



BANCA IFIS

Fixed Income Presentation Tier 2 Capital Issuance

October 2017

Executive summary

- Largest independent operator in the specialty finance market in Italy
- Unique business model focused on resilient and appealing niches
- Sound balance sheet in the Italian banking system
- Resilient earnings and visible capital generation
- Well positioned to catch potential opportunity in the consolidation path supported by a successful track record
- Positive stock performance since listing
- Rated BB+ by Fitch (outlook stable)



I. Banca IFIS at a glance

A. Company Profile and Strategic Guidelines

B. Acquisition of Interbanca

II. Financial Performances

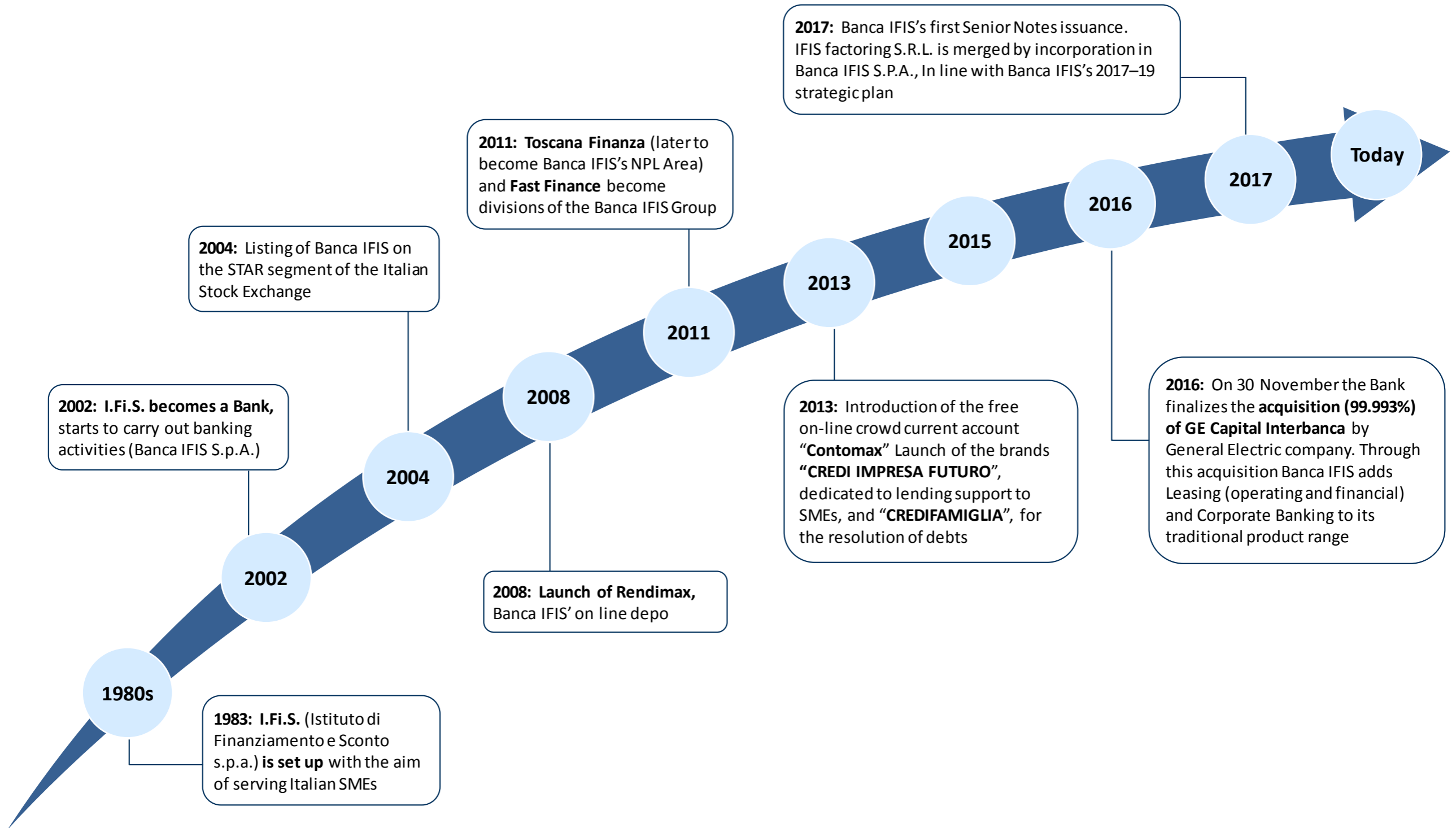
III. Tier 2 Transaction

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Key stages of Banca IFIS' development

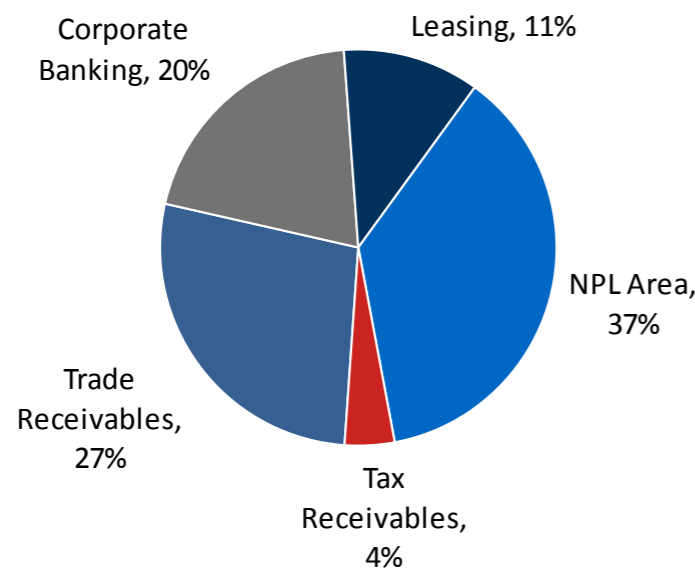


Market position

Banca IFIS has leading positions in Italian markets for trade receivable, non performing loans and purchase of tax receivables

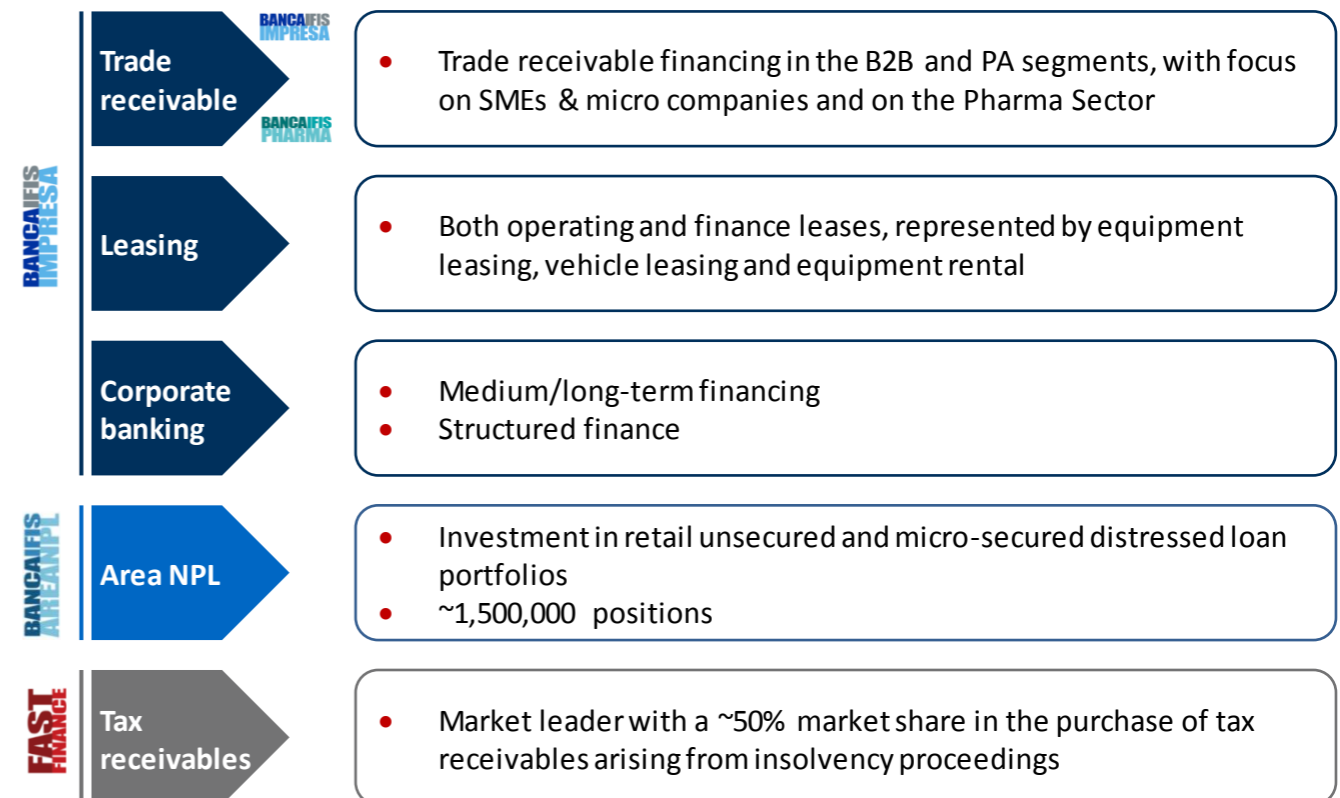
- Business model built on the core expertise and on a unique capability to surf on the market opportunities, with focus on SMEs and retail business
- Moreover, following the acquisition of the former GE Capital Interbanca Group (Interbanca Group in the following slides), Banca IFIS significantly increased its customer base, as well as widened its products and services thanks to the know-how in the leasing segment and in the mid-term financing solutions developed by the new subsidiaries

Breakdown of Net Profit from Financial Activity (NPFA) by business segment (H1 2017) ¹



€mn	Trade receivables	Corporate banking	Leasing	NPL area	Tax receivables
NPFA	58.5	96.9	27.9	79.0	8.6
PPA Reversal	0.0	53.7	4.1	0.0	0.0
NPFA net of PPA	58.5	43.2	23.8	79.0	8.6

