BANCA IFIS

2018 Full Year Results

11 February 2019

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Summary results

4Q 2018

Net income

- €58mln net income (€23mln in 3Q)

Net banking income

€173mln (€125mln in 3Q)
- +€23mln QoQ NII on NPLs segment
- €17mln income from NPLs disposals and Liability Management
- +€12mln QoQ income from corporate banking

Operating costs

- €65mln stable QoQ

LLP

- Cost of risk of €31.2mln (€28.9mln in 3Q)

STOCK

Customer loans

€7.31bn (+€0.39bn QoQ)
- +€0.20bn QoQ trade receivables
- +€0.15bn QoQ IFIS NPL

IFIS NPL

- ERC €2.3bn*
- €181mln annual cash collected in 2018 (€128mln in 2017)
- €1.7bn NPLs purchased in 4Q

Funding

- €0.98bn Wholesale
- €4.67bn customer deposits (-€0.31bn QoQ) due to excess liquidity and expected year end seasonality
- New Rendimax campaign: ca. +€140mln deposits in 1/1/2019 – 6/2/2019

CET1 ratio

- 10.30% La Scogliera
- 13.74% Banca IFIS

* Source: management accounting, risk management data

In this presentation, financial statements, net impairment losses/reversals on receivables of the NPL segment were entirely reclassified to interest receivable and similar income as they represent an integral part of the return on the investment

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Full year and quarterly results

	3Q 18	4Q 18	2017	2018
Net interest income	99.7	140.0	414.7	469.3
Net commission income	20.2	24.5	73.8	84.5
Trading and other income	5.6	8.4	36.9	22.7
Net banking income	**125.4**	**173.0**	**525.3**	**576.5**
Loan loss provisions (LLP)	(28.9)	(31.2)	(26.1)	(100.1)
Net banking income – LLP	**96.6**	**141.8**	**499.2**	**476.4**
Personnel expenses	(27.8)	(28.3)	(98.3)	(111.6)
Other administrative expenses	(38.7)	(42.7)	(152.6)	(176.5)
Other net income/expenses	1.9	6.4	0.2	14.7
Operating costs	**(64.7)**	**(64.6)**	**(250.6)**	**(273.4)**
Pre-tax profit	**31.9**	**77.2**	**248.6**	**203.0**
Taxes	(9.0)	(19.4)	(67.8)	(56.2)
Net income	**22.8**	**57.8**	**180.8**	**146.8**
			Data 1/1/18	
Customer loans	6,919	7,314	6,402	7,314
- of which IFIS NPL	945	1,093	799	1,093
Total assets	9,843	9,382	9,563	9,382
Direct funding	7,080	6,652	6,933	6,652
- of which customer deposits	4,985	4,673	5,293	4,673
Shareholders Equity	1,397	1,459	1,372	1,459

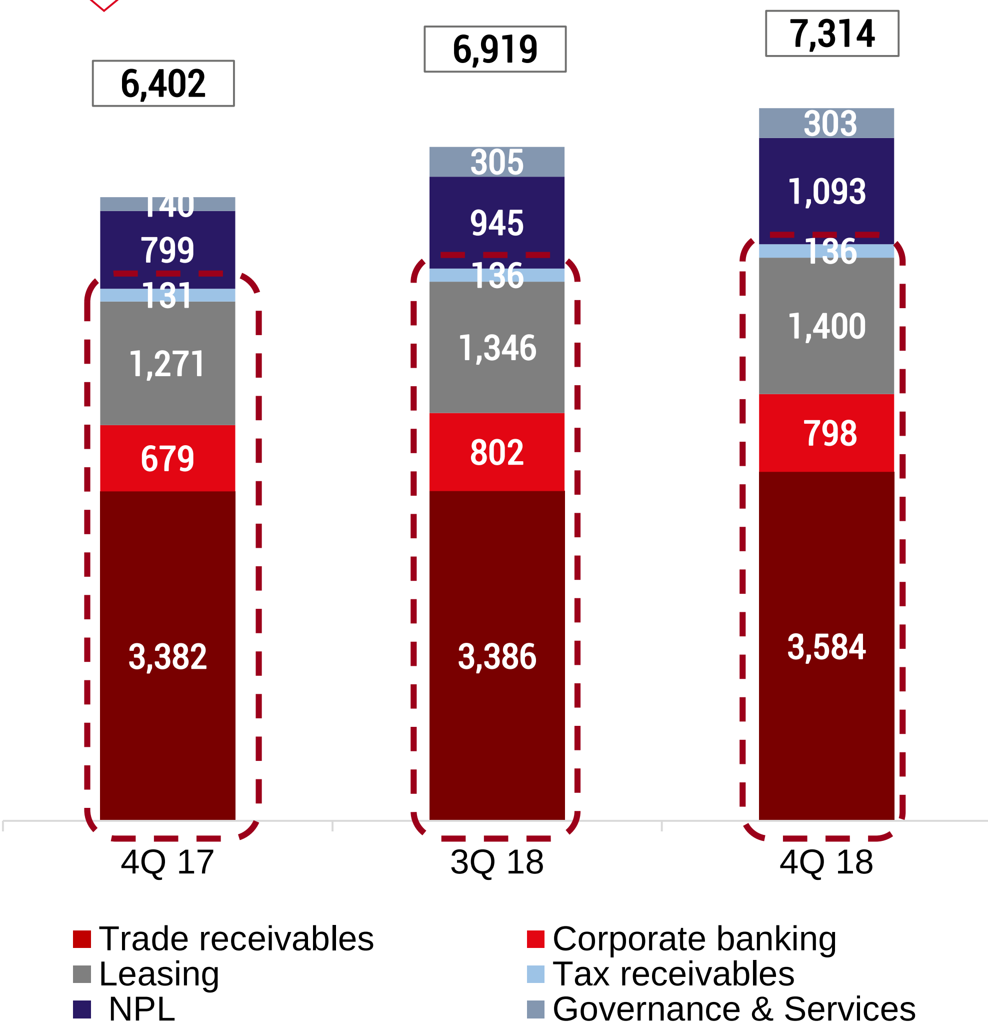
Highlights

- 2018 results impacted by:
  - €62mln one-offs provisions on a few large tickets
  - €92mln PPA (€125mln in 2017) of which €85mln in Enterprises and €7mln in G&S
- In 2018FY cost / income ratio at 47.4% (47.7% in 2017FY)

