



BANCA IFIS

Roadshow Presentation

April 2018

- **Largest independent operator** in the specialty finance market in Italy
- **Unique business** model focused on resilient and appealing market niches
- **Sound balance sheet** in the Italian banking system
- **Resilient earnings** and significant **capital generation**
- **Strong liquidity position**
- **Well positioned to catch potential M&A opportunity** supported by successful track record
- **Rated BB+** by Fitch (Outlook Stable)



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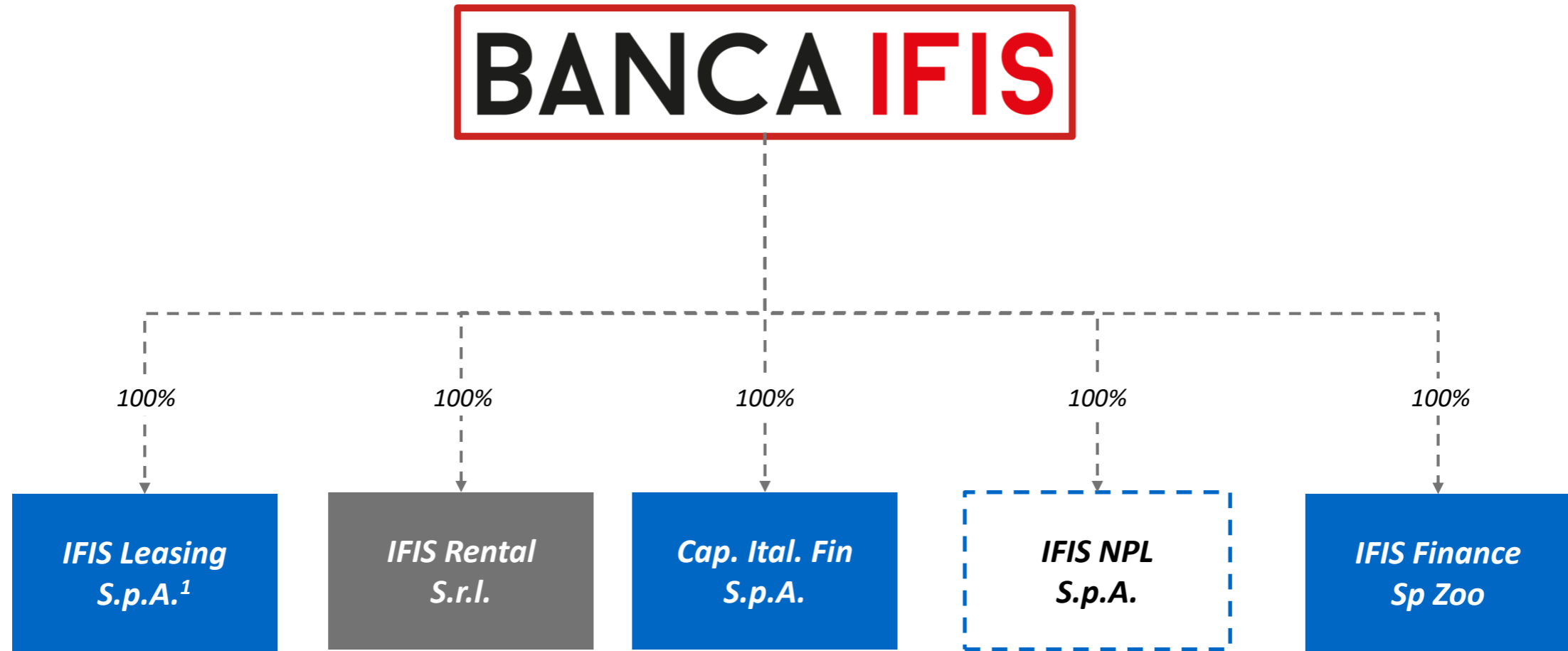


AGENDA

- I. **Banca IFIS at a glance**
- II. Financial performance
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Organisational Structure as of 1Q2018



□ Company with banking license ■ Financial Company □ Company awaiting authorisation for registration ex. Art. 106 TUB (2H 2018) ■ Company not belonging to Banking Group

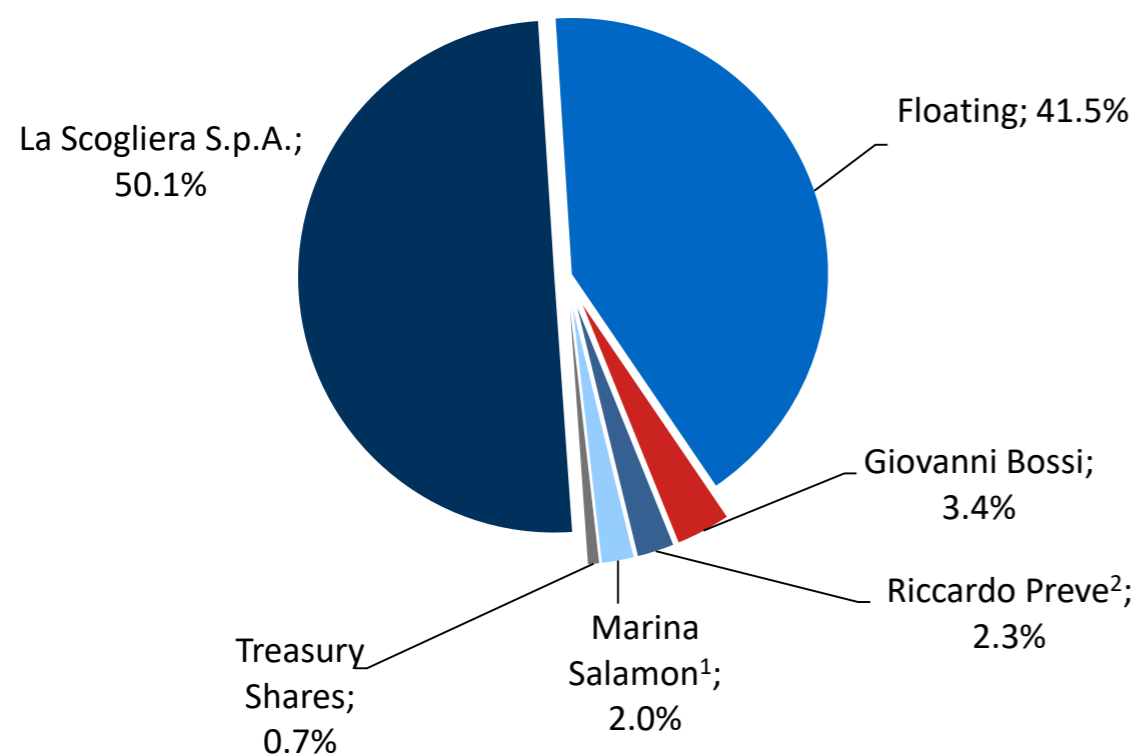


Note: 1. Expected to be merged in 1H2018

Management and Shareholding Structure

Solid shareholders' structure and stable management with extensive and important track record

Shareholding Structure as of 31 December 2017



Board of Directors

Chairman	Sebastien Egon Fürstenberg
Deputy Chairman	Alessandro Csillaghy De Pacser
CEO	Giovanni Bossi
Directors	Giuseppe Benini ³
	Francesca Maderna ³
	Antonella Malinconico ³
	Riccardo Preve
	Marina Salamon
	Daniele Santosuosso ³