Business lines

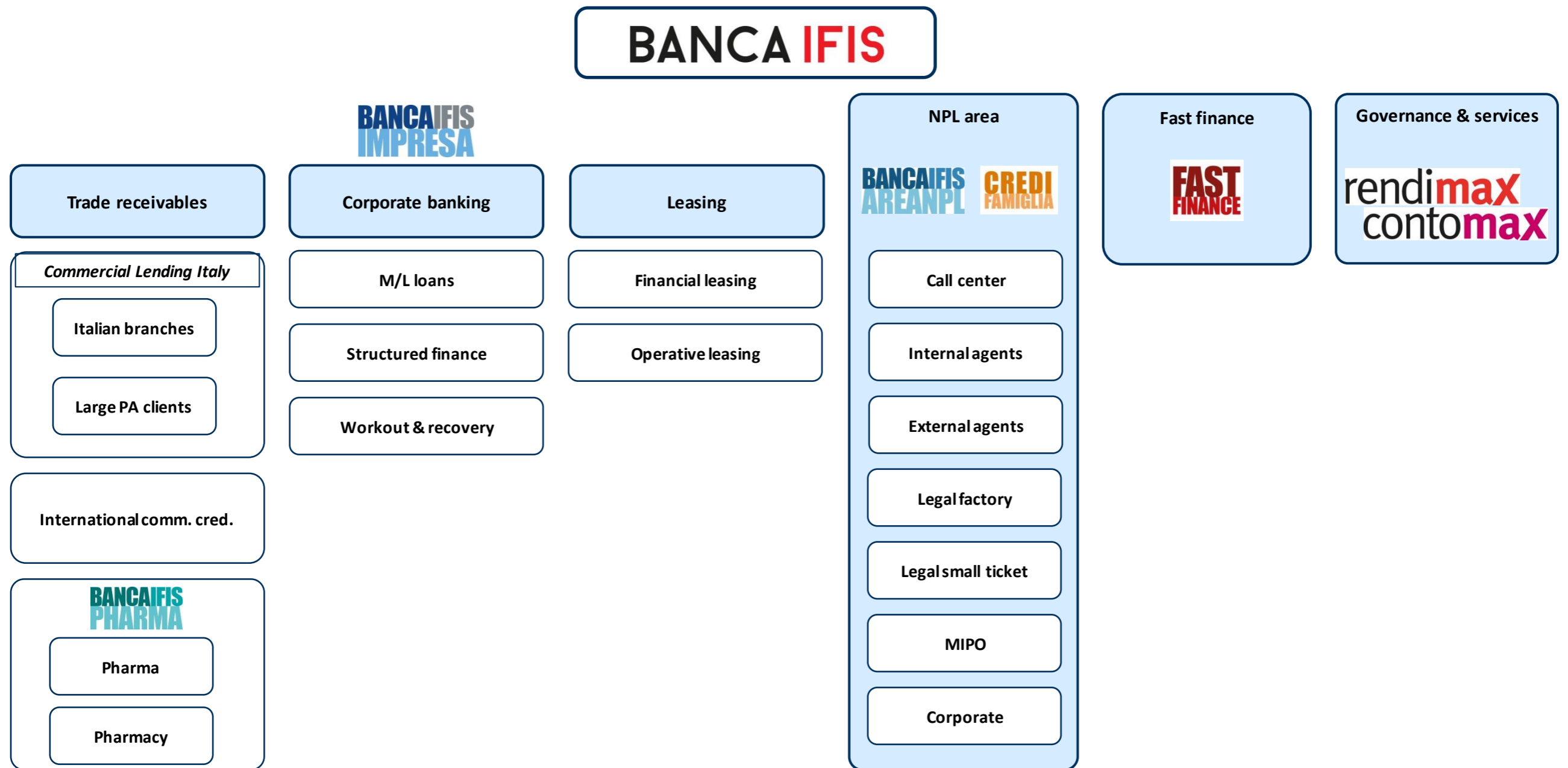


Note: 1. Excluding "Governance and Services" which negatively contributed for 1%. Net of PPA reversal



Banca IFIS group at a glance

The only independent banking group in Italy specialised in the segment of trade receivables, non performing loans and tax receivables



Light blue boxes reflects the consolidated statements reporting



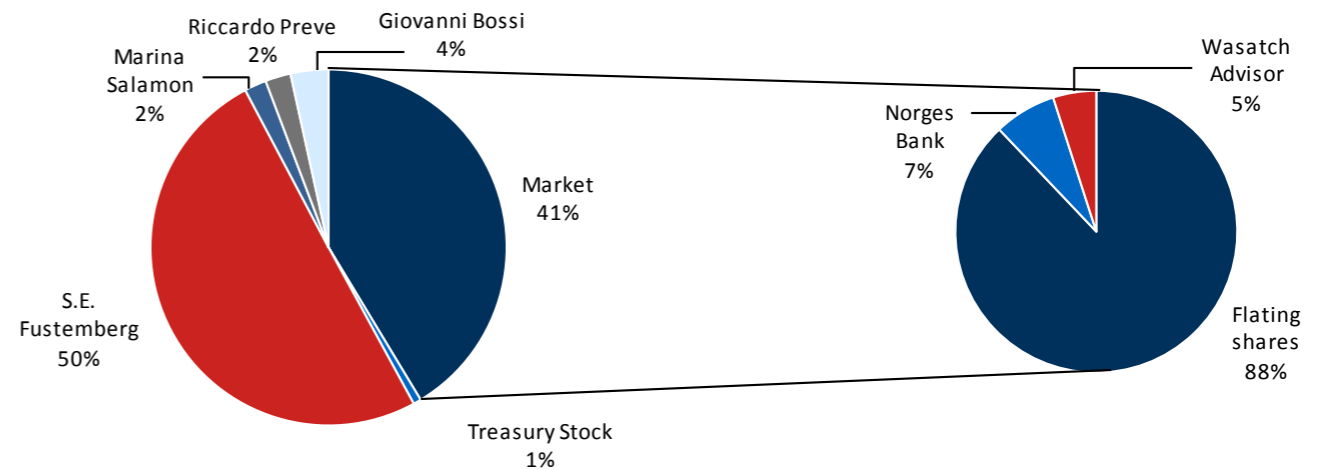
Management and shareholding structure

Shareholders and management team with extensive and important track record

- In 2004, Banca IFIS was listed on the STAR segment of the Borsa Italiana
- La Scogliera Spa, the holding company of the Fürstenberg family, currently owns 50.11% of Banca IFIS, and Mr Fürstenberg owns directly an additional 0.08%

Shareholding Structure (30 September 2017)

- Banca IFIS is controlled by the Fürstenberg family, via La Scogliera Spa
- La Scogliera Spa, which has no other material investments outside of Banca IFIS, is not involved in the day-to-day management of Banca IFIS. No debt impact for dividend distribution¹
- Giovanni Bossi and other Directors of Banca IFIS hold 7.75%² of shares
- The free float is 41% of shares; Banca IFIS' market capitalization was €2.48bn at 29 September 2017



Leading Board Members



Sebastien Egon Fürstenberg
Chairman



Alessandro Csillaghy
Deputy Chairman



Giovanni Bossi
Chief Executive Officer



Giovanni Bossi
Chief Executive Officer



Alberto Staccione
General Manager




Top Management

Notes:

1. In relation to the proposal of any distribution of profits, those non-independent directors which hold equity participations in the capital of the Bank in excess of the minimum amount allowed by the Consob under article 120 of the Testo Unico della Finanza (TUF), will be required to abstain from such decision
2. Detail related to material shareholders monitored by Consob



Strategic plan to be executed within conservative objectives for capital, liquidity, and risk-adjusted returns

Pillars	Objectives	Strategic assumptions
 <p>Solidity</p>	<ul style="list-style-type: none"> • Safeguarding equity • High level of solvency • Capitalization supports the growth of the Bank 	<ul style="list-style-type: none"> • Increase in net income and equity • Focus in maintaining an excellent asset quality
 <p>Liquidity</p>	<ul style="list-style-type: none"> • Funding with retail deposits and pool of assets eligible for refinancing at the Eurosystem • Consistent approach to extension of funding deadlines • Diversification of funding • Use of excess of liquidity to take opportunities for other parties asset disposal 	<ul style="list-style-type: none"> • Increase retail funding • Optimize securitisation • Subordinated and senior bond issuance • Use TLTRO program to reduce funding cost
 <p>Sustainable Profitability</p>	<ul style="list-style-type: none"> • Strategic focus on risk adjusted returns • Lending allocation determined by risk-adjusted returns • Increase in net banking income in each business segment 	<ul style="list-style-type: none"> • Optimisation of recovery methods • Improvement of commercial credits to small and medium business segment • Cost of risk reduction • Enter into new markets • Optimization overhead costs



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Acquisition of Interbanca highlights

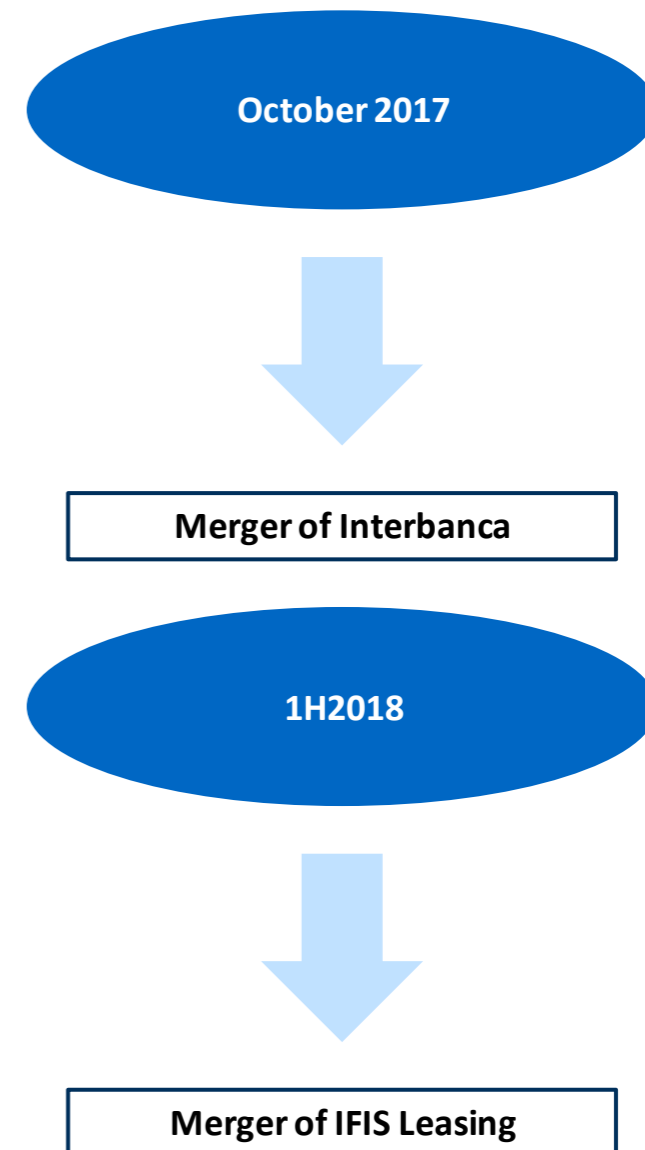
- Banca IFIS has enlarged its product portfolio by **acquiring Interbanca Group** from GE Capital for the final acquisition cost €109.4mn. **Acquisition brought valuable skills, size and capital to the Group**
- The target is to become a leading player in the **Italian banking sector**, specialized in a wide range of financing services including **corporate lending, structured finance, leasing and rental services**

Acquisition Highlights & Objectives

<p>Scope of the Acquisition</p> 	Acquisition of 99.99% of Interbanca S.p.A (Lending) and its Factoring and Leasing (financial & operational) subsidiaries
<p>Rationale</p> 	Leverage platform through new products, clients and greater efficiency of cost structure and capital
<p>Purchase Price</p> 	Purchase price initially set at €160mn in cash, final acquisition cost defined at €109.4mn for an equity book value of around €1bn. Full reimbursement of GE indebtedness in cash at the closing date for €2.1bn