In this financial statements, net impairment losses/reversals on receivables of the NPL segment were entirely reclassified to interest receivable and similar income as they represent an integral part of the return on the investment
2017 figures according to IFRS 9

Customer loans: focus on short term SMEs lending

Customer loans (€ mln)



Highlights

- Focus on short term loans, very selective on long term maturities
- +€198mln and €54mln customer loans QoQ increase in trade receivables and leasing, respectively
  - Ongoing repricing of new loans to reflect general cost of funding increase in line with market trend. Banca IFIS is facilitated by short term maturity
- +€148mln QoQ growth in NPLs is driven by portfolio acquired in 4Q 18
- Current trend expected to continue in coming quarters

Enterprises Segment

4Q 17 balance sheet figures according to IFRS 9

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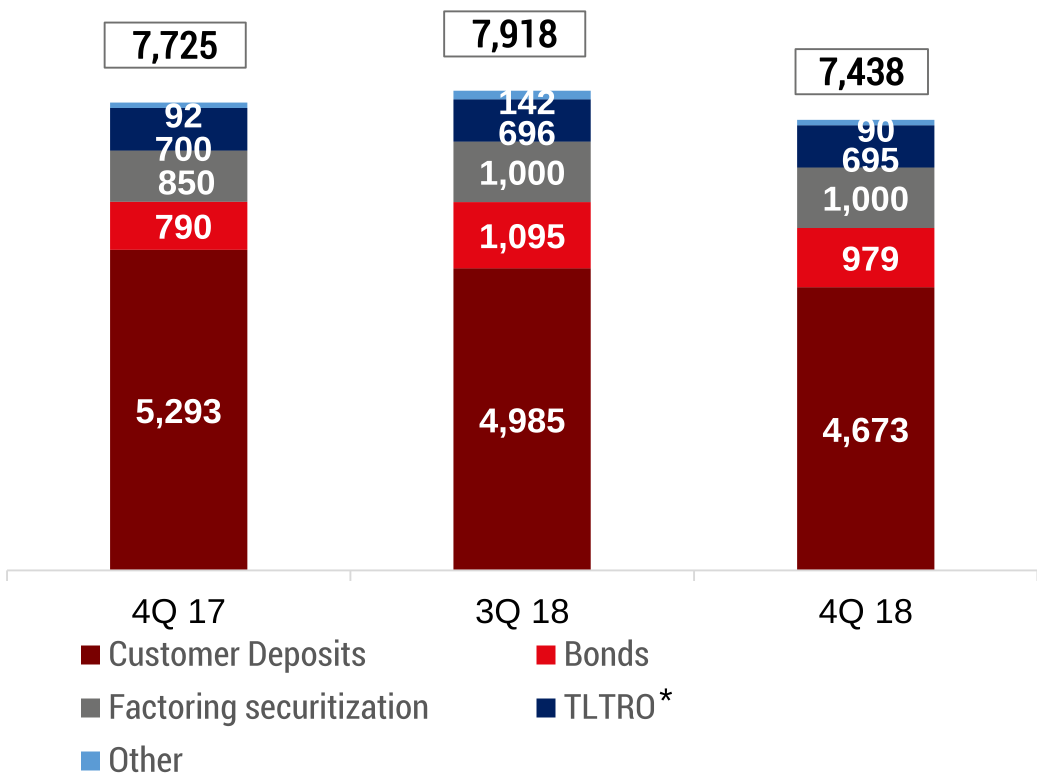
Funding: focus on term deposits

Funding (€ mln)



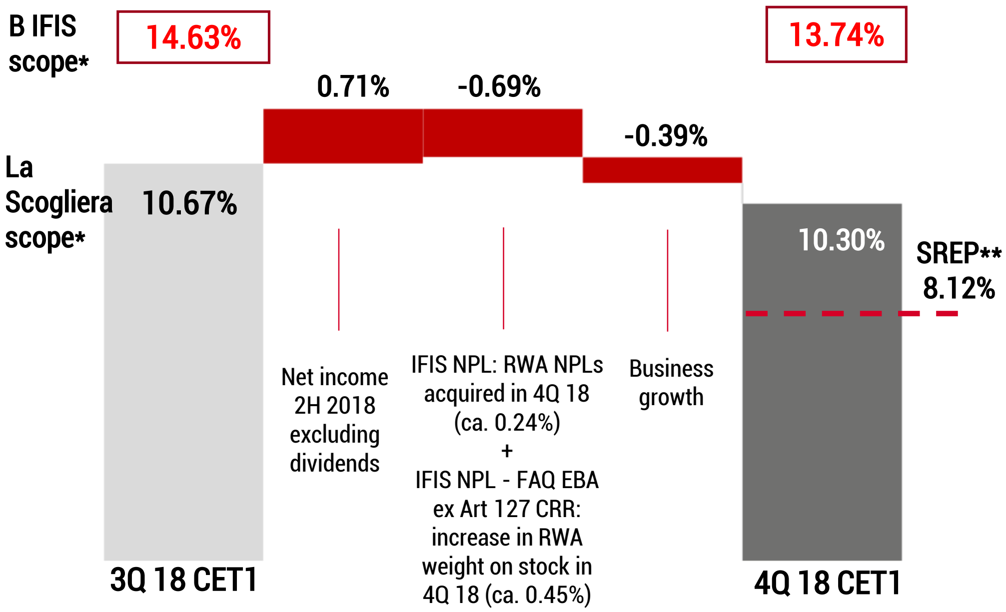
	4Q 17	3Q 18	4Q 18
LCR	>2,000%	>2,000%	>600%**
NSFR	>100%	>100%	>100%