Board of Statutory Auditors

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

General Manager	Alberto Staccione
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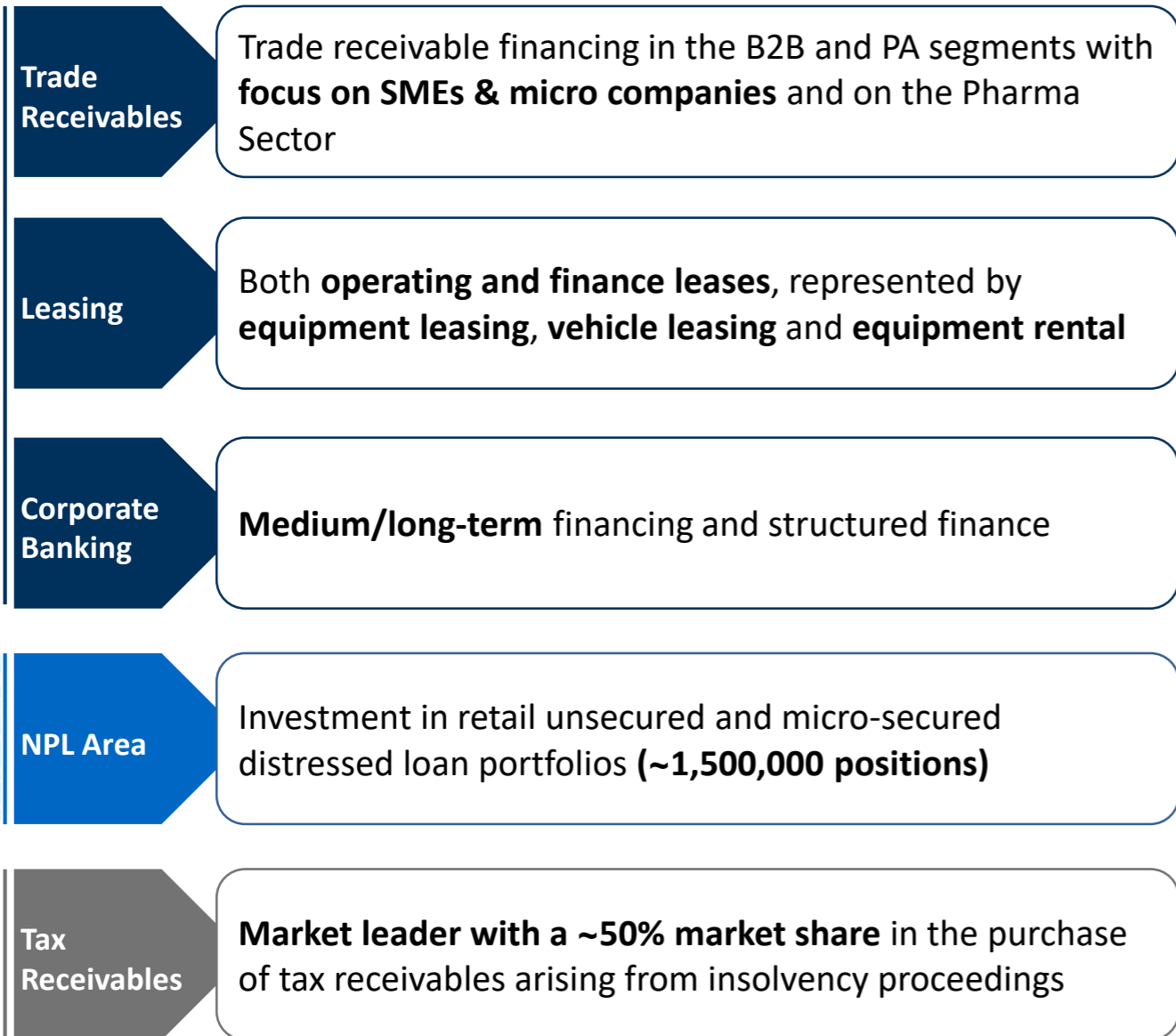


Notes: 1. via Alchimia S.p.A.; 2. also via Preve Costruzioni S.p.A.; 3. Independent directors, the Board of Directors appointed Giuseppe Benini as Lead Independent Director

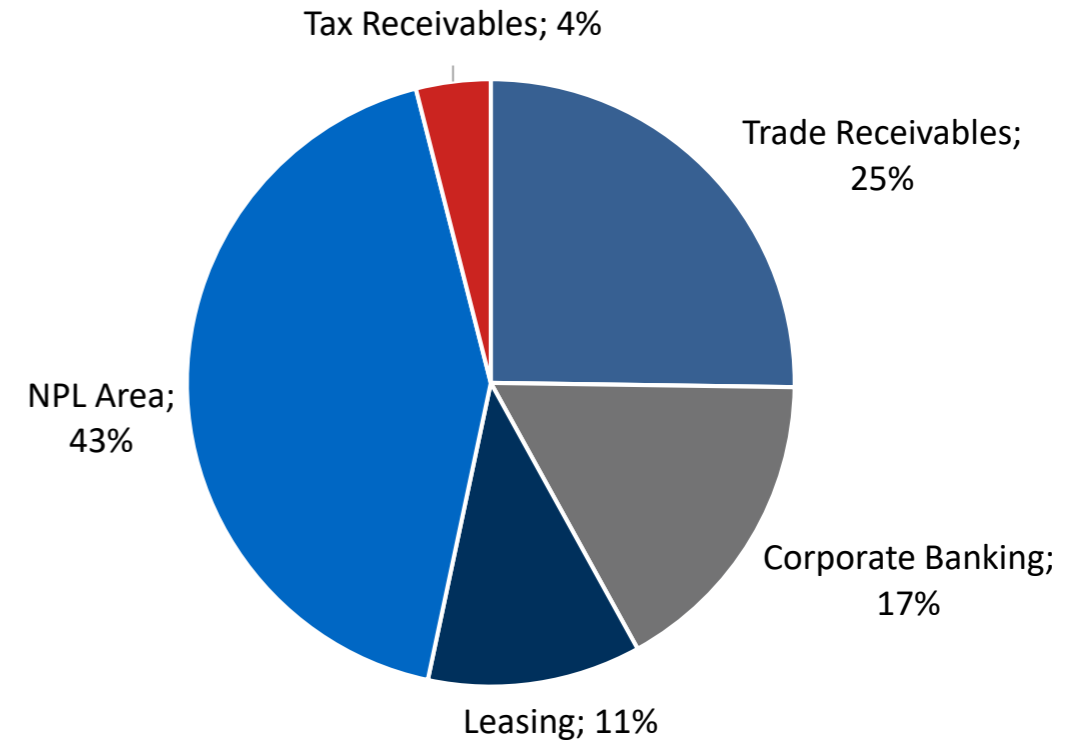
Market Position

Leading position in Italian markets for trade receivables, NPLs and purchase of tax receivables

Business lines



Contribution to Net Profit from Financial Activity (NPFA) by business segment (FY2017) ¹






EUR m	Trade Receiv.	Corporate Banking	Leasing	NPL Area	Tax Receiv.	Total ¹
NPFA	97.2	174.4	54.6	164.5	15.3	506.0
PPA Reversal	-	109.9	10.9	-	-	120.8
NPFA net of PPA	97.2	64.5	43.7	164.5	15.3	385.2

Note: 1. Excluding "Governance and Services" which negatively contributed for EUR 1.2m (less than 1%.) Net of PPA reversal