- 1 Implementation of a selective approach to small and medium-sized companies in lending
- 2 New speciality-finance opportunities in niche areas (e.g. restructuring)
- 3 Revenue synergies due to cross-selling opportunities within both the customer base of Banca IFIS and of Interbanca Group
- 4 Active management of non-performing corporate assets
- 5 Rationalization and simplification of the target operating model
- 6 Cost synergies by leveraging the target HR structure to support the new Group's expected growth

Next Steps



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Banca IFIS Group Key Financials

Resilient earnings and sound balance sheet

Key P&L data (€mn)	2014A	2015A	2016A	H1 2017
Net Banking Income	284.1	408.0	358.6	264.8
Total Operating Costs	(104.7)	(128.1)	421.2	(122.6)
Loan Loss Provisions	(34.5)	(25.3)	(54.9)	1.2
Net income	95.9	162.0	687.9	103.7

Key BS data (€mn)	2014A	2015A	2016A	H1 2017
AFS	243.3	3,221.5	374.2	639.1
Due from Banks	274.9	95.4	1,393.4	1,667.5
Loans to customers	2,814.3	3,437.1	5,928.2	6,084.1
Tax Assets	40.3	61.7	581.0	545.7
Total assets	8,309.3	6,957.7	8,699.1	9,444.1
Due to banks	2,259.0	663.0	504.0	967.3
Due to customers	5,483.5	5,487.5	5,045.1	5,291.6
Debt Securities issued	0.0	0.0	1,488.6	1,352.4
Total Liabilities	7,871.4	6,384.3	7,480.4	8,160.8
Total equity	437.9	573.5	1,218.7	1,283.3

Group KPIs (%)	2014A	2015A	2016A	H1 2017
ROE	23.5%	30.4%	98.5%	n.m.
Normalised ROE ²	23.5%	16.3%	15.5%	n.m.
ROA	1.7%	3.5%	8.3%	n.m.
CET1 ¹	13.9%	14.2%	14.7%	14.8%
Total Own Funds Capital ¹	14.2%	14.9%	15.3%	15.6%
Payout	36.4%	24.9%	6.4%	n.m.
Normalised Payout ²	36.4%	51.3%	48.8%	n.m.
Cost Income	36.8%	31.4%	n.m.	46.3%
Normalised Cost Income ³	37.1%	45.8%	51.9%	49.0%
Cost of Risk	1.7%	0.9%	0.8%	0.8%

Notes:

1. Including La Scogliera.

2. Excludes the bargain on Interbanca Group acquisition.

3. Includes the net value adjustments on NPL Area receivables

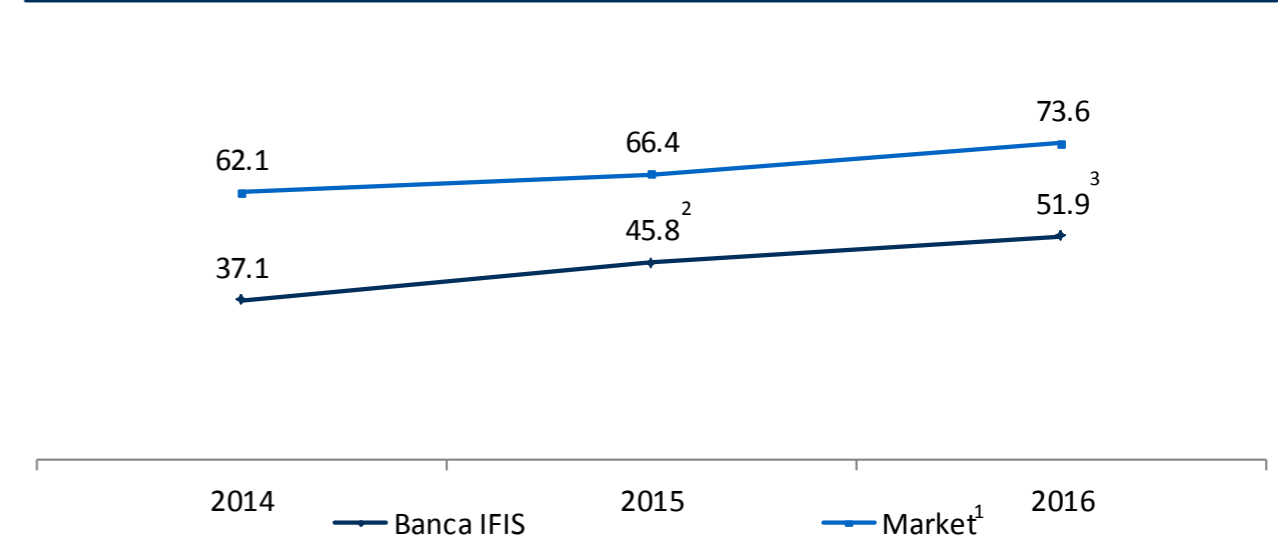


Banca IFIS vs. Italian Bank peers (1/2)

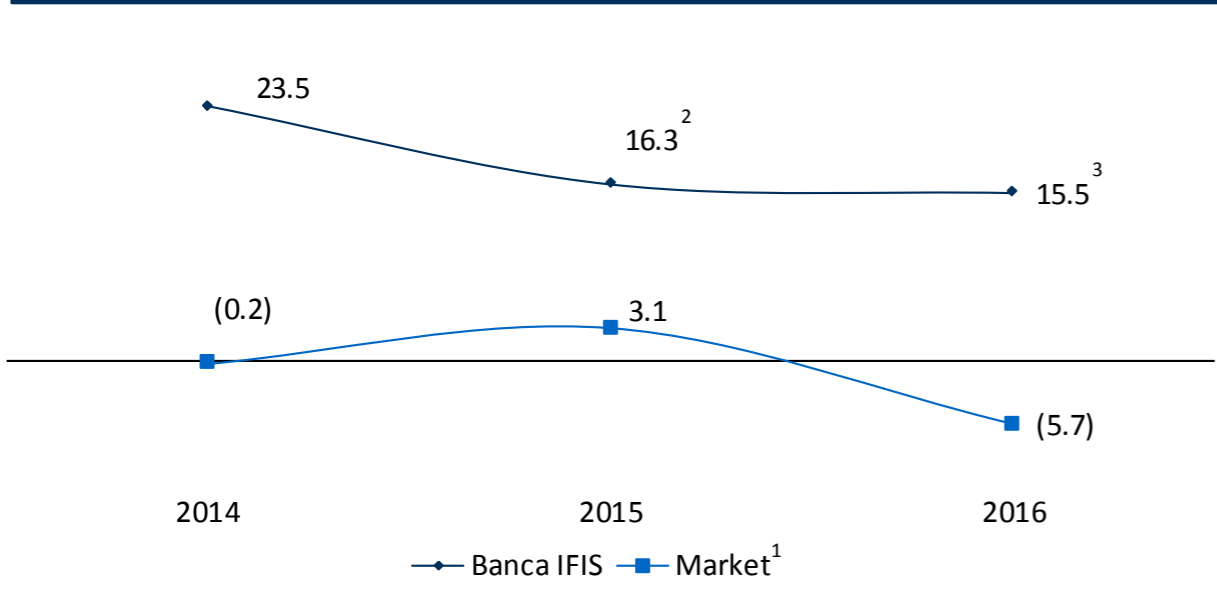
Banca IFIS has a track record of superior financial performance and profile

- Cost/income below market average, also after the Interbanca's acquisition
- Double digit ROE, amongst the strongest Return on Equity in the Italian banking system

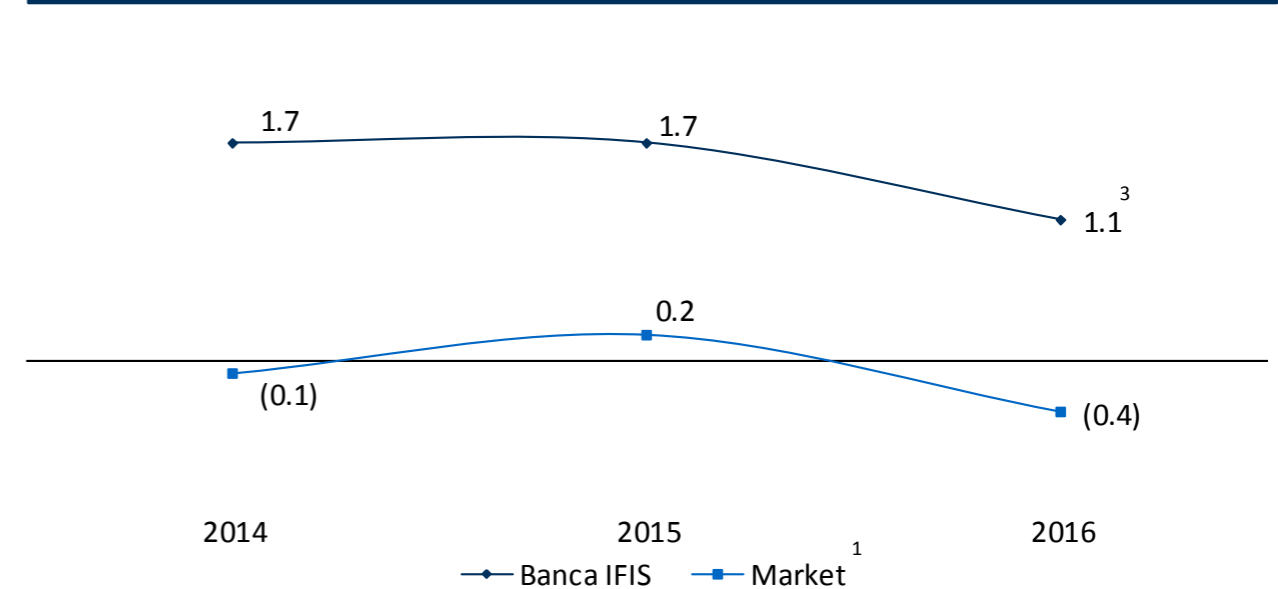
Cost income (%) ⁴



RoE (%)



Pre-tax income / total assets (%)



Notes:

1. Market average based on Bank of Italy Statistical Bulletin and Annual Reports.

2. Excluding capital gain on government bonds portfolio.

3. Excluding the bargain on Interbanca Group acquisition.

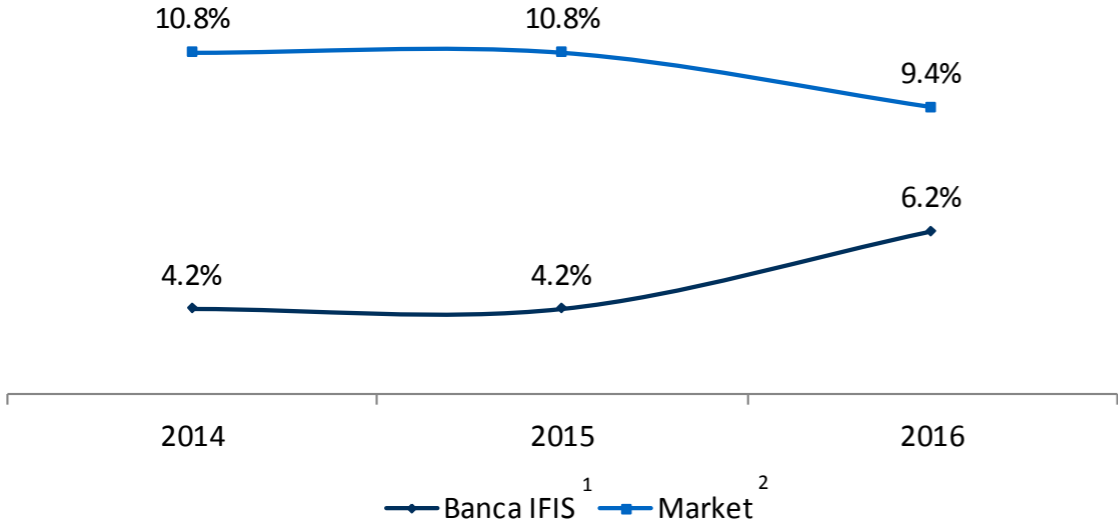
4. Banca IFIS Cost income includes the net value adjustments on NPL Area receivables.