Highlights

- The flexibility of Rendimax customer deposits allows timely adjustments to funding requirements
- In 2018, the decrease in funding was driven by an excess of liquidity compared to lending expectations
- 4Q18 customer deposits came in at €4,673mln (-€312mln QoQ), impacted also by expected year end seasonality
- In mid January 2019, in order to benefit from positive market momentum in lending to SMEs, as included in our funding plan, Banca IFIS launched a new campaign on Rendimax
    - New campaign is focused on term deposits at attractive yields: ca. +€140mln net customer deposit inflow on Rendimax in 1/1/2019 – 6/2/2019
- New bond issuance to be considered only if financial markets stabilize

*TLTRO with maturity in March 2021, cost -0.4%; Collateral represented by €423mln Italian Government Bonds and ca. €377mln leasing securitization (rating A)
** LCR decrease due liability management and lending pick up in 4Q 18

Capital structure



Data in €bn

Banca IFIS Group Scope	3Q 18	4Q 18
RWA	8.1	9.0
CET1	1.2	1.2
Total Capital	1.6	1.6
Total Capital %	19.6%	18.2%
Excess CET1 not inc. in La Scogliera	0.3	0.3
La Scogliera Group scope		
RWA	8.1	9.0
CET1	0.9	0.9
Total Capital	1.2	1.3
Total Capital %	14.7%	14.0%

Expected impact on 1Q 19 CET1

- +0.26% (expected) due to increase in Capital Conservation Buffer from 1.9% to 2.5% due to regulation 2013/36/EU. This applies only to La Scogliera scope capital requirements; the CET1 increase is due to excess capital reduction
- Ca. -30/45bps in CET1 (preliminary estimate) due to acquisition of FBS. The final results will depend on the purchase price allocation on FBS assets and liabilities

Capital generation in future quarters

- Retained earnings
- Progressive winding down of former Interbanca PPA (€229mln gross of taxes as at 31 Dec 18, indicative maturity of ca. 3Y)
- Progressive use of DTA against future profits (€144.5mln as at 31 Dec 18) currently fully deducted from CET1
- Ordinary winding down of former Interbanca customer loans (€0.6bn as at 31 Dec 18)

*The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that only 50.2% of the excess capital of Banca IFIS Group Scope is included in the CET1 of La Scogliera Group Scope. Excess Capital of €0.3bn is not included in CET1 of La Scogliera Group Scope
** SREP received in draft by the Bank of Italy in January 2019, to be applied in 2019. In 2018, according to previous SREP, the CET1 requirement was 7.2%

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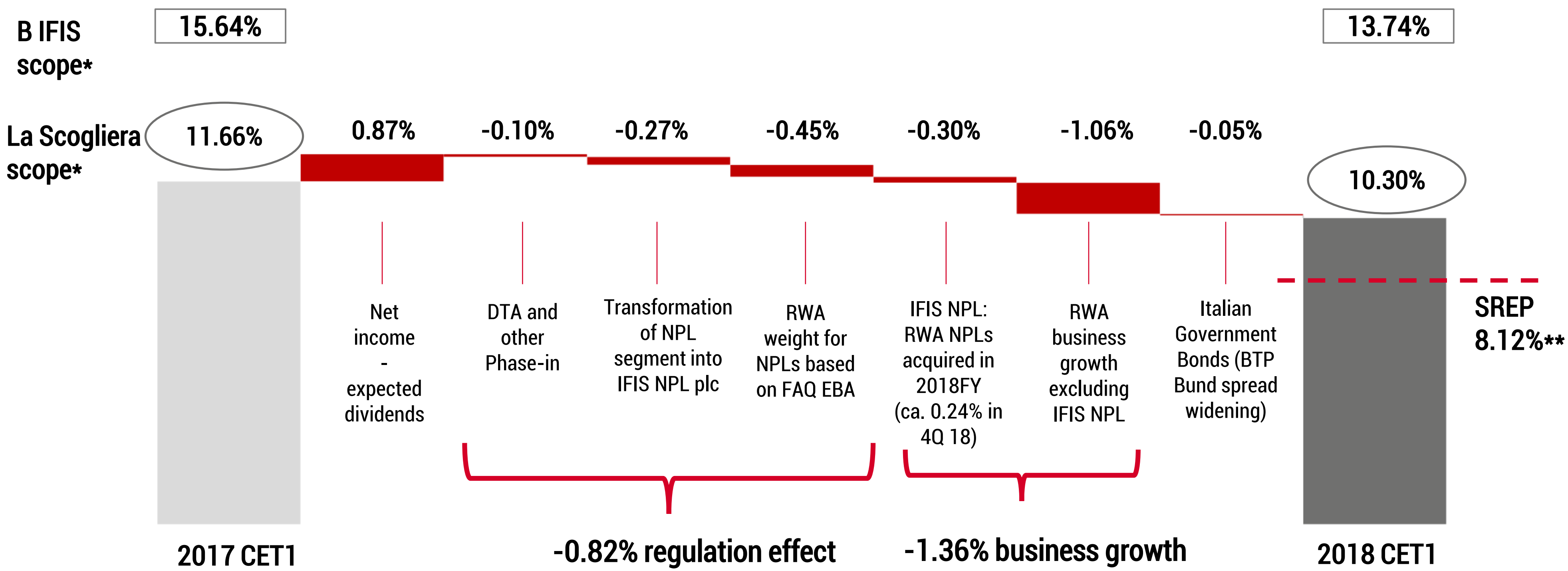
In 2018, CET1 impacted by -0.82% due to regulation



