

BANCA IFIS

Information on transactions of greater significance carried out with associated parties

**(Pursuant to Art. 5 of Consob Regulation no. 17221 of 12 March 2010 and
subsequently amended by Resolution no. 17389 of 23 June 2010)**

**MERGER OF INTERBANCA SPA AND IFIS FACTORING SRL
INTO BANCA IFIS SPA**

July 2017

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1. Introduction

This informative document (hereinafter, the '**Document**') has been prepared by Banca IFIS S.p.A. (hereinafter, '**Banca IFIS**' or the '**Issuer**' or the '**Acquiring Company**') pursuant to Art. 5 of Consob Regulation no. 17221 of 12 March 2010, subsequently amended by Resolution no. 17389 of 23 June 2010, which lays down provisions relating to Transactions with related parties (hereinafter, the '**OPC Consob Regulation**'), as well as to Banca IFIS's Procedure governing transactions with associated parties, whose last update was approved by the Board of Directors on 10 November 2016.

Specifically, this Document has been prepared as per the resolution adopted today (10 July 2017) by Banca IFIS's Board of Directors and concerns approval of projects for the merger (hereinafter the **Transaction** or the **Merger**) of Interbanca S.p.A. and IFIS Factoring S.p.A. (hereinafter '**Interbanca**' and **IFIS Factoring**' or the '**Absorbed companies**'), companies subject to management and coordination by Banca IFIS. This approval was carried out upon receipt from the Bank of Italy of the relative clearance.

This Document and the opinion of the Risk Management and Control Committee are made available to the public at the registered office and on Banca IFIS's website (www.bancaifis.it). The aforesaid documents will also be sent to Consob at the same time by connection with the authorized storage mechanism pursuant to Art. 65 septies, paragraph 3, of the Issuers' Regulations.

2. Risks of potential conflicts of interest arising as a result of the Transaction

The Merger does not expose the Bank to any particular risks in view of its characteristics, as illustrated in the following section of this Document.

3. Transaction details

3.1 Description of characteristics, formalities, terms and conditions of the Transaction

The Merger by incorporation of Interbanca and IFIS Factoring into Banca IFIS is part of a wider strategic design of rationalization in terms of both the Group's corporate structure and its internal organizational structures. From a strictly individual point of view, two distinct Merger transactions are involved:

- The first concerns Banca IFIS absorbing IFIS Factoring in which it directly holds 100% of the equity stake;
- The second concerns Banca IFIS absorbing Interbanca in which it directly holds 99,993% of the shares.

Two separate Merger projects have therefore been prepared under Art. 2501 ter of the Italian Civil Code. According to the aforementioned regulatory provision, each Merger project must contain at least the following essential elements:

1. The type, name or business name and registered office of the participating companies;
2. The Acquiring company's Articles of Association, including any changes resulting from the Merger;
3. The exchange ratio arising from shares or quotas, as well as any cash balance;
4. The terms relating to the allotment of shares in the Acquiring company;
5. The date from which these shares are entitled to share profits;
6. The date from which the Absorbed companies' transactions are booked in the Acquiring company's financial statements;
7. Any treatment that may be reserved for particular categories of shareholders and holders of securities other than shares;
8. Any particular advantages that may be proposed in favour of individuals involved in the administration of the merging companies.

It should be noted, however, that in the project involving the Merger of IFIS Factoring into Banca IFIS, the information specified in points 3, 4 and 5 have not been described, as per the particular case in Art. 2505 of the Italian Civil Code.

On 6 June 2017, the Bank of Italy granted Banca IFIS clearance to carry out the Merger transaction in question and hence the Merger projects were submitted for final approval on 10 July 2017 to Banca IFIS's and IFIS Factoring's Boards of Directors, as the Articles of Association of these provide this possibility as per the cases

in Arts. 2505 and 2505 bis of the Italian Civil Code, and to Interbanca's Extraordinary Shareholders' Meeting, convened by first summons on 5 September 2017 and, if necessary, by second summons on 6 September 2017.

The Merger of IFIS Factoring is scheduled for 28 July 2017, whilst that of Interbanca is scheduled for mid-October 2017.