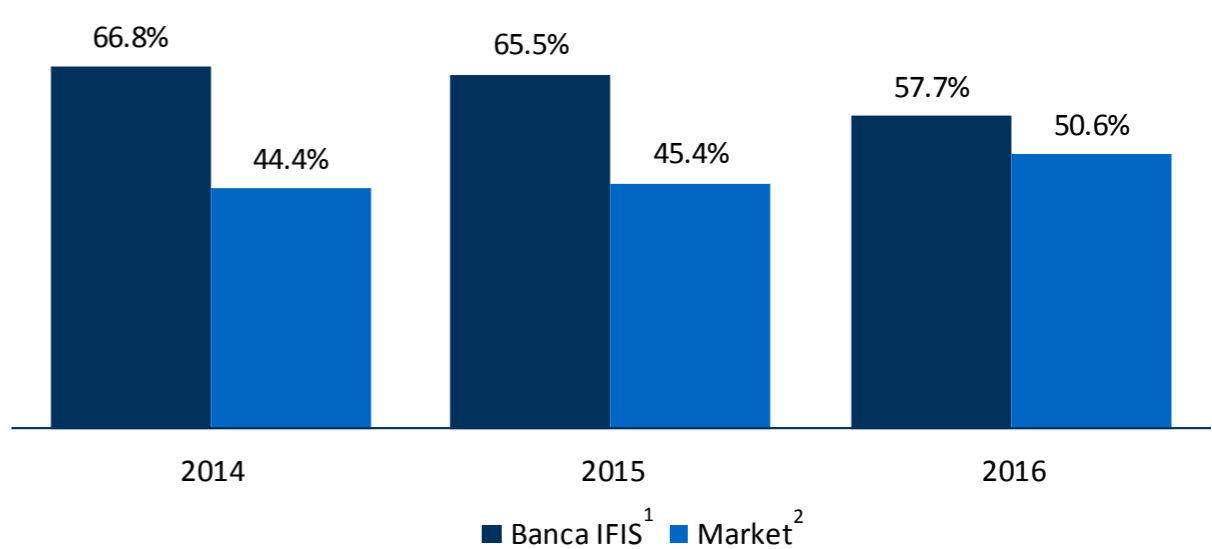
Banca IFIS vs. Italian Bank peers (2/2)

Banca IFIS has a track record of superior financial performance and profile

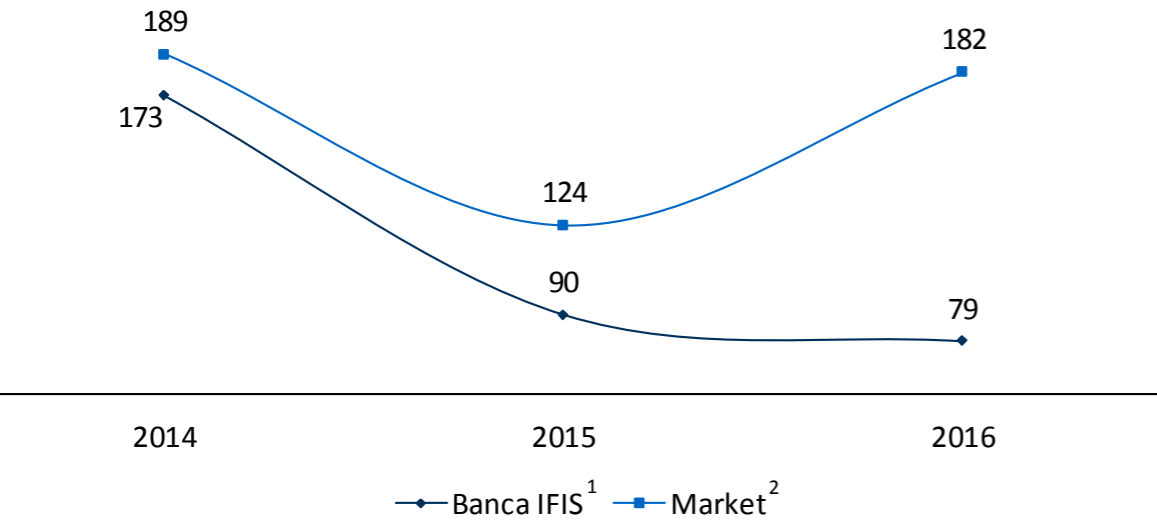
Net Impaired Loans Ratio



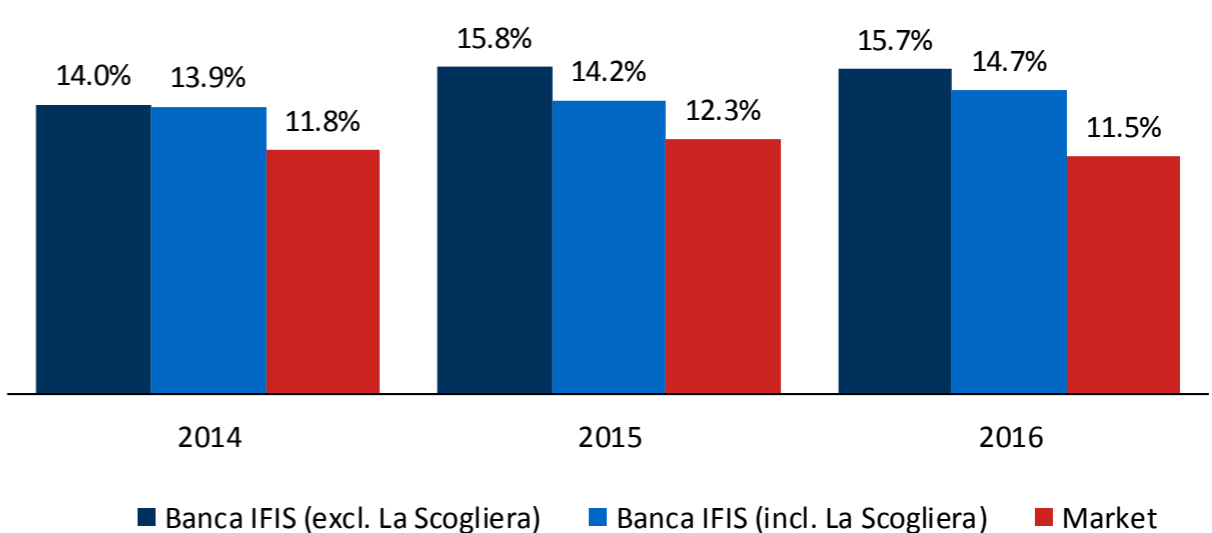
Impaired Loans Coverage Ratio



Cost of Risk (bps)



CET1 Ratio



Notes: 1. Excluding Interbanca and NPL Area. 2. Market average based on Bank of Italy Statistical Bulletin and Annual Reports.

Solid asset structure

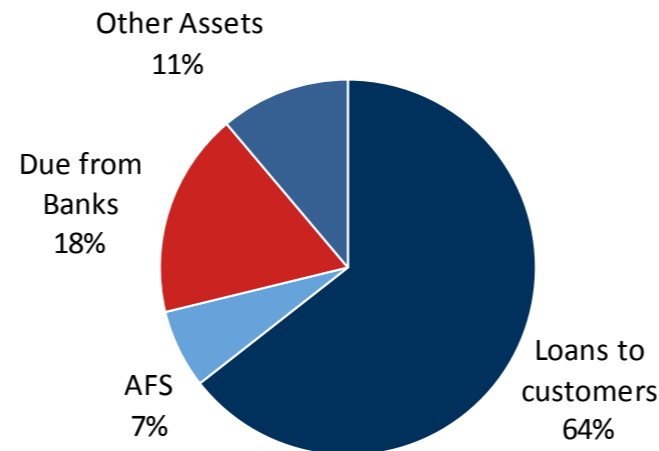
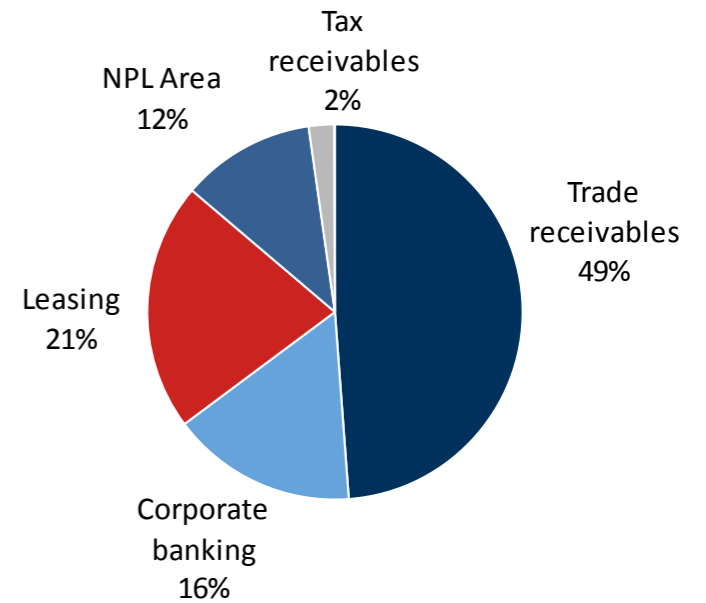
In 2016 assets size doubled following the Interbanca Group acquisition

H12017 Total Assets €9,444mn (Ch. +8.6% vs FY16)

- (Net) Loans to Customers
- Available for Sale (AFS)
- Due from banks
- Other Assets

€mn (Change vs FY16)	
(Net) Loans to Customers	6,084 (+2.6%)
Available for Sale (AFS)	639 (+70.8%)
Due from banks	1,667 (+19.7%)
Other Assets	1,053 (+5.0%)

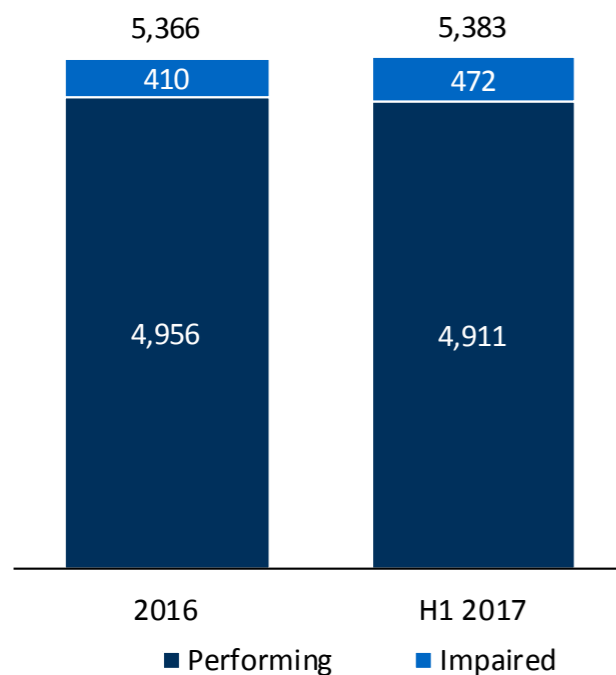
Of which Deferred Tax Asset accounted for €464mn (-5.9%)