Update on the Strategic Plan

Strategic plan execution delivering tangible results

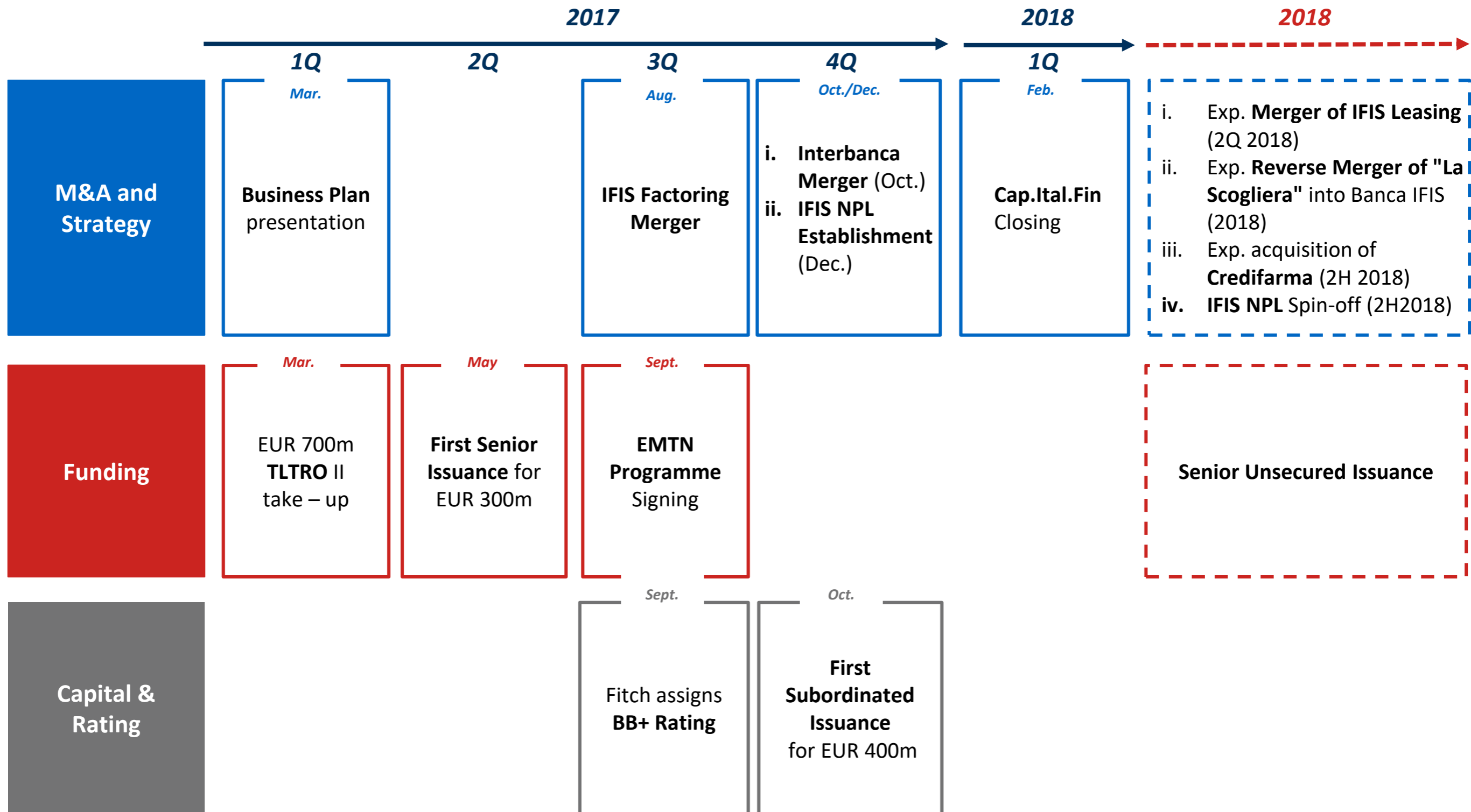
Pillars	Objectives	Key Achievements
 <p>Solidity</p>	<ul style="list-style-type: none"> • Safeguarding equity • High level of solvency • Capitalisation supports the growth of the Bank 	<ul style="list-style-type: none"> • Shareholders' equity: EUR 1.4bn in 2017 • Solid capitalisation thanks to: <ul style="list-style-type: none"> – CET1: 15.6%¹ – Total Capital ratio: 21.1%¹ • Streamlining of the group structure will provide flexibility to support growth and shareholders' remuneration
 <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 extend funding duration • Diversification of funding • Use of excess liquidity to take opportunities for other parties assets disposal 	<ul style="list-style-type: none"> • Comfortable liquidity position as a result of: <ul style="list-style-type: none"> – Attractiveness of retail deposits (EUR 5.1bn) – TLTRO II take – up (EUR 0.7bn) – Successful inaugural issuance of a Senior Unsecured Bond (EUR 0.3bn) and a Tier 2 Bond (EUR 0.4bn) – ABS (EUR 0.9bn)
 <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"> • Each business segment positively contributing to group performance • Increase in profitability achieved at no expense of the risk profile of the bank underpinned by a very prudent approach in provisioning • Sources of income and risk profile of the bank to be further diversified thanks to access to low – risk businesses (CQS)

Note: 1. Capital ratios presented refer to Banca IFIS Banking Group, i.e. excluding the holding company "La Scogliera". According to the CRR perimeter, i.e. including "La Scogliera", CET1 ratio would be 11.66% and Total Capital Ratio 16.15%.



Latest Achievements and Next Steps

Banca IFIS equity story well appreciated in the market, now focus is on credit profile



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Banca IFIS Group Key Financials

Resilient earnings and sound balance sheet

Balance Sheet (EUR m)

	2016 ¹	2017	%
Due from Banks	1,393.4	1,777.9	27.6%
Loans to Customers	5,928.2	6,435.8	8.6%
Tax Assets	581.0	438.6	(24.5)%
Total Assets	8,708.9	9,569.9	9.9%
Due to Banks	504.0	792.0	57.1%
Due to customers	5,045.1	5,293.2	4.9%
Debt Securities issued	1,488.6	1,640.0	10.2%
Total Liabilities	7,480.4	8,201.1	9.6%
Shareholders' Equity	1,228.6	1,368.7	11.4%

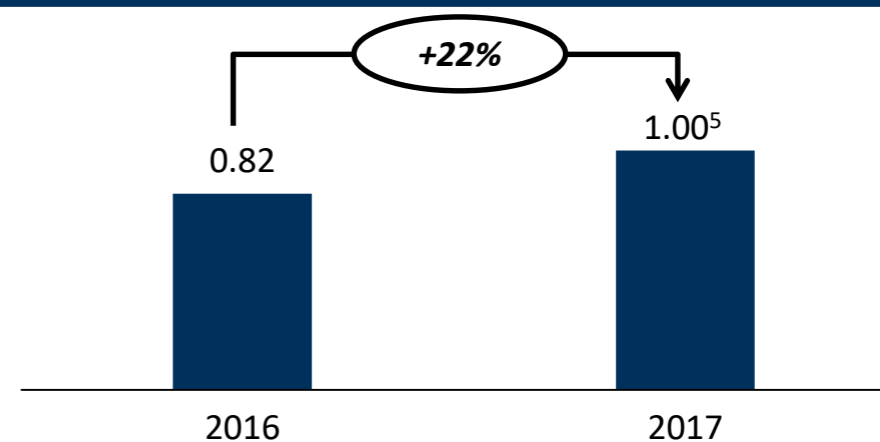
P&L (EUR m)

	2016 ¹	2017	%
Net Banking Income	358.6	553.1	54.2%
Loan Loss Provisions	(54.9)	(51.8)	(5.5)%
Net Profit from Financial Activity	299.4	504.8	68.6%
Total Operating Costs	430.9	(256.3)	n.m.
Net income	697.7	180.8	n.m.

