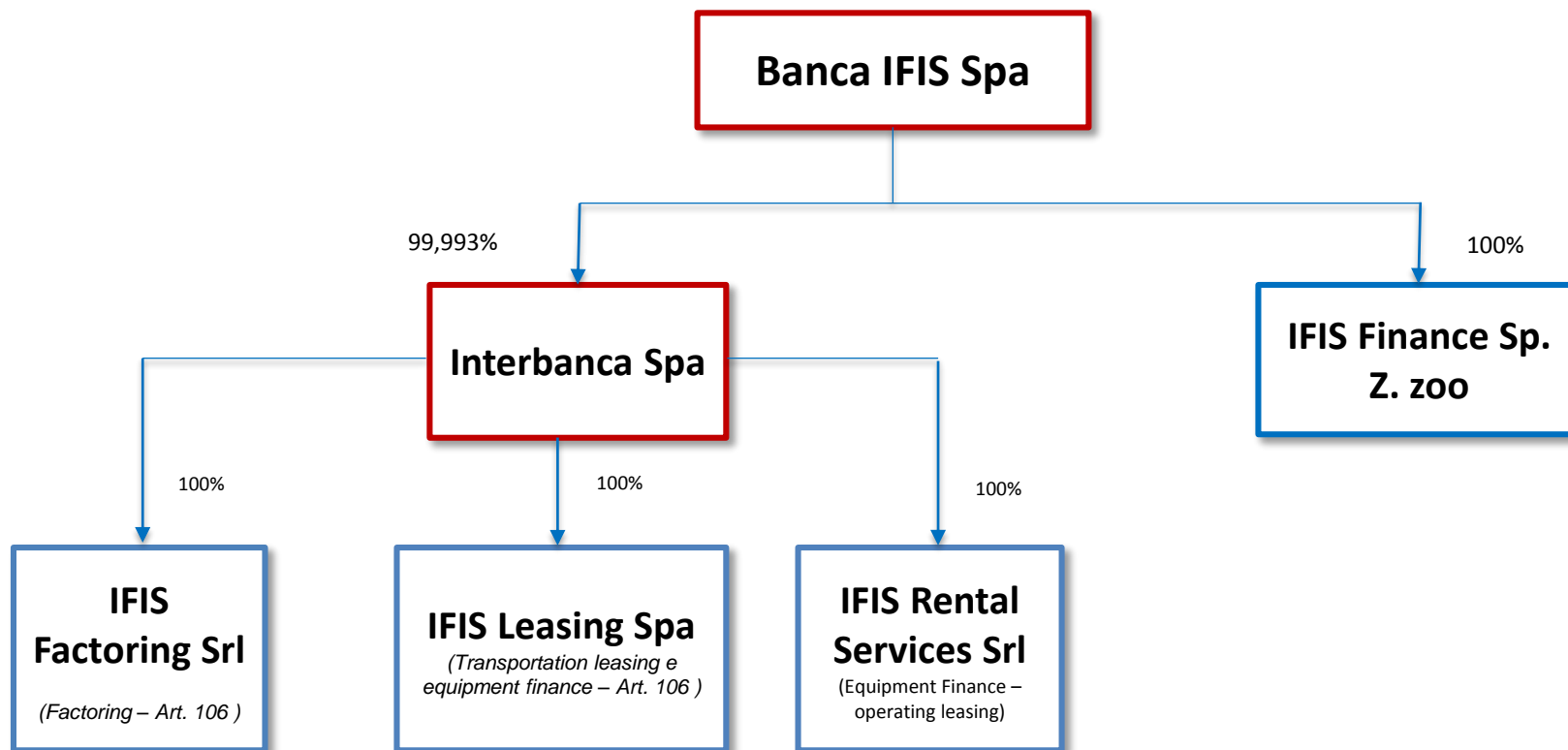
Becoming the benchmark in providing **financial support to micro, small and medium-sized Italian companies**, also on an international level. Enable the highest possible number of **debtors to return to being financially credible**. Making the most of the Bank's capital and liquidity to allow businesses and households, even in difficulty, to optimize their financial resources. **Providing value to the savings of individuals and companies** thanks to transparent and reliable product offering.