CET 1: ca. 1.36% decrease YoY of which ca. 0.82% due to regulation

- - 0.82% due to regulation (i.e. DTA and other phase-in, EBA FAQ Art. 127 on RWA on NPL, transformation of NPL segment into IFIS NPL plc)
- - 0.05% due to BTP-Bund spread widening in 2018

- + 0.87% organic capital generation less expected dividends
- - 1.36% RWA increase due to business growth

*The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that only 50.2% of the excess capital of Banca IFIS Group Scope is included in the CET1 of La Scogliera Group Scope. Excess Capital of €0.3bn is not included in CET1 of La Scogliera Group Scope
** SREP received by the Bank of Italy in January 2019, to be applied in 2019. In 2018, CET 1 requirement was 7.2%

Considerations on main NPLs regulations

Regulation		BANCA IFIS
EBA FAQ Art 127 Capital Requirements Regulation	• According to EBA's answer to Art. 127 of the CRR 575/2013, if NPLs are written-down by more than 20%, RWA should be 100%, otherwise 150% • Only write-downs made by the NPLs buyer shall be accounted for (i.e. not previous write-downs made by previous owners of the exposure)	**IFIS NPL – Capital impact included in 4Q 18** • No major impact expected on our business model for future acquisitions • CET1 impact of ca. -45bps from the NPLs portfolio as at 4Q 18 • New NPLs acquired will be weighted at 150% on the net consideration paid
Calendar Provisioning to be approved by EU Parliament (Pillar 1)	• New regulation under review; final draft shall be approved by EU Parliament • Timeframe for enforcement and final calendar provision to be defined • Current proposal envisages, for new originated loans only, full coverage for NPLs over [9] and [3] years for secured and unsecured NPEs, respectively	**IFIS NPL** • We estimate there may be time lag of [3-6] years from enforcement before it may impact Banca IFIS capital requirements: ○ We assume that banks may sell NPLs [1-3] years after classification into NPEs ○ We estimate further [2-3] years before newly acquired NPLs represent a significant portion of IFIS NPL portfolio • In the medium term we expect new business opportunity for Banca IFIS as banks speed up recoveries / disposals **Banca IFIS** • Strict credit policy. Bad loans coverage > 80% for Enterprise Segment (excluding POCI)

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Segment breakdown

Data in € mln

	Enterprises				NPL	G&S	Total
	Trade Receivables	Leasing	Corporate Banking	Tax Receivables			
Net banking income	170	52	100	14	244	(3)	577
- of which PPA	7	-	78	-	-	7	92
Loan loss provisions (LLP)	(75)	(11)	(12)	0	-	(3)	(100)
Net banking income - LLP	95	41	89	13	244	(6)	476
% total	20%	9%	19%	3%	51%	(1)%	

	Enterprises				NPL	G&S	Total
Net loans	3,584	1,400	798	136	1,093	303	7,314
RWA from counterparty risk	4,793				1,584	116*	6,494
% total	74%				24%	2%	

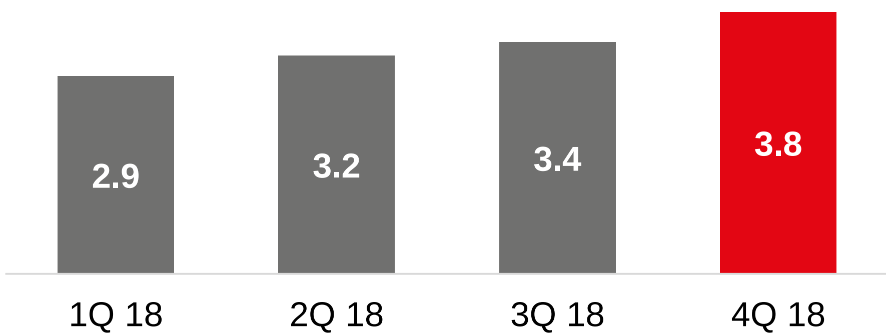
Counterparty RWA on other group assets (i.e. DTA, other assets, financial assets)	1,508
Operating and market risks and CVA	973
Total RWA	**8,975**

Business diversification and client fragmentation across all business segments

*Data includes only loans in G&S

Trade Receivables

Turnover* - €bn



	1Q 18	2Q 18	3Q 18	4Q 18
Net customer loans - €mln	3,208	3,382	3,386	3,584
*- of which Factoring**	*2,738*	*2,992*	*2,824*	*2,983*

Data in euro million*	1Q 18	2Q 18	3Q 18	4Q 18
Net banking income	40	40	43	46
- of which PPA	1	3	1	1
Net banking income / average customer loans	5.0%	5.0%	5.3%	5.6%
Loan loss provisions	(7)	(22)	(26)	(20)

Highlights*

- QoQ growth in turnover driven by seasonality, new customer development and positive market momentum
- Strategy in trade receivables:
  - **SMEs**: ca. 80% of customers are SMEs with total revenues less than €10mln
  - **Short term lending**: average factoring duration of ca. 3-4 months
  - **Customer fragmentation**: average ticket of ca. €400k well diversified across all major business segments
- Ongoing repricing: +0.3% in 4Q 18 vs. 3Q 18 in net banking income / average customer loans (+0.6% vs. 1Q 18)
- In 2018, Banca IFIS started medium / long term lending guaranteed by the Central Guarantee Fund
  - Factoring / total loans decreased slightly, from 88% in 1Q 18 to 85% in 4Q 18
- In 2018, loan loss provisions were impacted by one-offs provisions on a few large tickets