Main KPIs

	2016 ¹	2017
ROE (%)	15.5 ²	13.9
ROA (%)	8.4	2.6
Cost/Income (%) ³	51.9 ²	49.3
CET1 ratio (%) ⁴	15.8	15.6
Total Capital Ratio (%) ⁴	15.8	21.1
Book Value per share (EUR)	22.99	25.62
EPS (EUR)	13.13	3.38
Payout ratio (%)	6.3	29.6

DPS



Notes: 1. Restated. Considering retrospectively the impact of the additional price adjustments agreed for the acquisition of the former GE Capital Interbanca

2. Normalized

3. Net impairment losses on NPL Area receivables (EUR 33.5 m at 31.12.2017 and EUR 32.6 m at 31.12.2016) were reclassified to Interest receivable and similar income to present more fairly the business

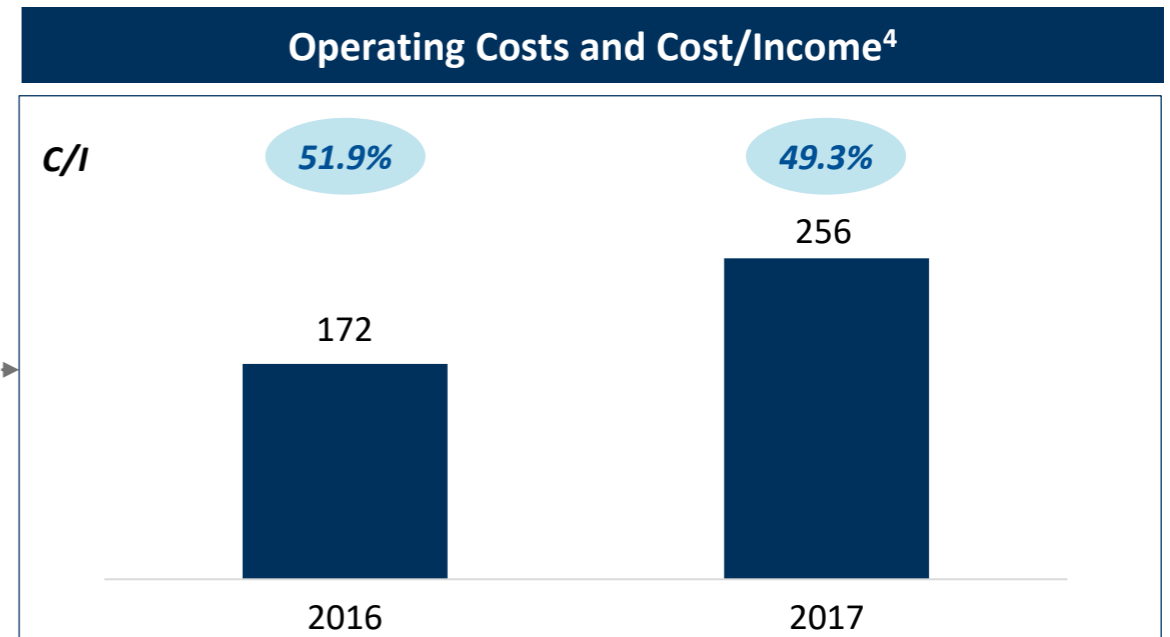
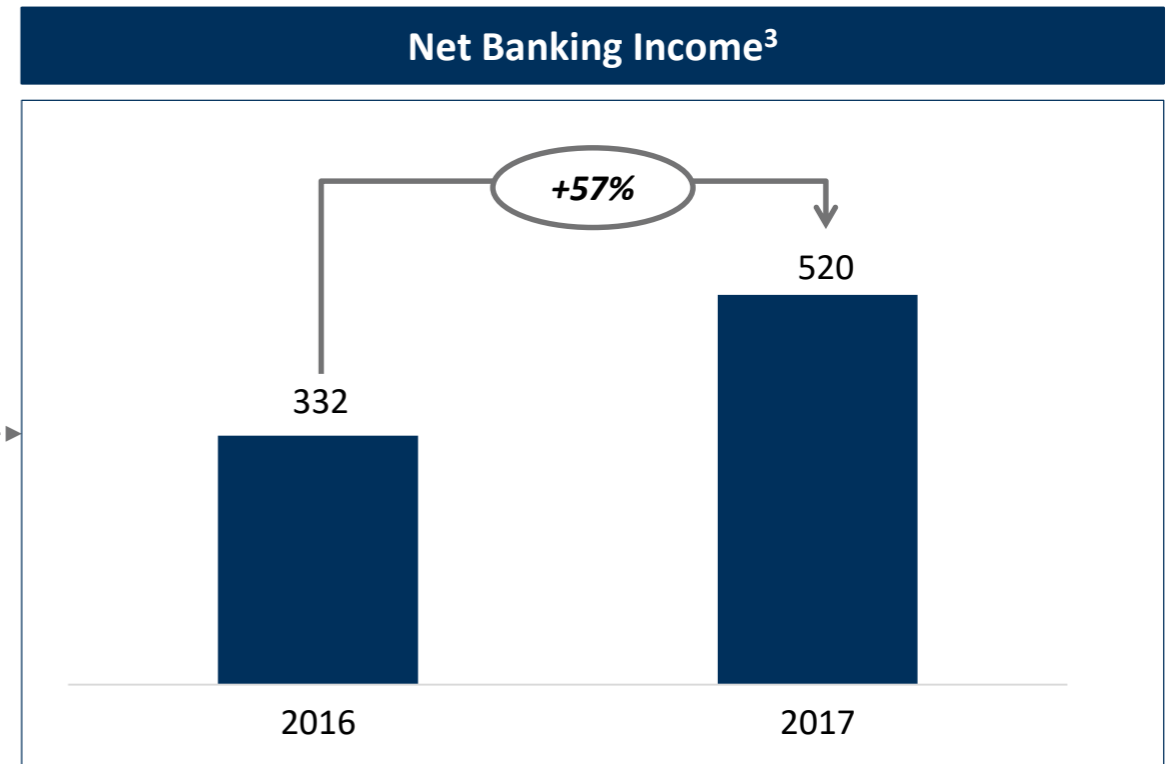
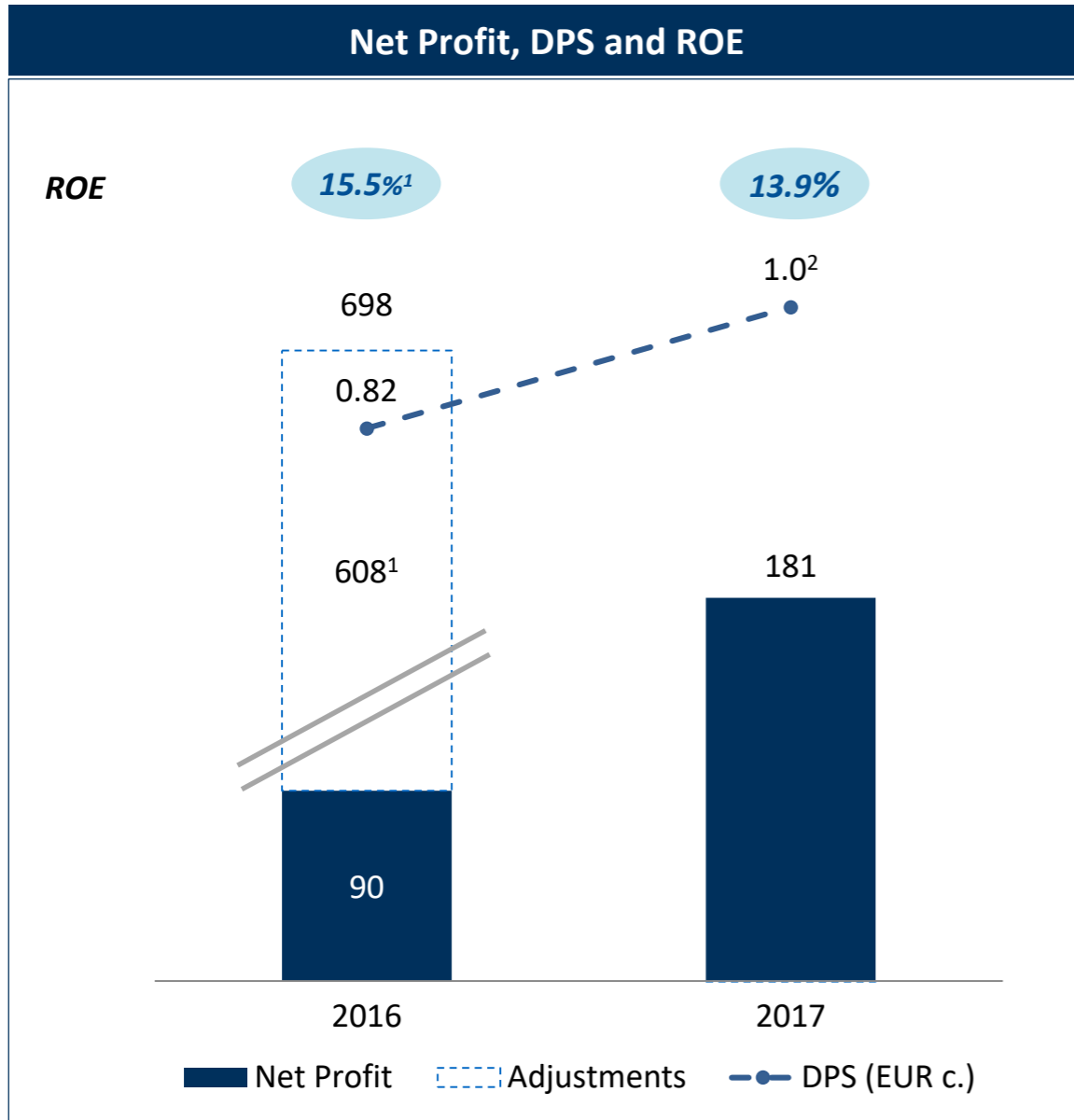
4. Banca IFIS only. According to the CRR perimeter, i.e. including "La Scogliera", CET1 ratio would be 11.66% and Total Capital 16.15%