	Target customers		Commercial Channels	
	Corporate	Individuals		
Short term finance	✓		F	W
Medium term finance	✓		F	
Long term finance	✓		F	
Restructuring finance	✓		F	
Tax receivables	✓		F	
NPL	✓	✓	F	PH
Savings	✓	✓	W	PH

F= Field, W=web,PH= phone





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# 2- PAST:

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2016 Results achieved



(Million Euro)

Net Profit	687,9	(162,0 at 31/12/2015)	+324,7%
Equity	1.218,8	(573,5 at 31/12/2015)	+112,5%
Funding	7.037,7	(6.150,5 at 31/12/2015)	+14,4%
Loans	5.928,2	(3.437,1 at 31/12/2015)	+72,5%

GROUP KPIs	12 months 2016	12 months 2015
Cost of credit SME's	80 b.p.	89 b.p.
EPS	12,94	3,05
EPS Adjusted*	1,69	1,49
Book value/share	22,81	10,81



\* 2016 adj for Interbanca acquisition; 2015 adj for gain on bond portfolio sale



# NET BANKING INCOME (NBI)

(Million Euro)

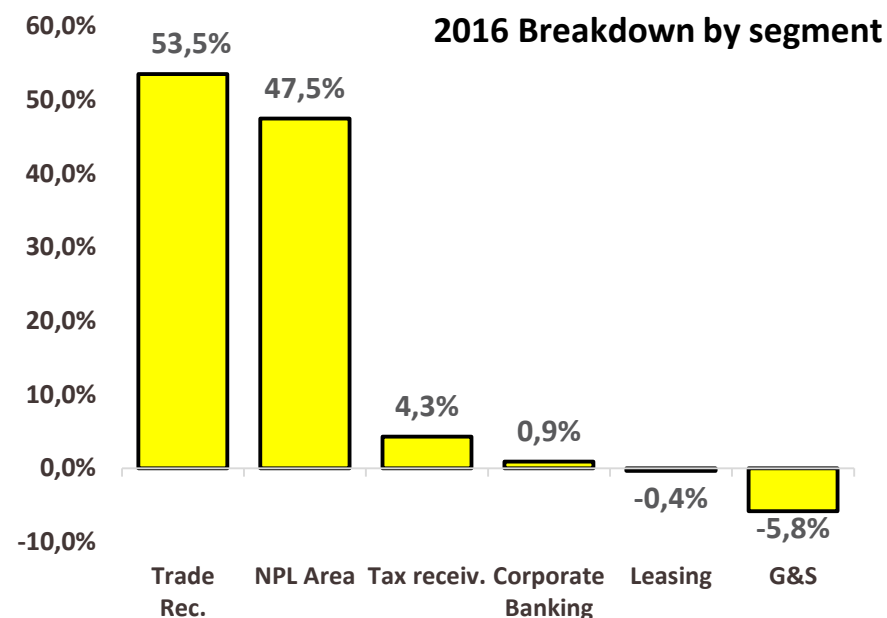
# 326,0

(404,3 in 12 months 2015)

**+16,5% LFL Banca IFIS old perimeter**

(excluding gain from bond portfolio sale in 2015)

-19,4% change 12 months 2016/2015



Data	Trade receivable	Corporate banking	Leasing	Area NPL	Tax receivable	G&S
2016	174,4*	3,0**	-1,2**	154,7	14,0	-19,0
2015	158,7	na	na	52,7	20,3	172,6
% Change	9,9%	na	na	193,7%	-31,2%	-111,0%