* Data based on management accounting. Factoring includes Polish business

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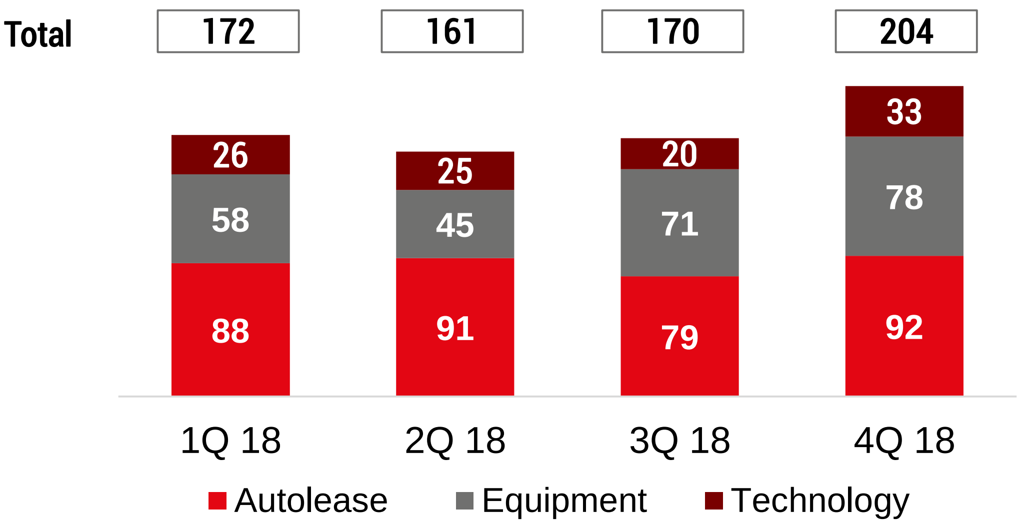
Leasing

New business* - €mln



Net customer loans	1,298	1,328	1,346	1,400

Data in euro million*	1Q 18	2Q 18	3Q 18	4Q 18
Net banking income	12	14	12	13
Net banking income / average customer loans	4.0%	4.2%	3.6%	3.8%
Loan loss provisions	(2)	(2)	(3)	(3)

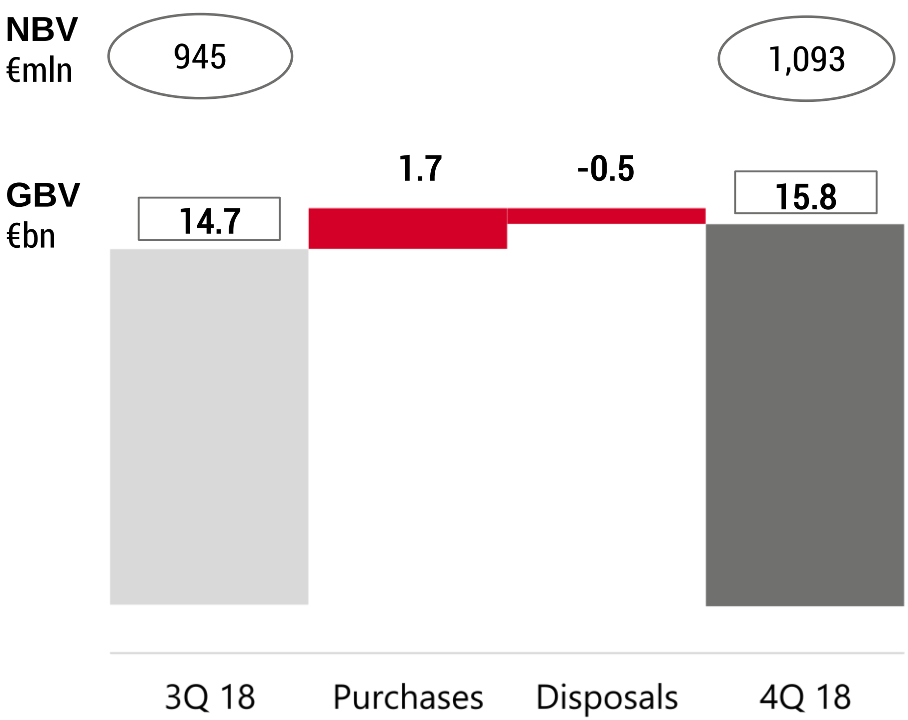
Highlights*

- New business growth (+20% QoQ) due to:
  - Seasonality in the auto and technology industries
  - Final rush of investments to benefit of the fast depreciation ("Super Ammortamento") fiscal incentive in the equipment industry
- Customer fragmentation to minimize asset quality risk: ca. 70k clients, mainly SMEs
- Forefront in innovation with targeted campaigns on hybrid and electric automotive, new medical equipment, full service rental, new insurance coverages, high added value services for customers
- Third party contracts for re-marketing of returned leasing/rentals provide clear recovery estimates

* Data based on management accounting.

IFIS NPL: portfolio evolution

NPL evolution



€3.6bn NPLs acquired in 2018FY

Key numbers

- 1.7mln tickets, #1.2mln borrowers
- Extensive portfolio diversification by geography, type and age of borrower

NPLs acquired in 4Q: €1.7bn GBV

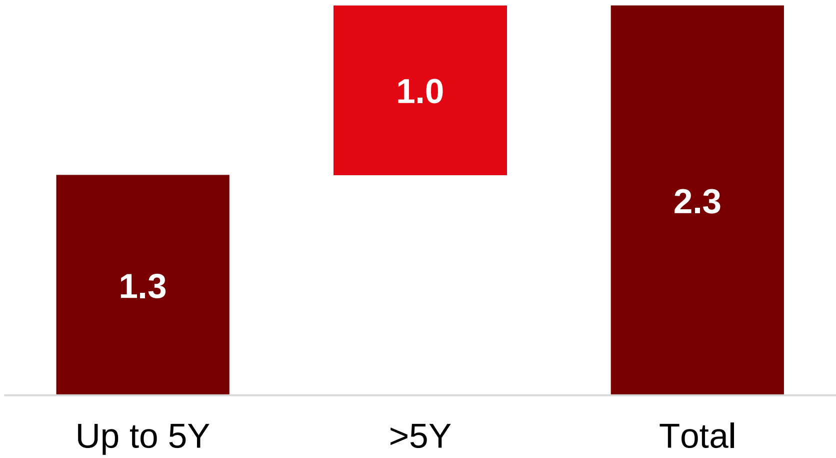
- Positive market momentum
- Portfolios consistent with Banca IFIS business model:
  - Personal loans, current accounts and SMEs loans
  - Small tickets (ca. 190k tickets), predominately unsecured
  - Strong seller knowledge (i.e. MPS, other small banks) from which Banca IFIS has already acquired several portfolios