With specific reference to the Merger by incorporation of Interbanca, Banca IFIS - for the purposes of applying Art. 2505 bis of the Italian Civil Code – is willing to buy the shares held by Interbanca's minority shareholders at a price of 10,2531 Euro per share.

This price has been calculated in accordance with the criteria for withdrawal pursuant to Art. 2437 ter of the Italian Civil Code and, specifically, taking into account the company's equity and income-earning prospects. For further details, please refer to paragraph 3.4.1.

Interbanca's shareholders who do not intend to opt out, a right that they can exercise up until the end of the business week preceding the Merger date, will be subsequently allocated shares in Banca IFIS at an exchange ratio of 1 : 3,29. For further details on calculation of the share swap ratio, please refer to paragraph 3.4.2.

Banca IFIS S.p.A.'s ordinary shares will be made available to those shareholders, in accordance with the appropriate forms of centralisation in Monte Titoli S.p.A. and dematerialization, starting from the first working day following the effective date of the Merger. That date, and any additional information regarding the allocation of Banca IFIS S.p.A. shares, will be communicated by special press release issued via the SDIR – NIS system and published on the Banca IFIS S.p.A. website (www.bancaifis.it) and authorised storage mechanism (www.emarketstorage.com).

The Merger by incorporation of Interbanca and IFIS Factoring into Banca IFIS constitutes a transaction with associated parties, since the Absorbed companies are directly controlled by the Acquiring company, and is of greater importance in view of the points specified in paragraphs 3.2 and 3.5 respectively.

On 10 July 2017, Banca IFIS's Board of Directors authorized publication of this Document on the basis of the favourable opinion given by the Risk Management and Control Committee and taking into account the Issuer's interest in completing the Transaction, as well as the substantial fairness and benefits of the relevant conditions.

3.2 Indication of the associated parties with whom the Transaction is carried out, the nature of the relationship and the extent of these parties' interests in the Transaction

The Transaction is carried out with related parties as Banca IFIS exercises direct control:

- Over Interbanca, as it holds 99,993% of the latter's capital;
- Over IFIS Factoring, as it holds 100% stake in the latter's capital.

The table below shows the connections existing between the members of the companies involved in the Transaction:

Name	Banca IFIS	Interbanca	IFIS Factoring
Sebastien Egon Furstenberg	Chairman of the Board of Directors	Chairman of the Board of Directors	
Giovanni Bossi	C.E.O.	C.E.O.	
Alberto Staccione	General Manager	Director	Chairman
Giuseppe Benini	Independent Director	Independent Director	
Giacomo Bugna	Chairman of the Board of Statutory Auditors	Chairman of the Board of Statutory Auditors	Chairman of the Board of Statutory Auditors
Giovanna Ciriotta	Standing Auditor	Standing Auditor	Standing Auditor
Piera Vitali		Standing Auditor	Standing Auditor

3.3 Indication of the economic rationale and benefits for the Bank behind the Transaction

The Transaction is part of a wider strategic plan to reorganise the overall Group corporate structure and the individual organizational units within.

Some of the main advantages of the Transaction are:

- Strengthened capital within the Acquiring company;
- Rationalization of the Group's corporate structure due to reducing the number of corporate bodies, resulting in:
 - Reduction in the operating costs of the same;
 - Increased efficiency and speed in decision-making;
- Rationalization of organisational structures by integrating redundant structures into others and eliminating overlapping in production processes, in order to reach higher levels of efficiency and economies of scale;
- Simplification of the Group's current internal auditing and control system. Specifically, the current control structures within Interbanca, in which the control functions of IFIS Factoring are also centralized, will be merged with that of the Parent company;
- Containment of fees related to outsourcing the IT system. Specifically, the Merger will result in a saving that can be attributed to the entire fee that:
 - Interbanca pays Cedacri. Indeed, with the Merger, all operations will be moved to Banca IFIS's systems;
 - IFIS Factoring pays ARCARES for the supply of the K4F management system.
- Dissolution of numerous contracts entered into by Interbanca and IFIS Factoring with external service providers, and consequent cost savings.