\*Includes 1 month of IFIS Factoring

\*\* Contribution only for the month of December



# NET PROFIT

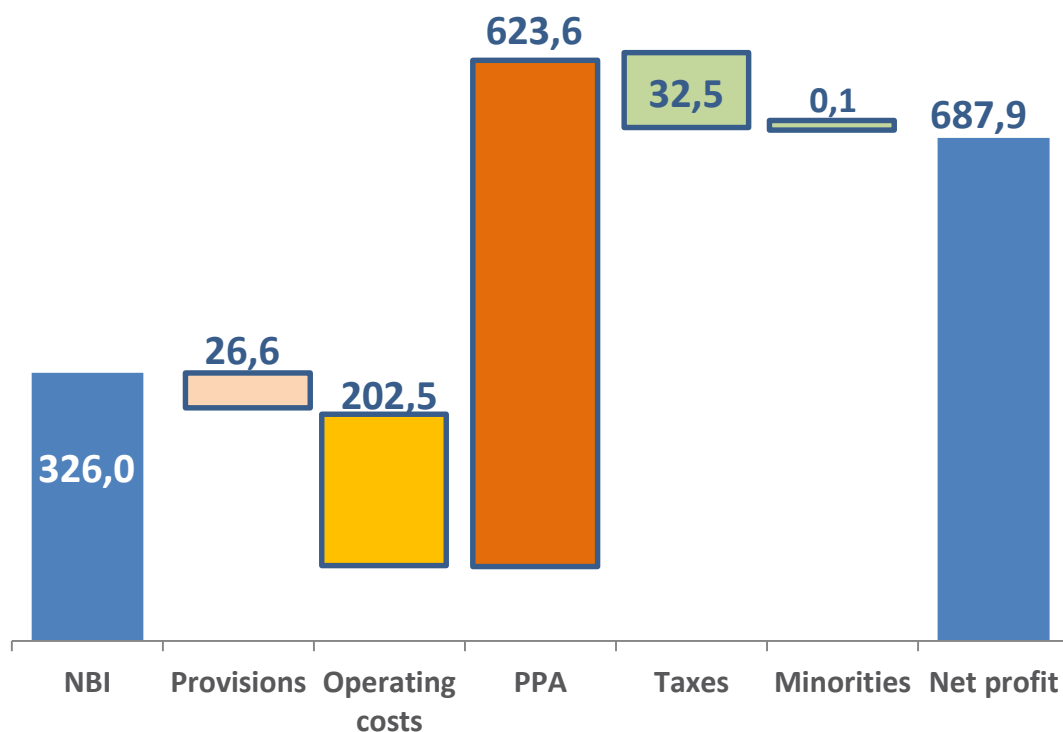
(Million Euro)

687,9

(162,0 at 2015)

+324,7%

% change 2016/2015



Personnel	2016	2016 Norm	2015
	65,9	56,6	48,3

5,5 restructuring  
3,8 Interbanca related

Other expenses	2016	2016 Norm	2015
Expenses	126,3	106,3	78,8
Cost/income		51,9%	45,8%*

14,1 Acquisition related  
5,9 Interbanca related

	2016*	2015
Tax rate	33,4%	34,0%

N\* Normalized



# 3 YRS OF CONSISTENT AND SOLID GROWTH

(Million Euro)

	2014	2015	2016		2014	2015	2016
<b>Net Profit/ for the period</b>	96	162	688	<b>RWA (Eu bn)</b>	2,8	3,3	7,0
<b>Net Loans to customers (Eu bn)</b>	2,8	3,4	5,9	<b>CET 1 Ratio**</b>	14,0%	15,8%	15,7%
<b>AFS+HTM (Eu bn)</b>	5,1	3,2	0	<b>Net equity</b>	438	573	1.219
<b>Total Assets (Eu bn)</b>	8,3	7,0	8,7	<b>NPL ratio *</b>	1,3%	1,1%	1,0%
<b>Tot. Funds and deposits (Eu bn)</b>	7,7	6,2	7,0	<b>NPL Coverage ratio*</b>	86,4%	87,9%	88,5%

(\*) Net bad loans/Net Loans to customers (within Trade receivables) \*\*Ratio without parent company La Scogliera minority



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# 3- Future:

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The next 3 years:

- growth
- challenges
- opportunities



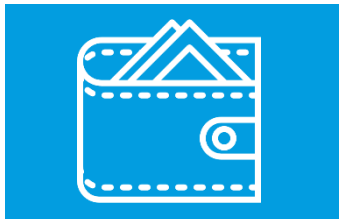
## Objectives

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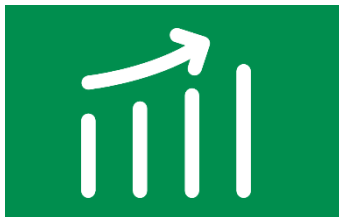
### Solidity