NPLs disposed in 4Q: €0.5bn GBV

- Already worked out by IFIS NPL
- Disposal to specialized operators
- €10mln capital gain in 4Q

IFIS NPL: ERC

ERC €2.3bn*



NPLs: GBV and Cash recovery in 2014-2018*

Proprietary statistical models built on several years of experience and based on cash recovery

€0.7bn cash recovery (including proceeds from disposals) in 2014-18 (€0.2bn in 2018)

Expected further synergies Banca IFIS + FBS

ERC assumptions

- ERC based proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
  - Type of borrower, geography, age, amount due, employment status
  - Timeframe of recovery
  - Probability of decay
- Monthly ERC review according to management actions and periodic review of assumptions based on update of historical data

Recovery strategy

- Banca IFIS strategy is to offer to borrowers, in alternative to immediate cash repayment, long term sustainable voluntary / judicial recovery plans

* Source: management accounting, risk management data

IFIS NPL: stock by recovery phase

Stock by recovery phase*

2018 annual data		GBV 3Q	GBV 4Q	Carrying amount 4Q	Carrying amount/GBV 4Q
Waiting for the workout		1,818	3,082	200	6%
Processed at least one time		9,148	8,114	151	2%
Internal and external recovery department	Non-judicial payment plans	593	592	149	25%
Legal recovery department	Waiting for judicial workout	2,240	3,000	278	9%
	Ongoing judicial workout	379	412	106	26%
	Order of assignment	498	556	209	38%
Total		14,676	15,756	1,093	7%

Description

- **Waiting for workout** (positions under analysis to select the best recovery strategy): QoQ increase due to NPLs portfolio acquired in 4Q
- **Processed at least one time** (positions managed collectively): -€1bn due to disposals in 4Q 18 and migration to other classifications
- **Internal and external recovery department** (positions with a settlement plan with at least 3 instalments paid)
- The QoQ increase in the positions of the legal department is linked to the normal proceed of the legal processes:
  - **Waiting for judicial workout** (positions with collaterals or order to pay [“decreto”] to be issued)
  - **Ongoing judicial workout** (positions for which the court injunction [“precetto”] has been issued)
  - **Order of assignment** (positions with enforcement order already issued)

* Source: split according to management accounting

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IFIS NPL: cash recovery

Cash recovery*

Data in € mln	1Q 18	2Q 18	3Q 18	4Q 18	Total 2018	Dispo-sals 2018	Total 2018 including disposals
Cash collection	40	41	45	55	181	21	203
Contribution to P&L	67	56	46	69	238	17	255
Cash collection / contribution to P&L	60%	73%	98%	80%	76%		80%

2018 annual data		P&L	Cash collection
Waiting for the workout		0	0
Processed at least one time		-13	13
Internal and external recovery department	Non-judicial payment plans	75	72
Legal recovery department	Waiting for judicial workout*	25	24
	Ongoing judicial workout	68	0
	Order of assignment	83	72
Total		238	181
Disposals		17	21
Total including disposals		255	203

Cash collection vs. contribution to P&L

- Difference between cash collection and contribution to P&L mainly due to NPLs managed by legal recovery department:
  - Legal proceeds to get court injunctions (“precetto”) last on average ca. 6-12 months
  - Once the court injunctions have been issued, NPLs are valued based on internal recovery models. This leads to an increase in accounting value due to the increased recoverable amount
  - Once the order of assignment has been issued, there is another update in the accounting value due to the completion of the legal process
  - Judicial actions to get the final order assignment last on average ca. 1.5-2.5 years from the acquisition date
- Cost of ongoing judicial actions are expensed in P&L partially at issuance of court injunctions (“precetto”) and the remaining at the issuance of the order of assignment
- Cash collection starts following the issuance of the order of assignment. Costs of judicial actions have been already expensed

* Source: split according to management accounting
** The vast majority depends on mortgages positions
Contribution p&L does not include cost of funding

IFIS NPL best positioned to select the best recovery strategy

Full services in the NPLs market

BANCA IFIS	FBS (Gruppo BANCA IFIS)
Unsecured retail loans	Secured and corporate unsecured
Small ticket	Medium/High tickets
Judicial recovery: order of assignment	Judicial recovery: bankruptcies and foreclosure
Extrajudicial recovery voluntary payment	Extrajudicial voluntary sale / foreclose

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- 15Y experience in unsecured retail loans
- 1.7 million loans, 1.2 million borrowers
- GBV ca. €15.8bn property portfolio
- Extensive proprietary database and performance monitoring tools
- Internal call center, consolidated network of home collectors and of internal and external lawyers
- Judicial and extrajudicial recovery experience

FBS

- Over 20 years of experience in UTPs and NPLs management
- GBV ca. €7bn under servicing and ca. €1bn property portfolio
- Extensive bankruptcy experience
- Judicial and extrajudicial recovery experience
- Rated by agencies since 2003. Fitch rating: Italian residential and commercial special servicer ratings at “RSS2+” and “CSS2+”; S&P “Above Average”

#4 servicer in Italy with portfolio purchasing capabilities

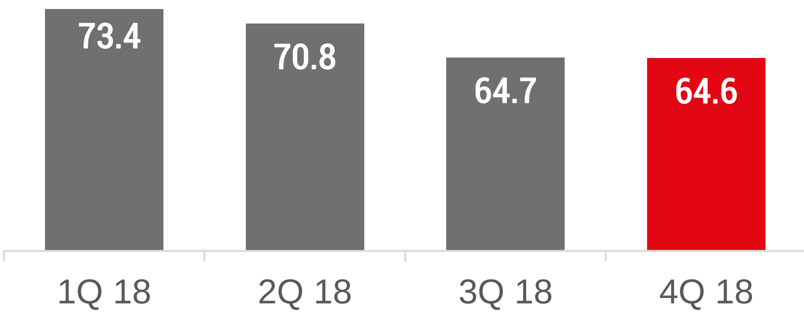
Top 10 Italian special servicers ranked by NPLs AuM