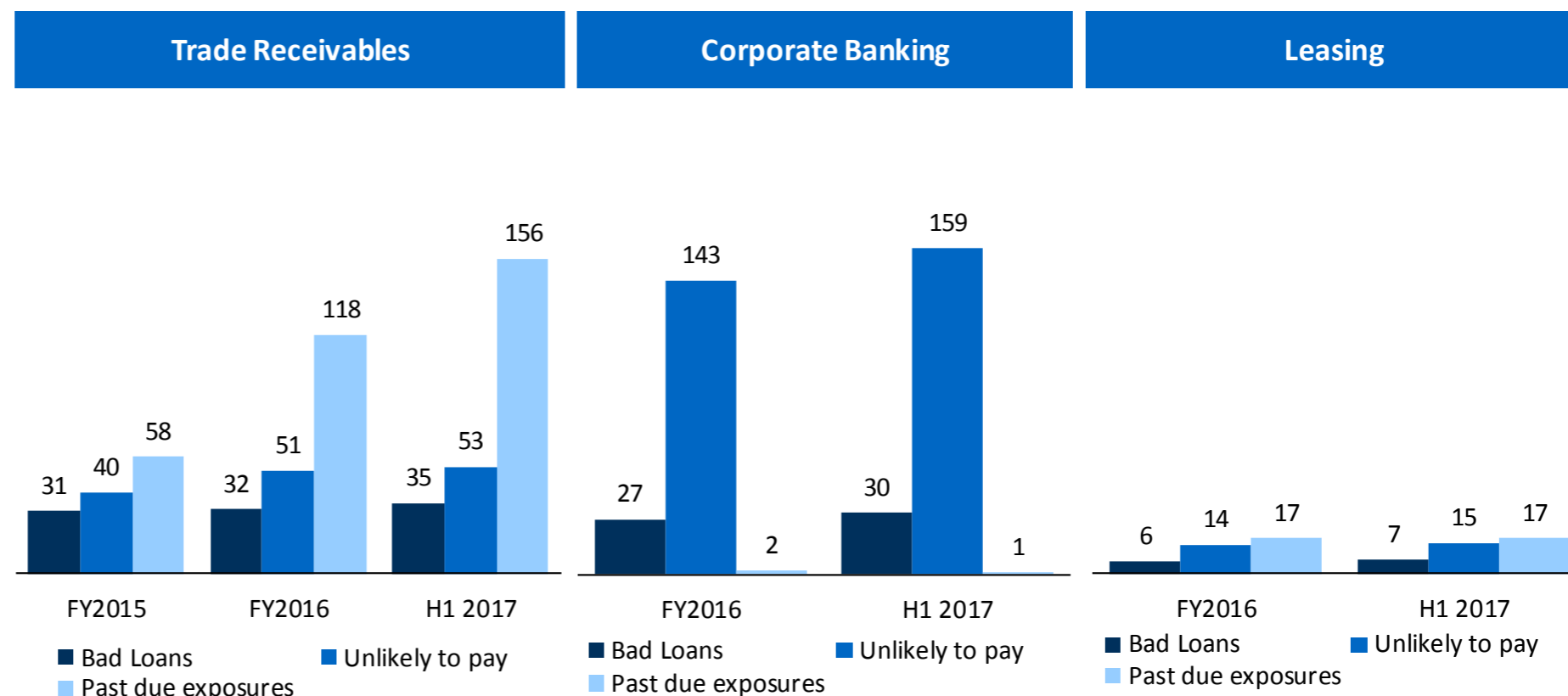
Asset Quality

Excellent asset quality underpinned by extremely conservative provisioning

Net Customer Loans (NBV) (€mn)¹



Non Performing Exposures Trend (€mn)¹



- Growing business towards Public Administration within Trade Receivables segment
- Focus on recourse factoring (~80% of factored receivables) implies that the risk remains with the assignor
- Low levels of delinquencies also thanks to the quality of lessees
- Extremely high level of provisioning

	Trade Receivables			Corporate Banking		Leasing	
	FY2015	FY2016	H12017	FY2016	H12017	FY2016	H12017
• Total Net Non-Performing exposures €mn)	129	201	244	172	189	37	38
• Bad Loans Coverage Ratio (%)	87.9%	88.5%	87.7%	94.0%	93.0%	92.2%	89.2%
• Bad Loans /Loans to Customers(%)	1.1%	1.0%	1.2%	3.0%	3.1%	0.5%	0.5%
• Bad Loans /Equity (%)	5.4%	2.6%	2.7%	2.2%	2.3%	0.5%	0.5%
• Impaired assets/Loans to Customers (%)	4.5%	6.5%	8.2%	19.0%	19.5%	3.0%	2.9%
• Cost of Credit (%)	0.9%	0.8%	0.8%	0.1%	-3.3%	1.5%	0.3%

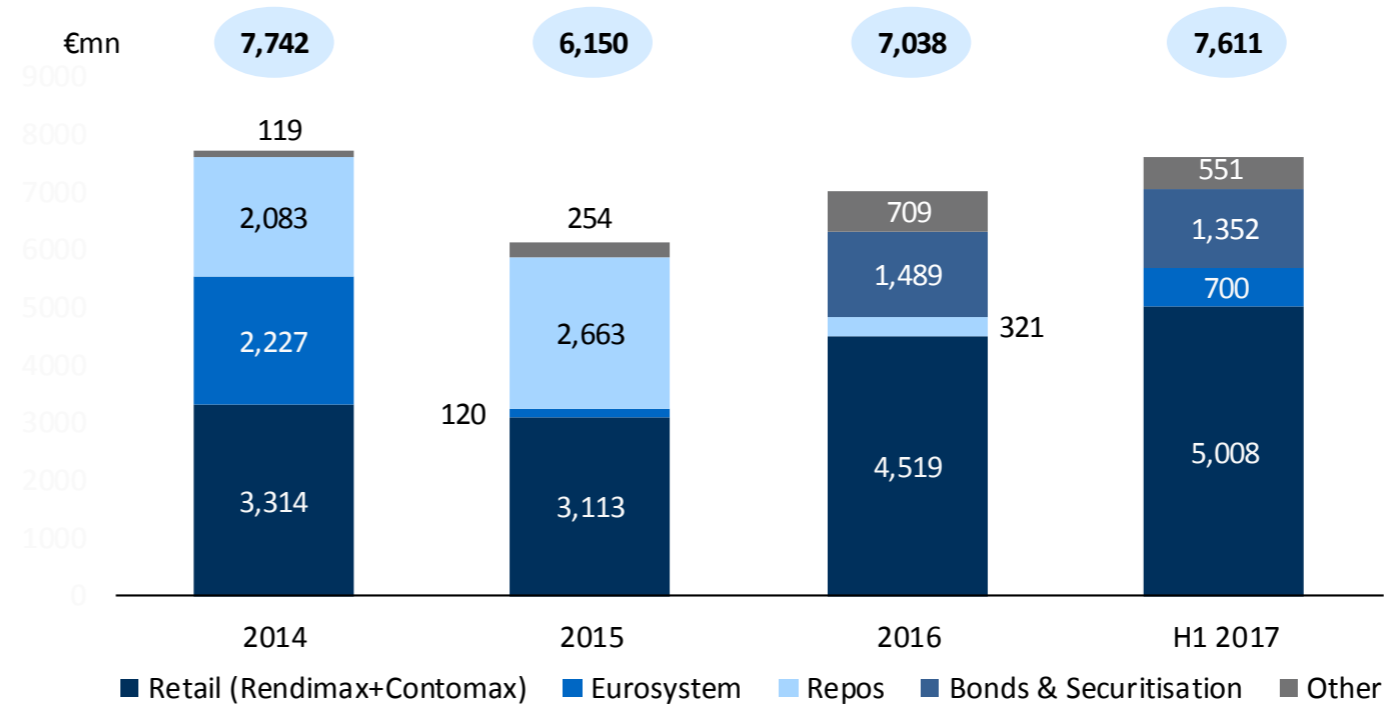
Note:
1. Net of NPL Area



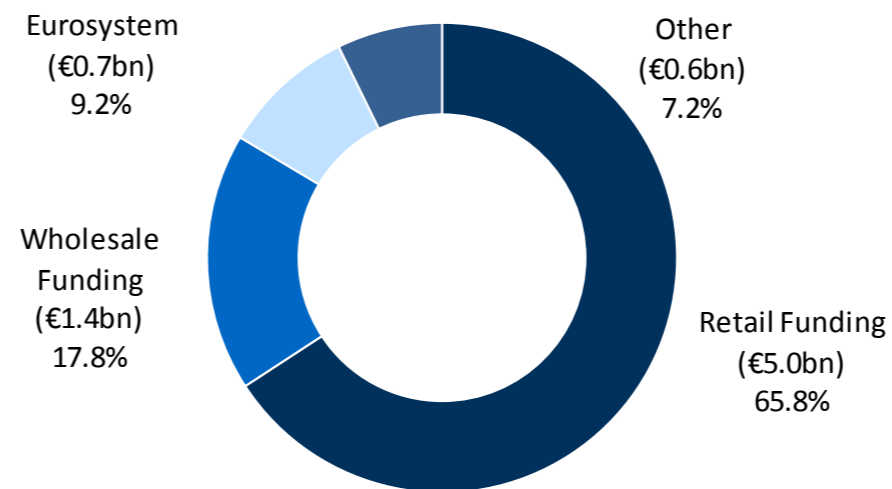
Funding Structure

Aim to diversify channels and optimise cost

- % of Retail funding on Total Funding further increased as a result of the newly introduced 3-, 4- and 5-yr maturities for Rendimax
- In order to diversify its funding channels, the Group intends to raise funds in the debt capital markets, through ECB funding and other centralised (i.e. ABACO) or interbank channels, and also through the securitisation of eligible assets or the issuance of other debt instruments
- The establishment of the EMTN Programme (following the successful Senior issue) represents an important step in this direction