5. Dividend proposed by the Board of Directors



Financial Performance: Profitability

Constantly delivering double digit ROE thanks to operating performance and declining Cost/Income



$f(x)$

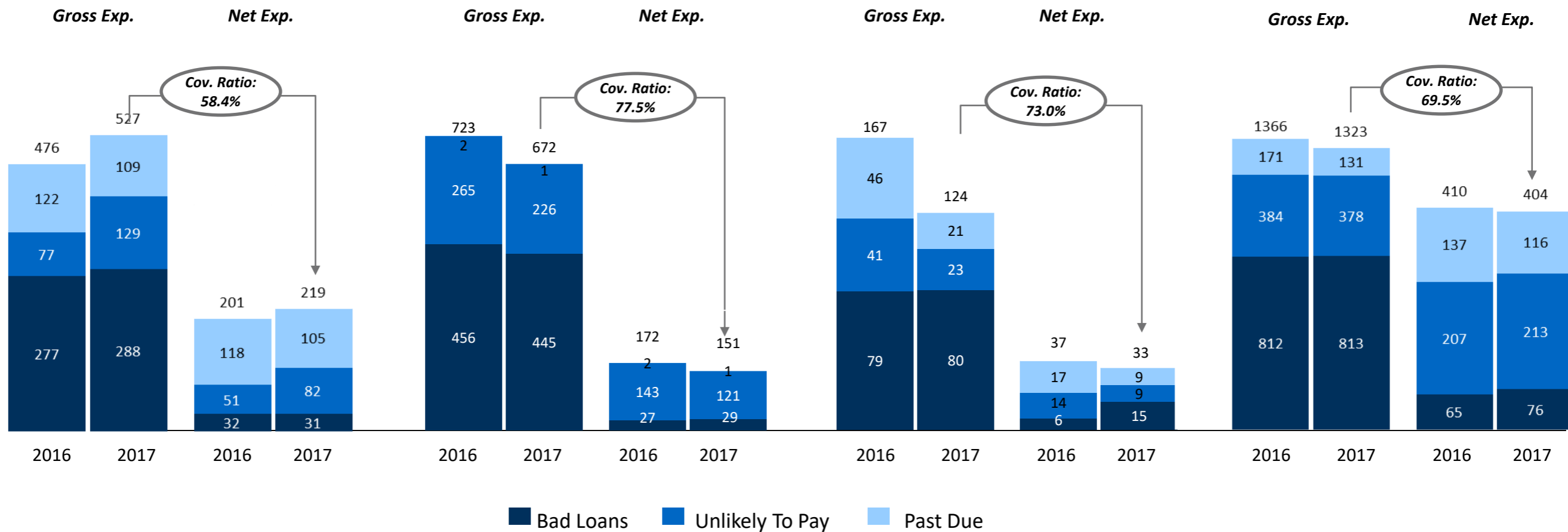
Notes: 1. Normalized 2. Dividend proposed by the Board of Directors 3. 2016 Normalized; Net impairment losses on NPL Area receivables (EUR 33.5 m at 31.12.2017 and EUR 32.6 m at 31.12.2016) were reclassified to Interest receivable and similar income to present more fairly the business 4. Data for 2016 are both normalized and restated for additional price adjustments.