Preservation of capital  
Elevated level of solvency  
Capital buffer for future growth opportunities



### Liquidity

Abundance of retail funding  
Collateral for the Eurosystem  
Focus on diversification of funding



### Profitability

Business model suitable to deliver consistent and sustainable growth  
Activities with high risk adjusted returns  
Like for like improvement in all banking sectors



## BANCA IFIS

**BANCAIFIS  
IMPRESA**

**BANCAIFIS  
AREANPL**

**FAST  
FINANCE**

Governance  
& Services

Trade  
receivable

Corporate  
Banking

Leasing

Call center

Italy

M/L Loans

Financial  
Leasing

Internal  
Agents

International

Structured  
Finance

Operative  
Leasing

Legal factory

Pharma

Workout &  
Recovery

Collection  
Companies

Pharmacy

Legal small  
ticket



# NEW INTERNAL FUNDING RATES: NBI ADJUSTED

(Million Euro)

data	Trade receiv.	Corporate banking	Leasing	Area NPL	Tax receiv.	G&S	Total
2016	174,4*	2,9*	-1,2*	154,7	14,0	-19,0	326,0
2015	158,7	na	na	52,7	20,3	172,7	404,3
% Change	+9,9%			193,7%	-31,2%	-111,0%	-19,4%

New adjusted segment data due to change in Internal Funding Rates as reference for 2017-2019 business plan

Data adjusted	Trade receiv.	Corporate banking	Leasing	Area NPL	Tax receiv.	G&S	Total
2016	148,5	2,9	-1,2	148,3	13,3	+14,1	326,0



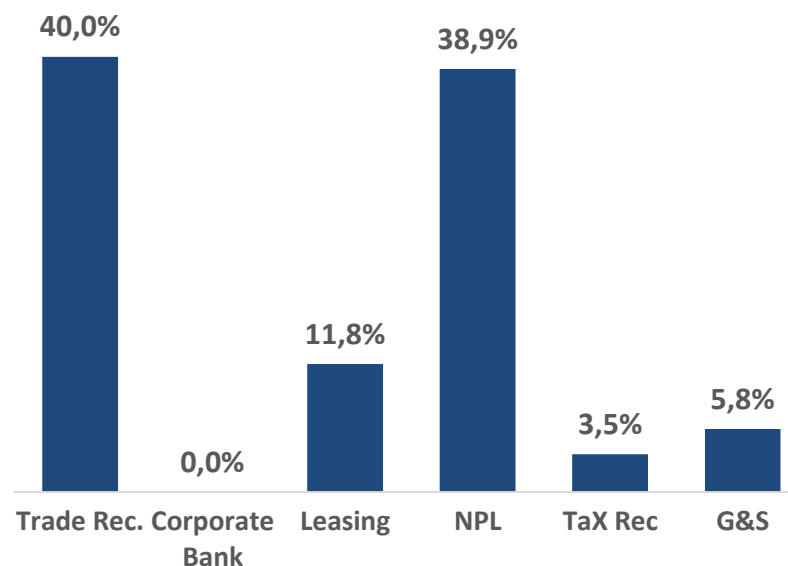
\* Contribution only for the month of December for Interbanca segments

# BREAKDOWN 2016 NBI ADJUSTED BY BUSINESS

(Million Euro)

Data adj IFR+12 month	Trade receiv.	Corporate banking	Leasing	Area NPL	Tax receiv.	G&S	Total
Consolidated numbers	174,4	2,9*	-1,2*	154,7	14,0	-19,0	326,0
2016 adj IFR+12 months	152,6**	0**	44,9**	148,3	13,3	22,1	381,2