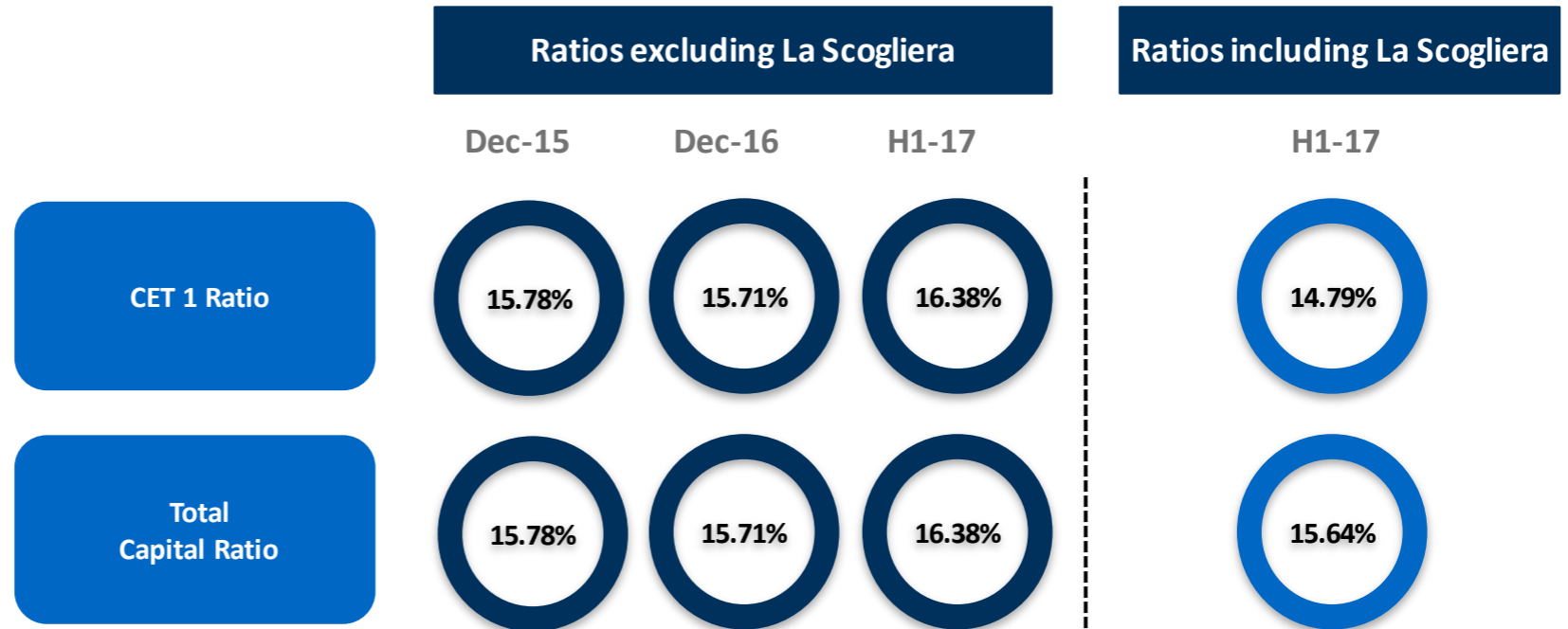
Funding breakdown H12017 (€7.6bn) – %



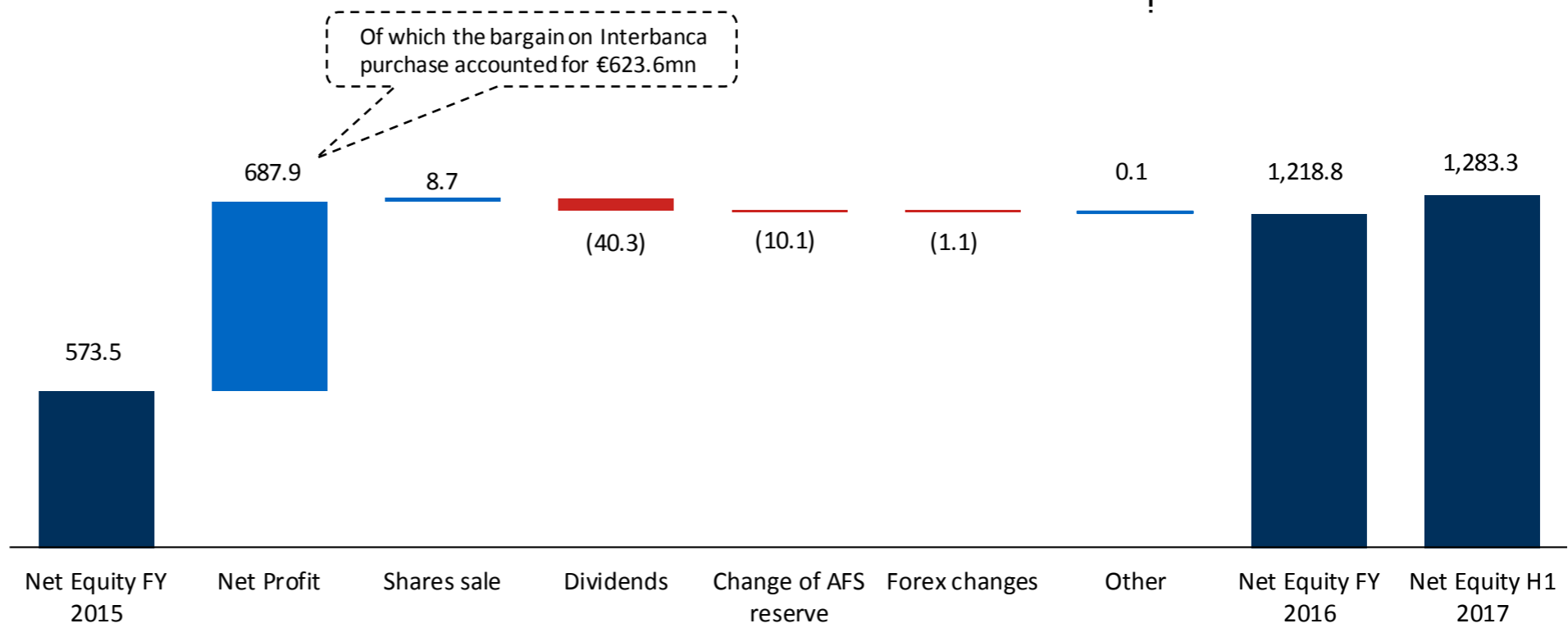
Capital position

Strong capital position preserved after the Interbanca acquisition

- Capital ratios well above the minimum levels required following the SREP assessment (Bank of Italy) for 2017:
 - CET 1 ratio: 6.6%
 - Tier 1 ratio: 8.4%
 - Total Capital ratio: 10.7%
- As of today capital ratios allow Banca IFIS to pursue growth opportunities while preserving its capital and profitability targets



Net Equity Evolution (€mn)



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Tier 2 issue – key themes

Rationale

- Rationalization of total capital ratio, MREL position and buffer to SREP/Pillar 2 requirements
- Strengthening capital base and diversification of funding sources and investors
- Provide buffer to its senior creditors
- Build up institutional Eurobond reference point following the inaugural 3-year senior unsecured bond

Key issuance terms

- Dated subordinated notes that are intended to qualify on issue as Tier 2 capital of Banca IFIS S.p.A.
- 10yr maturity with one time call at the option of the issuer 5 years after the date of issuance, subject to regulatory approval and conditions to redemption
- Fixed coupon, with reset in Year 5 if not called
- Redeemable at par in full upon Tax or, as the case may be, Regulatory Event
- Expected rating by Fitch
- Statutory loss absorption in the event of any application of the general bail-in tool or at non-viability as described in the Risk Factors

Investment themes

- Provider of a range of financial services to SME in Italy
- Opportunity to have exposure to the largest independent operator in the specialty finance market in Italy
- Stable profitability with double digit ROE since 2003
- Capital ratios well above SREP requirement
- Well diversified funding sources



Summary termsheet of the Banca IFIS EUR tier 2 securities

Issuer	Banca IFIS S.p.A. (the "Issuer")
Instrument	EUR [•]% Tier 2 Instruments due October 2027 (the "Notes")
Issuer's Rating	BB+ by Fitch
Expected issue rating	[•] by Fitch
Status and ranking	Direct, unsecured and subordinated obligations of the Issuer. The Notes will rank senior to Additional Tier 1 and share capital of the Issuer and rank junior to other subordinated debt of the Issuer ranking senior to the Notes
Size	EUR [•]
Final maturity	[•] October 2027
Issuer call date	[•] October 2022 (the "Issuer Call Date"). One time optional call at par, in whole but not in part, subject to regulatory approval
Interest	[•]% per annum until the Issuer Call Date, payable annually in arrears. Reset on the Issuer Call Date at the aggregate of the then prevailing 5-year EUR MS + Initial Spread (No Step-up)
Early redemption	The Issuer may redeem the Notes, in whole but not in part, upon a Regulatory [partial or full loss of T2 credit] or a Tax Event [gross-up, loss of tax deductibility] subject to regulatory approval
Governing law	English law, except for subordination, redemption and events of default provisions which are governed by Italian law
Documentation	The Notes will be issued under the Base Prospectus of the Issuer's EMTN Programme dated 29 September 2017, as completed by the Final Terms
Listing	Irish Stock Exchange regulated market
Denominations	100k + [1k]
Loss absorption	Statutory loss absorption under BRRD, as transposed in Italy
Selling restrictions	As per the Issuer's EMTN Programme. Reg S, Category 2, TEFRA [D] rules apply – no communications with or into the US; no sales into Canada



Note: Summary terms should be read in conjunction with full Terms and Conditions and Base Prospectus