Financial Performance: Asset Quality

Excellent asset quality underpinned by a very cautious approach in provisioning

Non – Performing Exposure (EUR m)



No significant Impact by IFRS 9 FTA

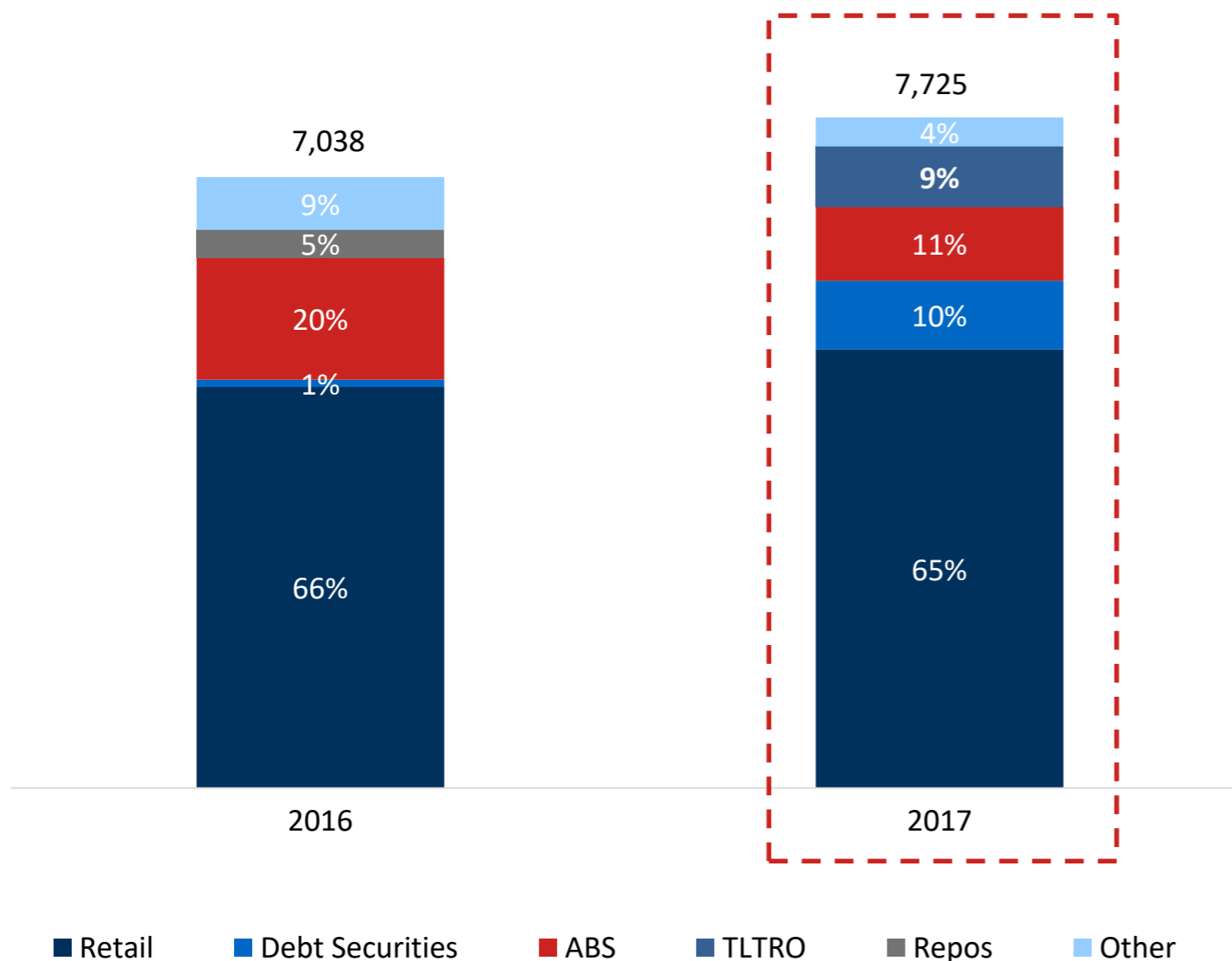
Note: 1. Excluding "NPL Area" and "Governance and Services"



Financial Performance: Funding Structure

Over the years Banca IFIS has pursued and achieved a funding diversification strategy

Evolution of the Funding Structure



Commentary

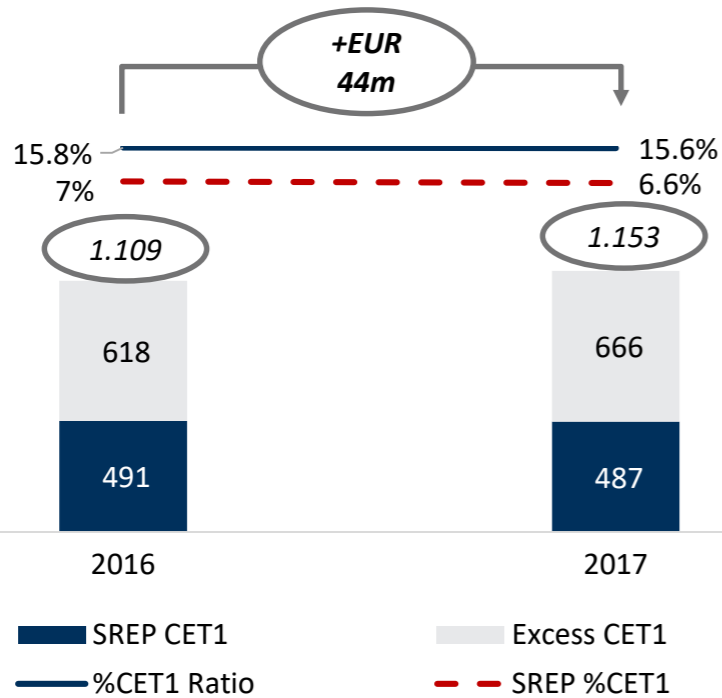
- Banca IFIS enjoys a **flexible and diversified funding structure**
- Over the years, the bank has successfully **shifted to more stable funding sources**
- The diversification has been achieved mainly by:
 - **Reducing share of Repos with customers to zero**
 - **Renewing focus and attractiveness of retail funding** through the introduction of 3y, 4y, 5y maturities for Rendimax
 - **EUR 700m TLTRO – II take – up**
 - **tapping wholesale markets twice in 2017**, with the inaugural issuance of a EUR 300m **senior unsecured bond** and a EUR 400m **Tier 2 bond**
- **Key Target for 2018** funding strategy: around 50% balance between wholesale and retail sources



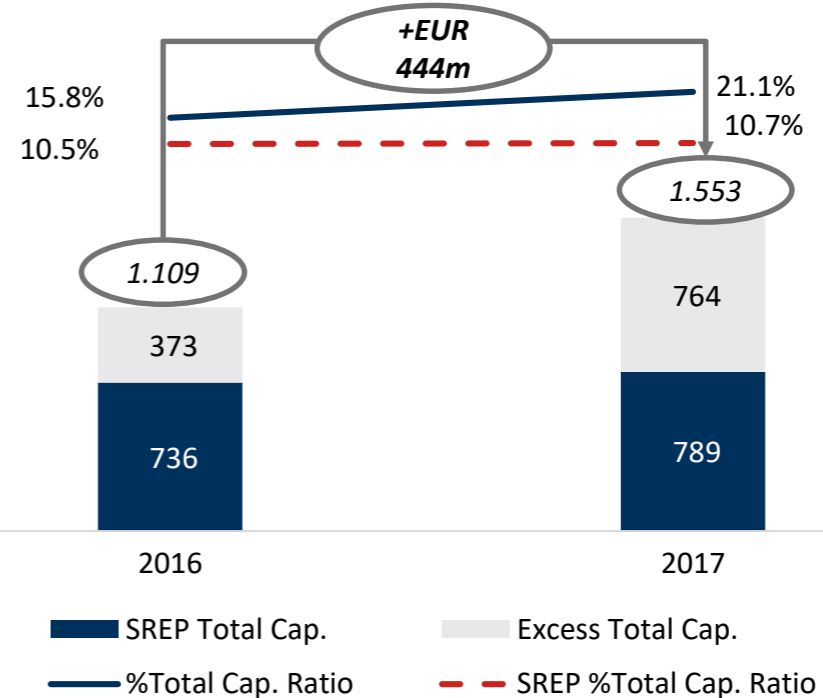
Financial Performance: Capital Position

Safe capital position thanks to financial discipline and sound capital generation capability