Company	Shareholders	NPLs AuM (€bn)	Average Ticket (€k)	Secured (%)	Unsecured (%)
DO BANK	Fortress/public market	81.3	163	33%	67%
CERVED	Public company	39.5	65	53%	47%
INTRUM ITALIA	INTRUM	38.8(1)	30(1)	55%	45%
BANCA IFIS	La Scogliera 50.2%/public market	23.5	12	10%	90%
PRELIOS	DAVIDSON KEMPNER/public market	12.4	288	65%	35%
PHOENIX	Anacap/Pimco	9.0	315	44%	56%
GUBER	Värde/funders	8.9	60	20%	80%
SISTEMIA	KKR	7.8	25	79%	21%
HOIST ITALIA	Hoist	7.1	10	4%	96%
CREDITO FONDIARIO	Morgan Stanley/Elliot	6.2	35	54%	46%

*Source: company data, PWC. Data as at 30 June 2018
(1) Includes CAF and Gextra and excludes ca. €4.4bn managed by Italfondiario (doBank). Average ticket excludes the acquisition of Intesa JV

Consolidated operating costs

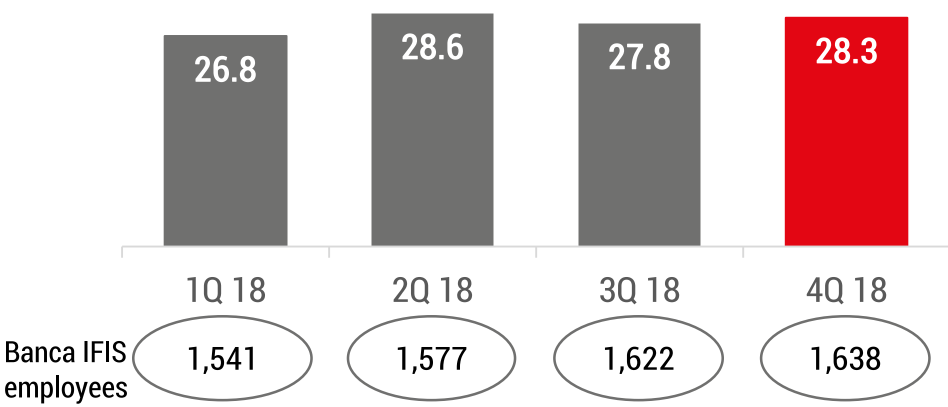
Operating costs (€mln)



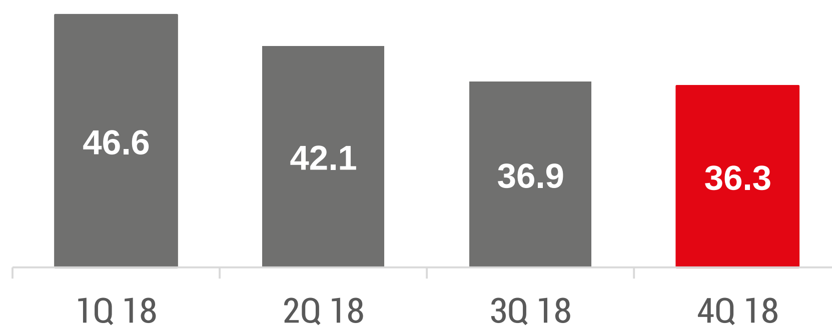
Highlights

- Other administrative and other income / expenses came in at €36.3mln (-€0.6mln QoQ). However, adjusting for €3.9mln one off for the consolidation of Credifarma, they would report a decrease of €4.5mln
- 2018FY operating costs include €2.3mln and €3.7mln on FITD and Resolution Fund, respectively
- In 2018FY cost / income ratio at 47.4% (47.7% in 2017FY)

Personnel expenses (€mln)



Other administrative expenses and other income / expenses (€mln)



Asset quality – 4Q 18

Enterprises	Gross	Coverage %	Net
Bad loans	251	73%	68
UTP	234	37%	147
Past due	107	11%	95
Total	592	48%	310

Enterprises Net of POCI	Gross	Coverage %	Net
Bad loans	224	82%	41
UTP	194	44%	108
Past due	107	11%	95
Total	525	54%	244

POCI	Gross	Coverage %	Net
Bad loans	27	0%	27
UTP	39	0%	39
Past due	0	0%	0
Total	67	0%	67

Highlights

- IFIS NPL not included in this analysis
- Enterprises (net of POCI): bad loans and UTP coverage at 82% and 44%, respectively
- NPEs that arose from the acquisition of Interbanca, in accordance with IFRS 9 are qualified as POCI ("purchased or originated credit-impaired") and are booked net of provisions
- NPEs ratio in Enterprises
  - Gross NPE %: 9.5% (9.9% as at 1Jan 2018)
  - Net NPE %: 5.2% (6.2% as at 1Jan 2018)
- In addition to Enterprises Segment (highlighted in the left table), as at 31 Dec 2018, G&S had €43mln gross NPEs, of which:
  - €26mln gross other loans (of which €4mln gross bad loans, €17mln gross UTP and €5mln gross past due)
  - €18mln POCI
- It is worth noting that total write-off as at 4Q 18 amounted to €241.8mln, of which €220.5mln in IFRS9 FTA