3.4 Method used to calculate the Transaction consideration and evaluation of its adequacy in relation to market values of similar transactions

3.4.1 Calculation of the consideration to be paid to Interbanca's minority shareholders should Banca IFIS's offer to purchase the shares held by these parties be accepted

Through this Merger, Banca IFIS will acquire Interbanca. Banca IFIS holds 99,993% of Interbanca's share capital.

Therefore, Banca IFIS – for the purposes of Article 2505-b of the Italian Civil Code – has made itself available to purchase the shares held by Interbanca's minority shareholders at a price of €10,2531 per share. This value, as per the provisions of Article 2437-c of the Italian Civil Code, has been set by the Directors using the criteria for withdrawal and, in particular, taking account of the company's equity and income-earning prospects.

Specifically, the acquisition of Interbanca by Banca IFIS, which was completed on 30th November 2016, meant that the Acquiring company, also for the purposes of representing the effects of the Transaction, had to determine the fair value of the assets and liabilities acquired. This value has been calculated based on analytical methods for each individual asset and liability acquired and, altogether, stands at €742.783.172. It is also within the range of values calculated, with the assistance of an external consultant, at an early stage in the formulation of the binding purchase offer. This range extended from a minimum of €565 million Euro to a maximum of €747,6 million Euro.

Based on the assessment carried out and taking into account both the split of Interbanca's share capital into 72.445.094 shares and the provisions of Article 2505-b of the Italian Civil Code, Banca IFIS's Board of Directors has decided to offer Interbanca's minority shareholders a cash offer of €10,2531 per share. Any Interbanca minority shareholder wishing to divest their shares may do so by giving notice by registered letter to be sent within 15 days of the Merger resolution being recorded in the Business Register. This communication – that must be addressed to Interbanca's Legal and Regulatory department at their registered office – must contain the following information:

- The shareholder's personal information and tax reference, and a domicile address (and, if possible, a telephone number) to which any communication relating to the proceedings can be delivered;
- The number of shares sold;
- Details of the shareholder's current account to which the cash value of the shares sold will be credited;
- Indication of any intermediary where the shares sold may be deposited.

If the Bank does not receive any communication from Interbanca's minority shareholders, it will carry out the exchange of Interbanca shares with those of Banca IFIS.

3.4.2 Determination of the exchange ratio should Interbanca's minority shareholders not accept Banca IFIS's offer to purchase the shares held by these parties

If Interbanca's minority shareholders do not accept Banca IFIS's proposal to purchase their shares for cash, the Merger will be carried out exchanging Interbanca shares with ordinary shares in the Acquiring company. The exchange ratio has been determined by Banca IFIS's Board of Directors in the ratio of 1 Banca IFIS share for every 3.29 Interbanca shares, based on Banca IFIS's stock market value as stated on 31st May 2017, equal to €33,75 per share, and a sale value uniformly attributed to Interbanca shares, amounting to €10,2531 per share.

3.5 Indication of the economic, financial and equity effects of the Transaction and the most important applicable ratios

From a consolidated point of view, no significant economic, capital or financial impact is expected as a result of the Transaction since Banca IFIS already holds a stake equal to:

- 100% of IFIS Factoring's capital;
- 99,993% of Interbanca's capital.

With specific reference to the impact on capital ratios, risk concentration and maturity transformation, no significant changes have occurred since, as already stated, the Transaction involves almost the entire equity holding.

The effects of the Transaction will be visible, according to Art. 2504 bis, second paragraph, of the Italian Civil Code, as from the last Merger registration entry, or a later date indicated in the Merger Agreement.

The Absorbed companies' transactions will be charged to the Acquiring company's financial statements from the first day (01/01/2017) of the fiscal year in progress at the time the Merger takes effect, as per Article 2504-b of the Italian Civil Code. From the same date, the tax consequences, as per Article 172 of the Italian Consolidated Income Tax Law, will take effect.

Regarding tax, it should be noted that the Merger is fiscally neutral, as per Article 172, paragraphs 1 and 2, of the Italian Consolidated Income Tax Law.