**NBI Adj 2016 IFR+ 12 months performance** 381,2



\* Contribution only for the month of December

\*\*11 months GE Capital + 1 month Banca IFIS



NBI 381,2 in 2016 CAGR 16-19: 24%-26%

Expected growth within all segments

Strong contribution to total profitability in NPL area

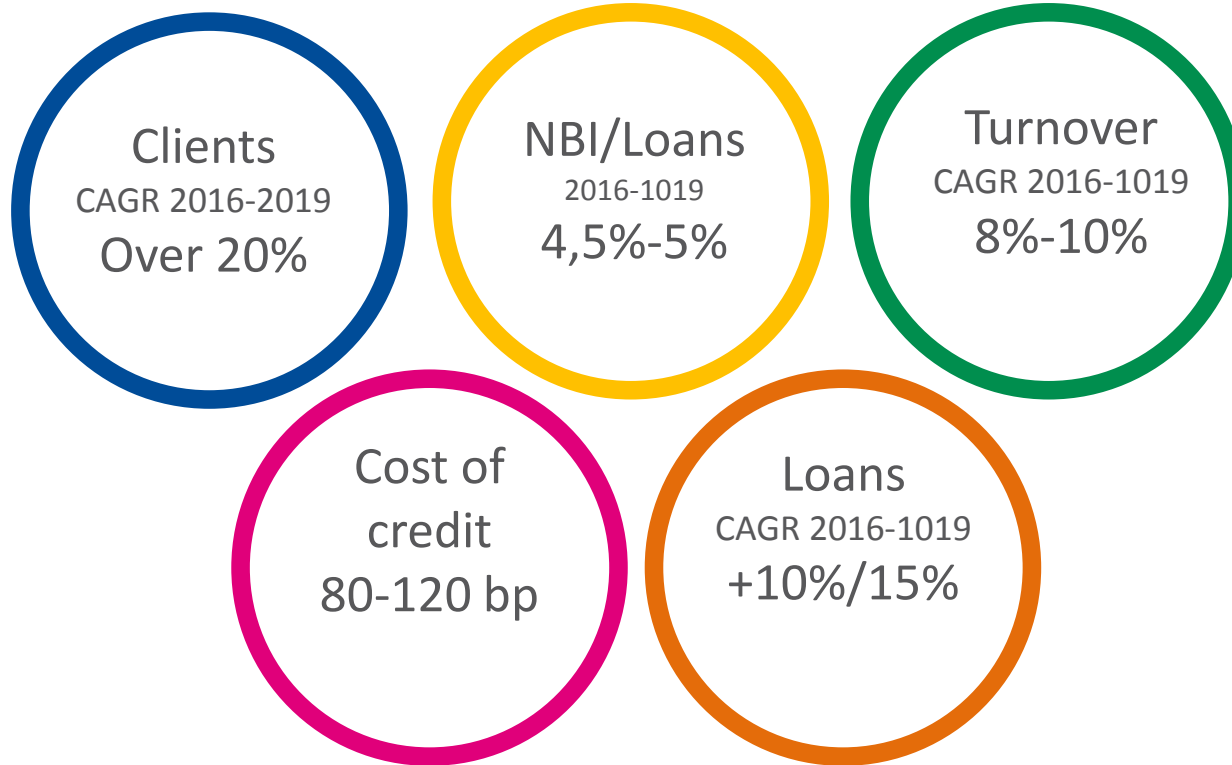
Interbanca Group in break-even from 2017