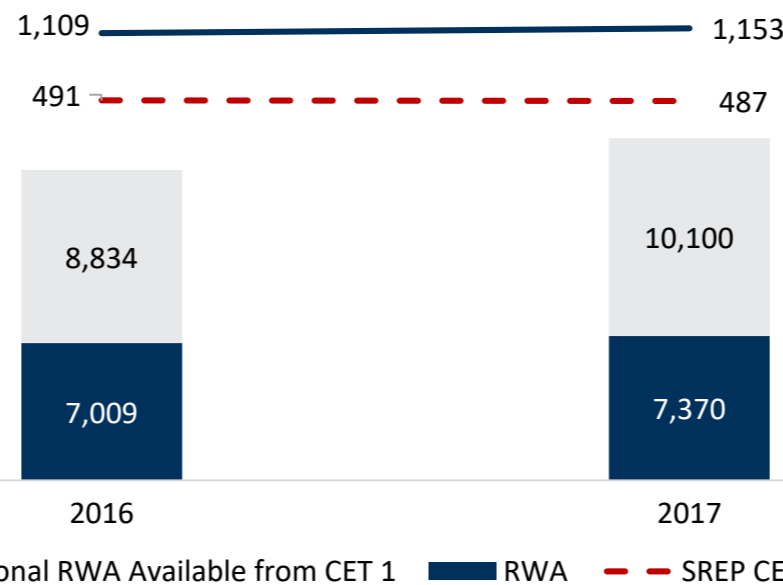
Common Equity Tier 1



Total Capital Ratio



Risk Weighted Assets – EUR m








Capital ratios presented refer to Banca IFIS Banking Group, i.e. excluding the holding company "La Scogliera". According to the CRR perimeter, i.e. including "La Scogliera", CET1 ratio would be 11.66% and Total Capital 16.15%. SREP requirements refer to CRR perimeter.



Rating Overview

Fitch Ratings

Rating Drivers	Commentary	Ratings
 <p>Business Model</p>	<ul style="list-style-type: none"> • “The adequate franchise of the bank in niche businesses has allowed it to generate sound profitability” • “Its company profile is specialized but diversified” 	<p>Banca IFIS:</p> <ul style="list-style-type: none"> • Long – term: BB+ • Outlook: Stable • Subordinated debt: BB <hr/> <p>Republic of Italy:</p> <ul style="list-style-type: none">  Long – Term: BBB  Outlook: Stable
 <p>Management Team</p>	<ul style="list-style-type: none"> • “Management has, in our opinion, adequate depth, stability and experience and is commensurate with the group's business profile” • “Corporate culture is consistent and effectively supports business development” 	
 <p>Balance Sheet Solidity</p>	<ul style="list-style-type: none"> • “Underwriting standards are in line with industry practices and the bank's risk control framework is robust” • “Coverage is stronger than at other rated Italian banks” • “The bank's CET1 and TC are maintained with satisfactory buffers over regulatory minimum requirements” 	

Source: Fitch press release as of September, 28th 2017



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Summary termsheet of the Perspective Banca IFIS Senior Preferred Unsecured Transaction

Issuer	Banca IFIS SpA
Instrument	Senior Preferred Unsecured
Issuer's Rating	BB+ Stable by Fitch
Expected issue rating	[BB+] by Fitch
Status and ranking	Direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking pari passu without any preference among themselves
Size	[•]
Maturity	5-year
Interest	[•]% per annum, payable in arrears
Governing law	English
Documentation	Banca IFIS EMTN Programme dated 29 September 2017 as duly supplemented
Listing	Irish Stock Exchange
Denominations	EUR 100,000 + EUR 1,000
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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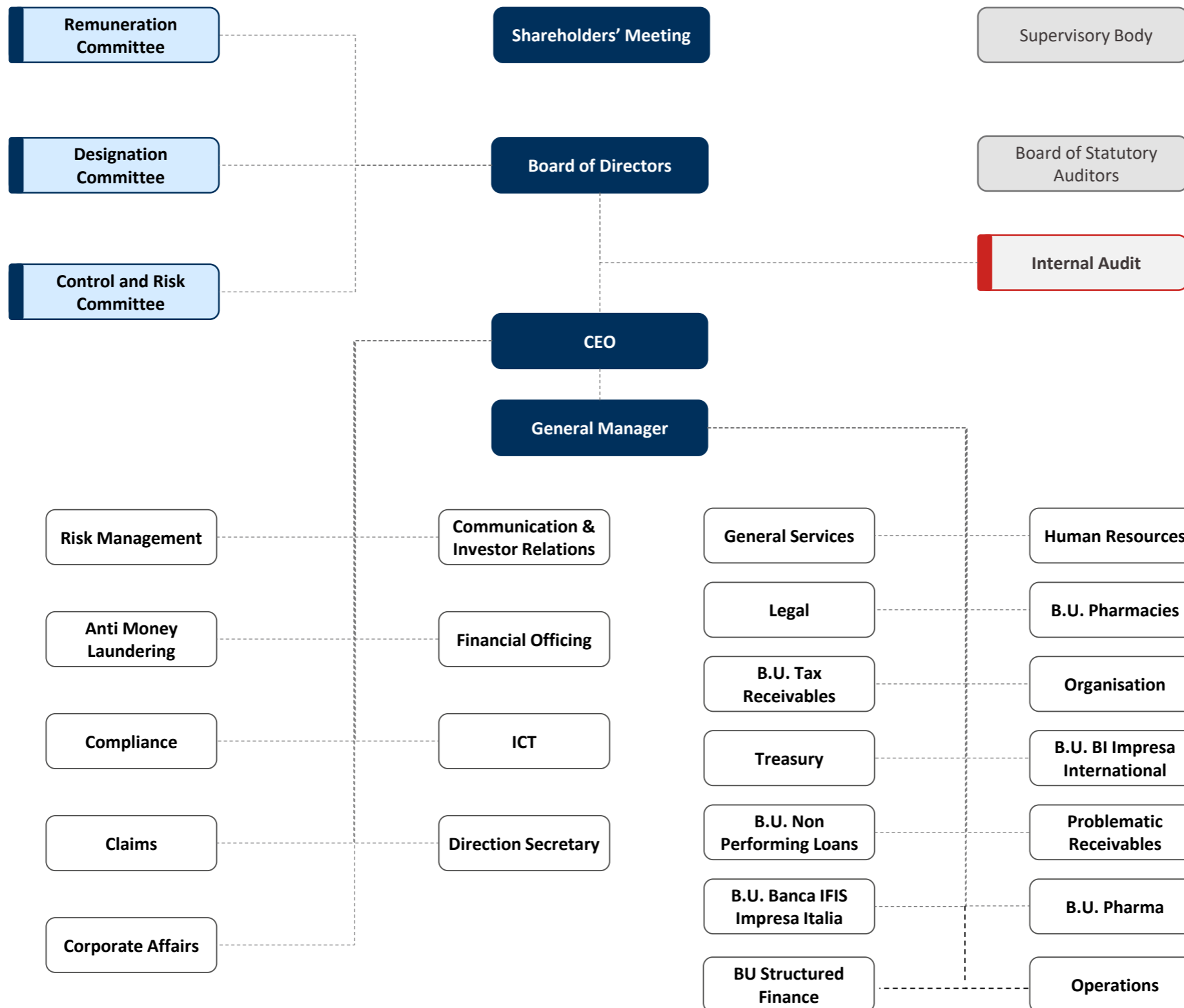