The Transaction in question is qualifiable as being of greater importance as the asset index is equal to 28,29%, a value well above the 5% threshold. This value has been calculated as a ratio between:

- The numerator - the sum of the total assets of the Absorbed companies at 31/12/2016, equal to Euro 2.461.111,00;
- The denominator - the consolidated total assets of Banca IFIS at 31/12/2016, equal to Euro 8.699.145,00.

It should be noted that, although the Transaction is considered to be one of greater importance, the information document as per Art. 70 of the Issuers' Regulations will not be produced as Banca IFIS has resolved, through the Board of Directors' resolution of 21 January 2013, to exercise its right¹ to opt out provided for in Consob Resolution no. 18079 of 20 January 2012.

3.6 Impact on the compensation of Banca IFIS's and/or Banca IFIS's subsidiaries' Board of Directors

The Transaction does not involve any change in the remuneration of the Issuer's or any of its subsidiaries' directors.

3.7 Corporate officers and key managers who led or participated in the negotiations

Corporate representatives who led or participated in the negotiations are:

- Mr. Giovanni Bossi, Banca IFIS's C.E.O.;
- Mr. Alberto Staccione, Banca IFIS's General Manager.

Consistent with the provisions of Banca IFIS's Procedure for the management of transactions with associated parties, the independent Directors sitting on the Risk Management and Control Committee also participated in the investigation and negotiation phases. These parties are:

- Mr. Giuseppe Benini, Chairman of the Risk Management and Control Committee;
- Ms. Francesca Maderna;
- Prof. Daniele Santosuosso;

¹ The choice made was notified to Consob and the market the day after the Board resolution

- Prof. Antonella Malinconico.

3.8 Approval of the Transaction

The Merger by integration of Interbanca and IFIS Factoring into Banca IFIS was unanimously approved by Banca IFIS's Board of Directors on 10 July 2017, following the favorable opinion of the Risk Management and Control Committee (made up of independent Directors only), with no abstentions or votes against.

The Board of Directors and the Risk Management and Control Committee (made up of independent Directors only) were provided with appropriate information on the Transaction well in advance.

The Risk Management and Control Committee was also involved in the negotiations and the preparatory stage by means of receiving complete and timely information flows with the right to ask questions and make comments.

An extract of the minutes of the Risk Management and Control Committee meeting is attached to this Document.

3.9 Determination of the Transaction's significance when considered cumulatively, as per Art. 5, paragraph 2, of the 'OPC Consob Regulation'

Not applicable.

Enclosures

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MINUTES OF THE RISK MANAGEMENT AND CONTROL COMMITTEE MEETING

On 10 July 2017, at 10:45 at the subsidiary's headquarters (Interbanca) at Corso Venezia 56 in Milan, the Risk Management and Control Committee meeting started.

Present at this Meeting were:

- the Chairman of the Committee, Mr. Giuseppe Benini, and the Directors, Ms. Francesca Maderna, Prof. Antonella Malinconico and Prof. Daniele Santosuosso;
- the Chairman of the Board of Statutory Auditors, Mr. Giacomo Bugna, who joined the meeting via video conferencing, and the Standing Auditor, Ms. Giovanna Ciriotta, who connected via audio conference;
- the Chief Executive Officer, Mr. Giovanni Bossi, who joined the meeting via video conferencing.

Also present:

Mr. Vincenzo Schiazzano
Ms. Federica Lovato
Mr. Ruggero Miceli

Head of Corporate Affairs
Corporate Affairs (joined in video conferencing)
Head of Internal Auditing (joined in video conferencing)

... OMISSIS ...

At the end of the Meeting, the Risk Management and Control Committee, composed of independent Directors only, acknowledged:

- The Bank's interest in completing the merger of Interbanca S.p.A. and IFIS Factoring s.r.l. into Banca IFIS S.p.A.;
- The benefits and substantial fairness of the relative conditions.

The Committee believes it is in Banca IFIS's interest to complete the operation and gives the green light for approval of such operation by the Board of Directors.

... OMISSIS ...

Having discussed the topic in full, the meeting ended at 11:00 hours.

The Director
Mr. Giuseppe Benini

The Director
Ms. Francesca Maderna

The Director
Prof. Antonella Malinconico

The Director
Prof. Daniele Santosuosso