Reversal of PPA: significant impact in the coming yrs

Profitability of core business more than double in the next 3 years



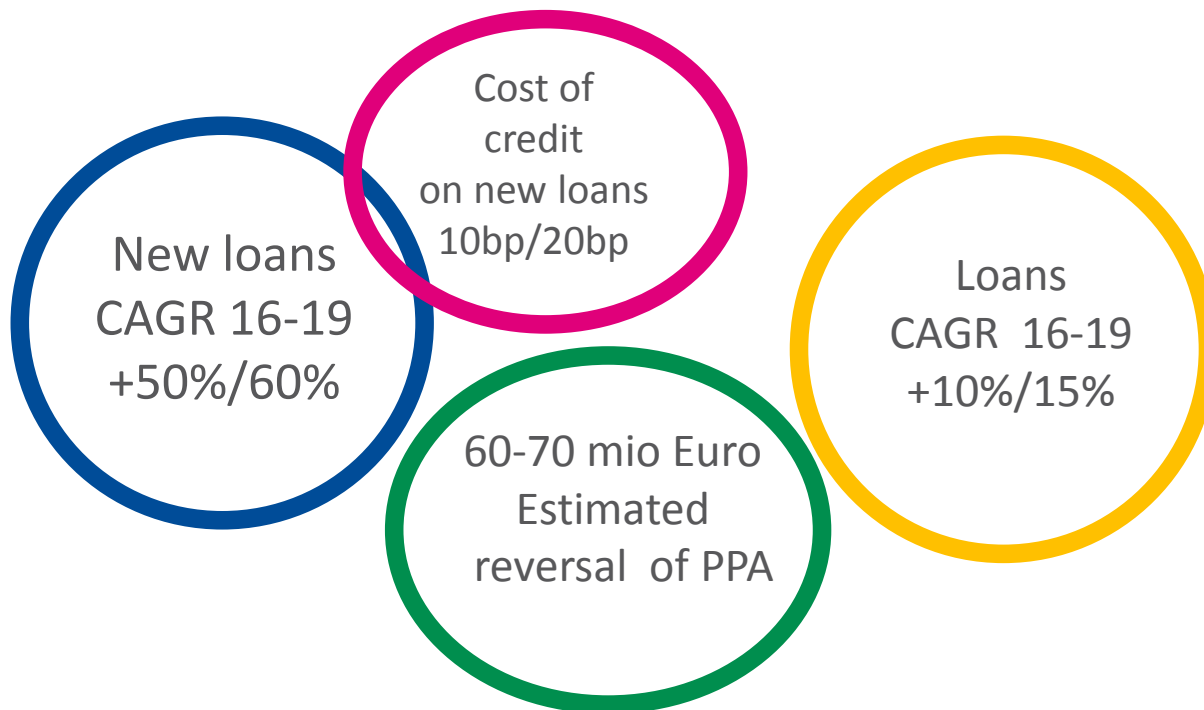
## NBI 152,6 in 2016 CAGR 16-19: 9%-11%



- Increase the customer base
- Grow the retention rate
- Diversify the financial tools to support companies
- Increase the sales people and credit managers in the field
- Strong web & digitalized processes
- Leverage from cross selling



**NBI 0,0** in 2016. Positive impact from reversal of PPA. Profitable from 2017. **Expected 80-90 mio Euro in 2019.**



- Focus on M/L term lending introducing new products and new markets
- Focus on additional clients in structured finance and new segments
- Active portfolio management to recover corporate deteriorated assets
- Run off of the W&R portfolio
- Leverage from cross selling



# NBI 44,9 in 2016 CAGR 16-19: +13%/+16%

Clients

CAGR 2016-2019  
+8%/+10%

Loans

CAGR 2016-2019  
+17%/+19%

New loans  
CAGR 16-19  
+20%/25%

Cost of credit  
50 bp- 80 bp

NBI/LOANS  
2,9%-3,0%

- Increase market share
- New products
- New target markets
- Higher efficiency of distribution
- Leverage from cross selling



# NBI 148,3

in 2016

## CAGR 16-19: +25%/+30%

New portfolio  
acquisition  
2017-2019  
10-15 bn  
Euro

Recovery rate  
**Over 20%**

Loans  
CAGR 2016-2019  
35%/40%

- Strong contribution in gross collection arise from the Legal Factory department
- The disposal of long tail consumer portfolios will strongly positively impact on profit
- Economies of scale in acquiring and managing large numbers of credits
- Leadership in unsecured retail
- New focus on corporate and secured market



# TAX RECEIVABLES: NICE TO HAVE SEGMENT

(Million Euro)