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Banca IFIS key takeaways



Digital transformation



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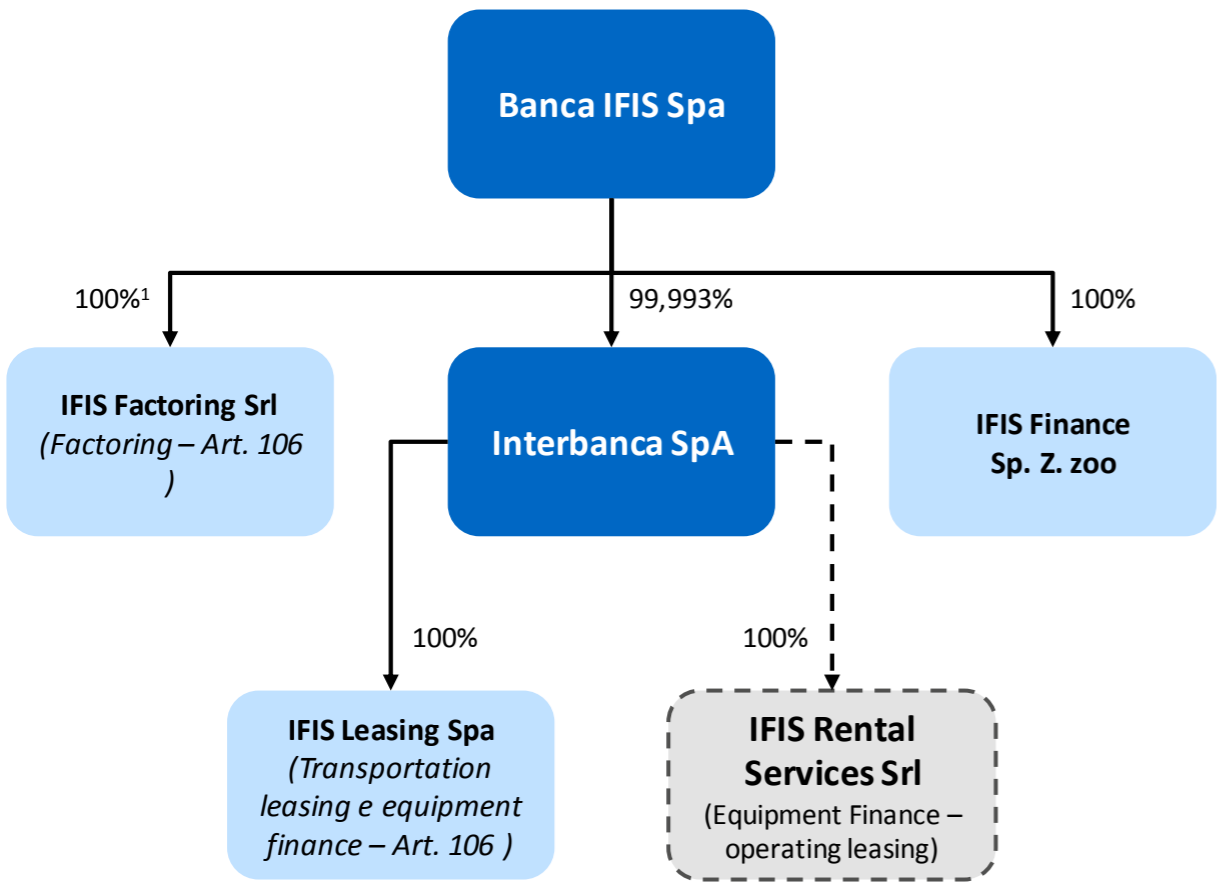
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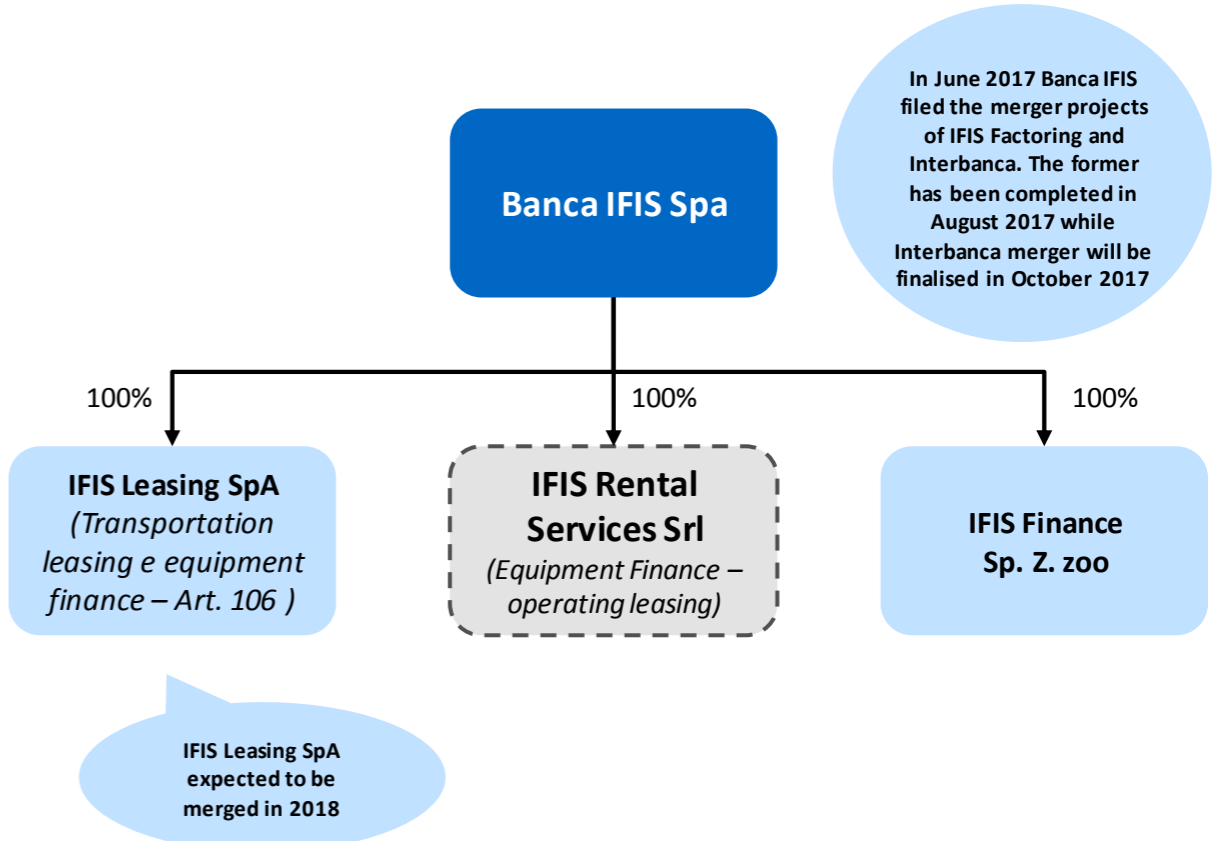


Organisational structure

Organisational Structure as of Q1 2017



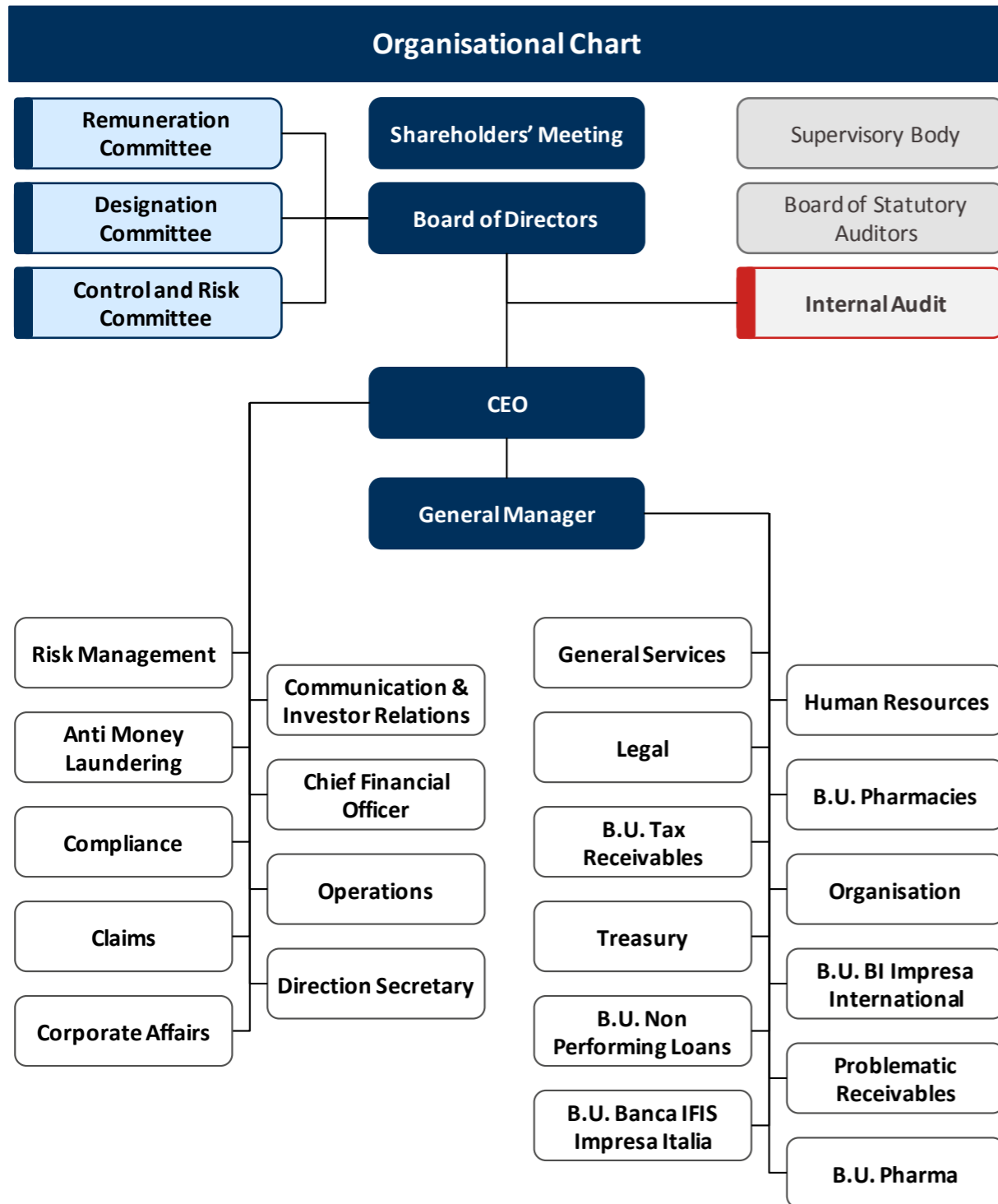
Organisational Structure by 2017 year end



Companies with banking license
 NBF - Non banking financial companies
 Commercial company not considered part of the regulated banking group

Note:
1. At 31.12.2016 IFIS Factoring Srl was totally owned by Interbanca Spa





Board of Directors

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Alessandro Csillaghy De Pacser
CEO	Giovanni Bossi
Directors	Giuseppe Benini ¹ Francesca Maderna Antonella Malinconico ¹ Riccardo Preve Marina Salamon Daniele Santosuosso ¹

Other Key Employees

General Manager	Alberto Staccione
Chief Financial Officer	Mariacristina Taormina

Board of Statutory Auditors



Chairman	Giacomo Bugna
Standing Auditors	Giovanna Ciriotta Massimo Miani
Alternate Auditors	Guido Gasparini Berlingieri Valentina Martina

Note:
1. Independent directors, the Board of Directors appointed Giuseppe Benini as Lead Independent Director



Trade Receivables

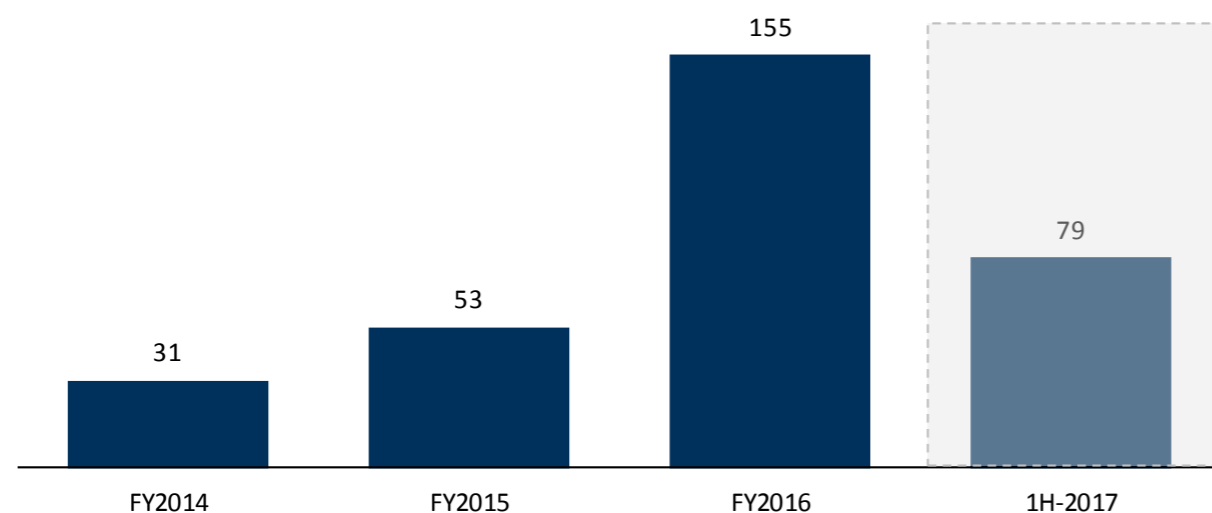
Focus on SMEs/micro companies, leadership in PA