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Corporate Governance: Organisation Chart



Asset Quality: Main Figures¹

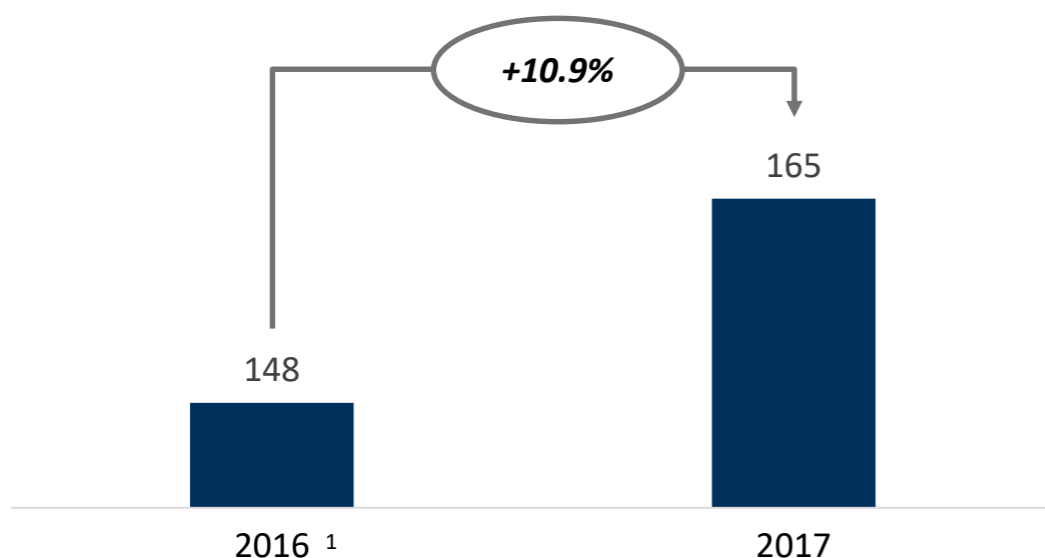
EUR m	2016				2017			
	Trade Receivables	Corporate Banking	Leasing	Total	Trade Receivables	Corporate Banking	Leasing	Total
Gross Non Performing Exposures (EUR m)	476	723	167	1366	527	672	124	1323
Net NPEs (EUR m)	201	172	37	410	219	151	33	404
NET NPEs ratio (%)	6.5	19.0	3.0	7.7	7.2	14.3	2.4	7.2
NPEs coverage (%)	57.7	76.3	77.7	70.0	58.4	77.5	73.0	69.5
Past Due coverage (%)	3.3	0.9	62.6	19.4	3.8	2.8	54.4	11.8
Net Past Due ratio (%)	3.8	0.2	1.4	2.6	3.5	0.1	0.7	2.1
UTP coverage (%)	33.5	46.2	67.1	45.9	36.4	46.2	62.7	43.8
Net UTP ratio (%)	1.6	15.8	1.1	3.9	2.7	11.5	0.6	3.8
Bad Loans coverage (%)	88.5	94	92.2	92	89.1	93.5	80.9	90.7
Net Bad Loans ratio (%)	1	3.0	0.5	1.2	1.0	2.7	1.1	1.3
Cost of Risk (bps)	79	8	147	n.m.	115	n.m.	58	n.m.



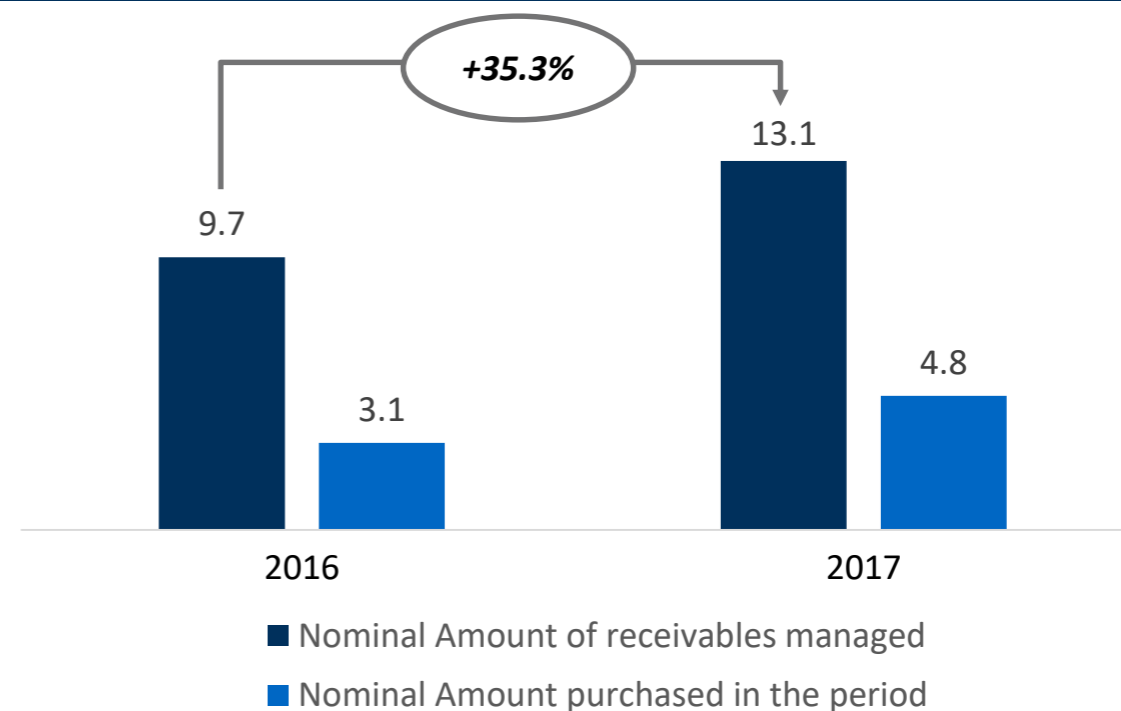
Note: 1. Excluding "NPL Area"

NPL Area – Leading Position in the Italian Market

Net Result from Financial Activity (EUR m)



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



NPL Area – Main KPIs

	2016	2017
Loans to customers (Net Book Value, EUR m)	562	799
Net BV / Gross BV Loans to customers (%)	5.8	6.1
Positions managed (#)	1,397,957	1,511,899

Commentary

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



Note: 1.2016 Restated: to facilitate the comparison between the results, the funding cost included in the net interest income for 2016 was recalculated according to the new 2017 funding approach.

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 offering2. Entering new markets and consolidating existing ones3. Strengthening of commercial network4. Increase the customer base and grow the retention rate5. 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 recovery2. Consolidation of leadership position in the unsecured retail and improvement of secured corporate market3. Improvement of out of court recovery strategies
Corporate banking	<ol style="list-style-type: none">1. Extension of product offering of structured finance2. Focus on additional clients in structured finance and new segments3. Focus on M/L term lending introducing new products and new markets4. Products offering expansion of M/LT Financing Improvement of the run-off portfolio management5. Optimisation of portfolio management of workout and recovery6. Leverage on cross selling
Leasing	<ol style="list-style-type: none">1. Increase in market share2. Increase in product offering3. Entering new markets4. Increase in distribution model efficiency



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