**NBI 13,3** in 2016

**CAGR 16-19: +5%/+10%**

MDI/Loans

7%/ 10% bp

Loans

CAGR 2016-2019

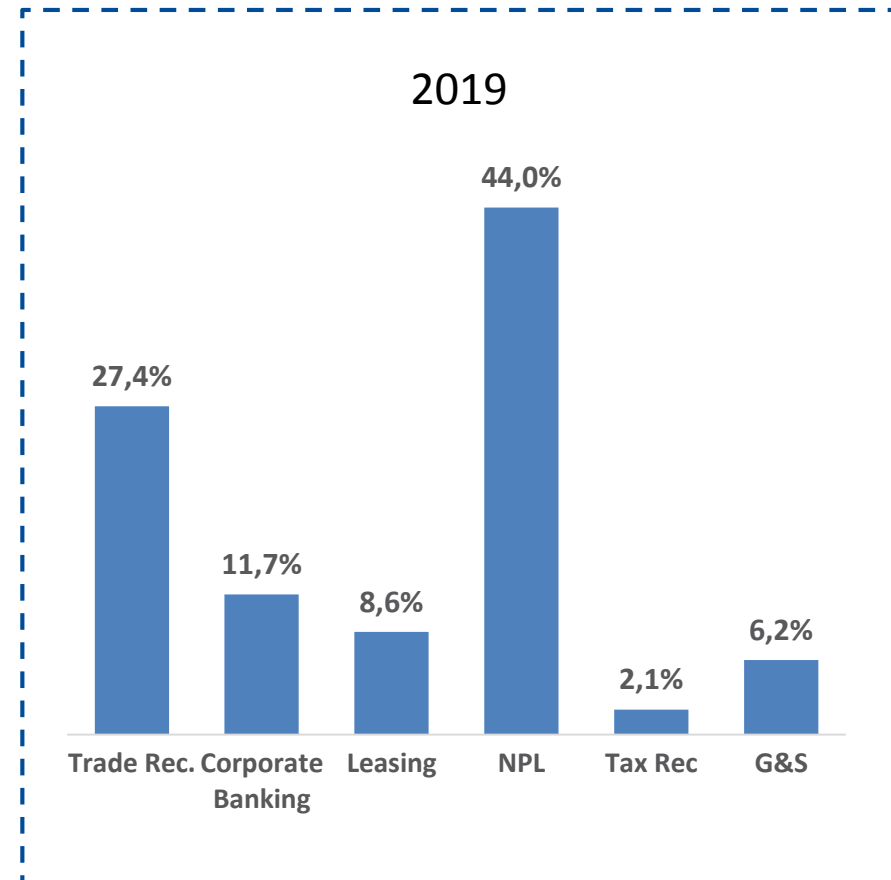
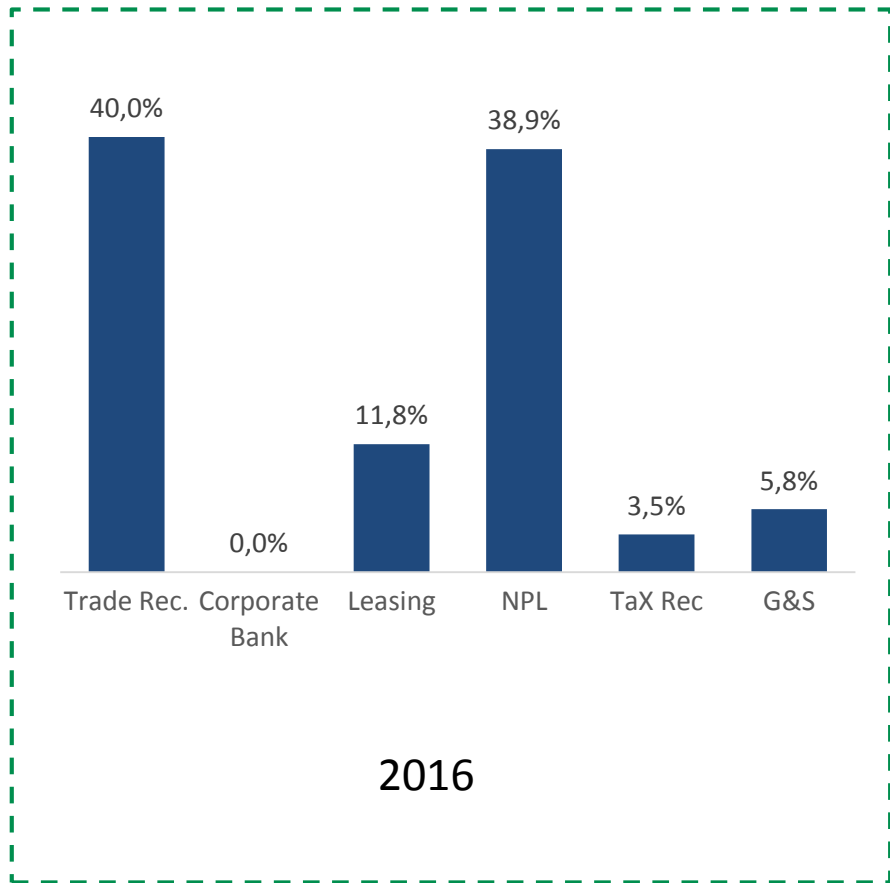
+25%/30%