	B2B segment	Public Administration (PA) segment
Receivables Managed (FY2016)	<ul style="list-style-type: none"> €2.7 bn ~ 70% of the total 	<ul style="list-style-type: none"> €1.2 bn ~ 30% of the total 
Target	<ul style="list-style-type: none"> Small/micro companies, usually with difficulties in obtaining finance from the traditional banking system ~80% of customers with a turnover <€10mn per year 	<ul style="list-style-type: none"> Large pharma companies willing to factor their trade receivables with the Italian NHS Multi-utilities working for PA-Local Authorities
Customer base	<ul style="list-style-type: none"> ~5,300 SMEs at the end of 2016 (+19.5% vs 2015) IFIS' credit quality protected by the good credit rating of these SMEs' customers 	<ul style="list-style-type: none"> 30% of factoring outstanding is towards PA
Type of product	<ul style="list-style-type: none"> Over 60% of the B2B book acquired with recourse as at Dec. 2016 (~80% in FY14 and FY15) 	<ul style="list-style-type: none"> 64% of outright purchase comes from PA
Competition	<ul style="list-style-type: none"> No real competition from factoring units of large banks 	<ul style="list-style-type: none"> 2nd largest player in the Pharma segment

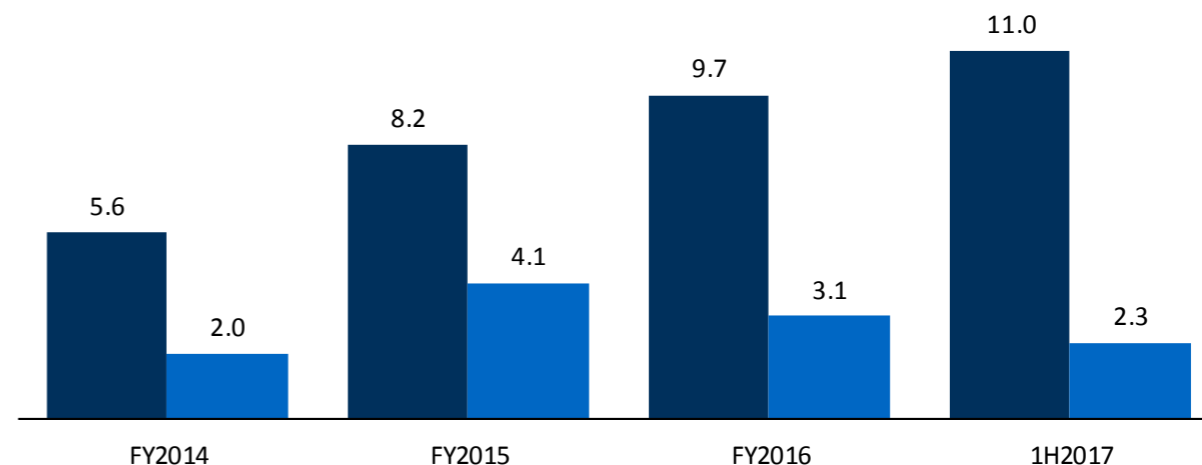


NPL Area – leading position in the Italian market

Net Result from Financial Activity (€mn)



Portfolio Bought and Managed (Gross BV)—(€bn)



■ Nominal amount of receivables managed - Gross BV ■ Nominal amount purchased in the period - Gross BV

NPL Area highlights

	FY 2014	FY 2015	FY 2016	H1 2017
Loans to customers (Net BV)—(€mn)	135	354	562	702
Net BV/ Gross BV of loans to customers (%)	2.4	4.3	5.8	6.4
Positions acquired (number)	213,174	538,240	463,566	n.a.

PORTFOLIO GBV

~€11.0bn (€9.7bn in 2016)

PORTFOLIO NBV

€702 (€562bn in 2016)

- High recovery rate by non judicial payment plans and legal recovery
- Purchase of loans portfolio at deep discount with respect to the Gross BV
- The Bank operates in Italy with a stable organization with more than two hundred employees



Tax receivables is a relatively small segment, featured by very high profitability



- **Purchase of tax receivables arising from insolvency proceedings**
- Tax receivables purchase (without recourse) **usually closed at a discount to nominal value** to take into account the length of the recovery process
- **€172mn** of nominal value of the managed Tax Receivables portfolio as at December 2016
- **12 people employed in this division**, whose major task is to be in constant contact with the bankruptcy courts in order to identify possible sources of new product and assist the parties involved in the proceeding on the operational aspects and in preparing documentation.
- **Market leader with a ca. 50% market share**

Banca IFIS – Tax Receivables main figures

	FY2014	FY2015	FY2016
NBV (Net Book Value) - €mn	119	131	125
Nominal Value (GBV) - €mn	168	191	172
NBV / GBV (%)	71.2%	68.6%	72.4%



Corporate Banking & Leasing

Exploiting new growth opportunities after Interbanca acquisition

With the acquisition of the former Interbanca Group, Banca IFIS Impresa has entered the market for operating and finance leases as well as the Corporate Banking market. These new businesses will represent new supportive tools for accelerated growth



Corporate Banking

- M/I term financing**
 - Supporting the company's operating cycle (i.e. working capital, productive investments)
- Structured Finance**
 - Legal, organisational and financial arrangement of bilateral or syndicated loans

Key figures FY2016:	€mn
Net Banking Income	3.0
Loans to customers	906

Financial & Operating Leasing

- Equipment Leasing**
 - Product to help businesses and resellers to invest in equipment for the IT, Telecoms, Office, Industrial, and Healthcare Equipment sectors
- Vehicle Leasing**
 - Supporting independent contractors and firms in financing company cars and commercial vehicles
- Equipment Rental**
 - Service that allows the company to use a piece of equipment for a set period of time for a fee

Key figures FY2016:	€mn
Net Banking Income	(1.2)
Loans to customers	1,236



Strategic targets by business lines

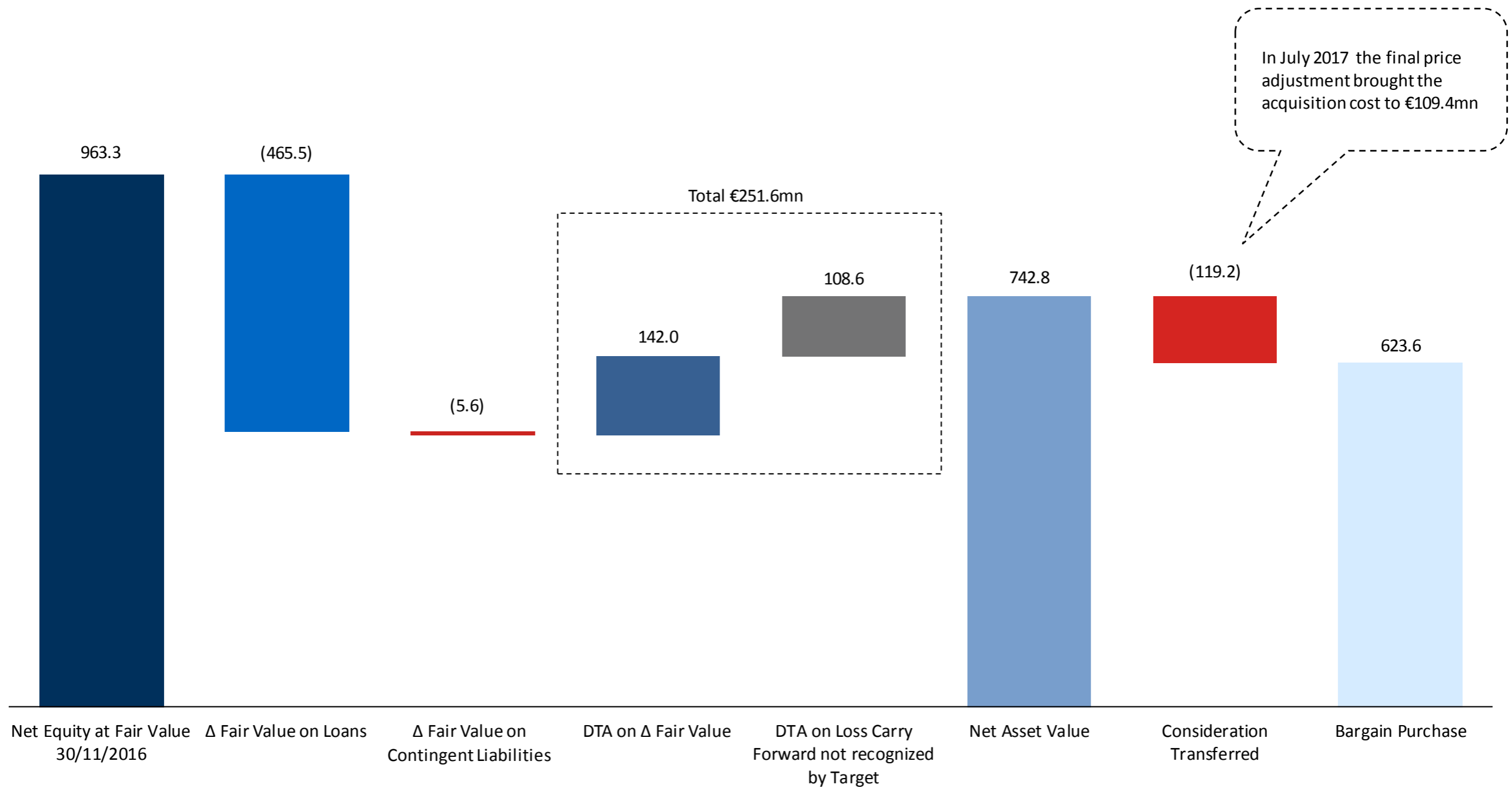
Strategic assumptions, consistent with Interbanca acquisition, allow significant positive CAGR over the planned horizon for all business lines

Segment	Strategic Assumptions
Trade receivable	<ol style="list-style-type: none"> 1. Extension of product offering 2. Entering new markets and consolidating existing ones 3. Strengthening of commercial network 4. Increase the customer base and grow the retention rate 5. Leverage from cross selling
Area NPL	<ol style="list-style-type: none"> 1. Industrialisation of the ODA (Ordinanza di Assegnazione) process and of the out of court recovery 2. Consolidation of leadership position in the unsecured retail and improvement of secured corporate market 3. Improvement of out of court recovery strategies
Corporate banking	<ol style="list-style-type: none"> 1. Extension of product offering of structured finance 2. Focus on additional clients in structured finance and new segments 3. Focus on M/L term lending introducing new products and new markets 4. Products offering expansion of M/LT Financing Improvement of the run-off portfolio management 5. Optimisation of portfolio management of workout and recovery 6. Leverage on cross selling
Leasing	<ol style="list-style-type: none"> 1. Increase in market share 2. Increase in product offering 3. Entering new markets 4. Increase in distribution model efficiency



Interbanca - Purchase Price Allocation (PPA) effects

Summary of PPA components as of the date of acquisition (30 November 2016) - €mn



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