- Maintain leadership in the existing market
- New segment areas
- Maintain profitability



# EXPECTED BREAKDOWN 2019 NBI BY SEGMENT

(Million Euro)



# BUSINESS MODEL SUITABLE TO INCREASE PROFITS

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(Million Euro)

# NET PROFIT adj 89 in 2016

## CAGR 16-19: 40%-45%

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Excellent credit quality\*:  
Cost of risk around 100 bp  
Net NPL/Loans around 1%  
Coverage 85%/90%

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Cost/Income below 50%

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Reversal of PPA: significant impact in the coming yrs

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\* Total lending to SMEs, not including NPL segment



# FOCUS ON DIVERSIFIED FUNDING

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**Retail deposit:** Moderate growth of the total deposits  
Development of the on-line bank with additional services and products

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**TLTRO:** 700 mln euro for the next 4 yrs. Expected interest rates - 40bp

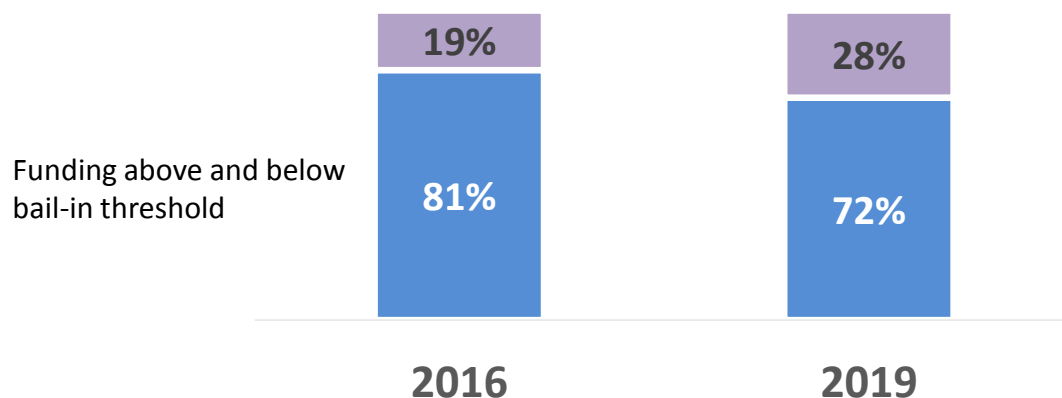
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**Bonds:** Ready to take advantage in the market

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**Securitization:** Rolling existing operations

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Total capital ratio\* in 2016 **15,7%**

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RWA growing according to the lending activity forecasted

Strong decrease in fiscal assets

Organic increase in capital according to the profitability of the bank

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Total capital ratio\* in 2019 **17%-18%**

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\* Not including the effects from the consolidation of the parent company La Scogliera Spa

ROE: over 15% in 2019

EPS: over 4,5 euro

Book value per share: over 30 euro

Digitalized bank: substantial investments in technology

Customer experience: the new heart of the banking innovation

Management team integrated with a unique company culture

Strong, solid and simplified processes to maintain our rate of growth



# Unexpected times

Excess capital in 2019  
according to the present business plan

5 bn euro of potential new assets\*



\* Not including the effects from the consolidation of the parent company La Scogliera

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