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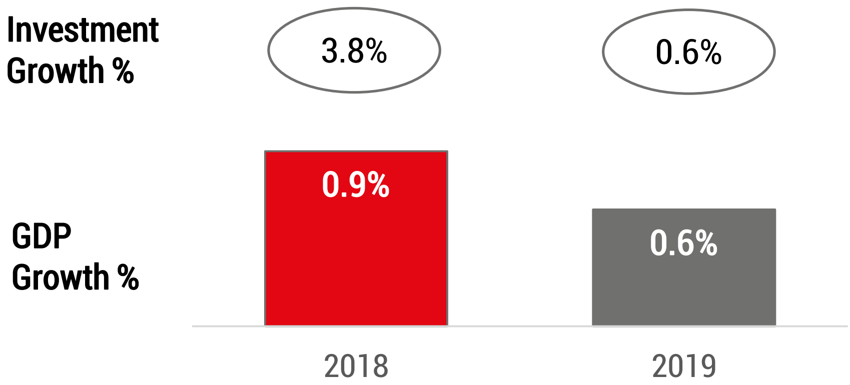
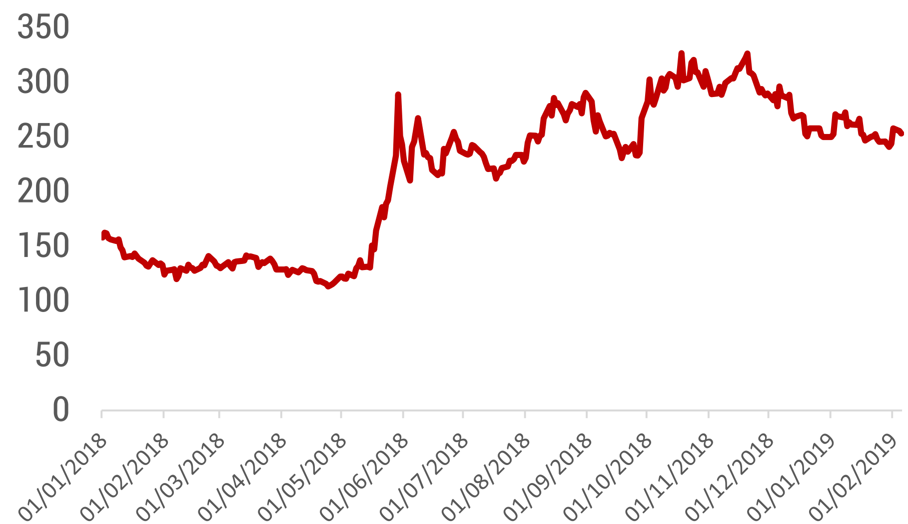
Macroeconomic environment

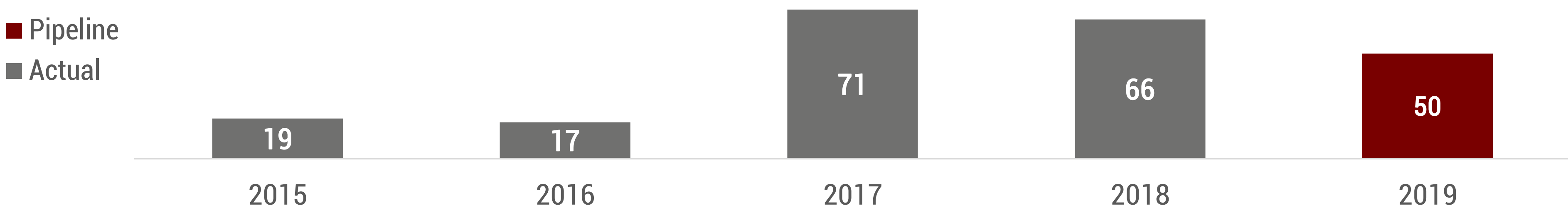
Potential slowdown in Italian GDP growth



BTP-Bund Spread may remain high



NPLs disposal expected to continue in Italian market – GBV €bn



	2015	2016	2017	2018	2019
% Secondary	31%	51%	4%	2%	39%

Source: *Economic Bulletin Bank of Italy –January 2019; Banca IFIS research “Market Watch”

2019 business guidance

BUSINESS GUIDELINES

- Streamline recovery strategy
- NPLs portfolio purchase
- Expand NPLs servicing business
- Focus on SMEs lending mainly through factoring and leasing
- Ordinary winding down of former Interbanca long term loans

2019 GUIDELINES

Guidances assuming no further deterioration on current macroeconomic environment:

- Single digit increase in net banking income vs. 2018YE, despite the contribution from the reversal of the PPA is expected to decrease by ca. 50% from €92mln in 2018
- Net income of around €140-€160mln despite ca. 50% lower contribution from the reversal of the PPA vs. 2018
- In 2019FY, CET1 at La Scogliera Group level is expected to slightly increase from 2018YE level, despite tightening in banking capital regulatory requirements

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La Scogliera: implications of CRD IV

- The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that only 50.2% of the excess capital of Banca IFIS Group Scope is included in the CET1 of La Scogliera Group Scope. CET1 excess capital of €0.3bn is not included in La Scogliera Group Scope
- La Scogliera has communicated to Banca IFIS that even after the next Shareholders' Meeting scheduled in April 2019 it will continue to review potential transactions to achieve substantially equivalent regulatory results to the abandoned reverse merger between the Bank and La Scogliera, safeguarding the capitalization requirements of the Bank, taking into account the interests of the family shareholders of La Scogliera and providing full commitment to support the growth of the Bank

La Scogliera S.p.A. Consolidating Group entity

50.2%

Banca IFIS S.p.A.

Data in €billion

Data as at 31 Dec 2018	Banca IFIS Group Scope	Capital requirements*	Excess capital	Minority stake of La Scogliera	Excess capital not included	La Scogliera Group Scope
CET1	1.2		0.7	49%	0.3	0.9
Total Capital	1.6		0.8	49%	0.4	1.3
CET1 %	13.7%	6.4%		49%		10.3%
Total Capital %	18.2%	9.9%		49%		14.0%
RWA	9.0					9.0

*Capital requirements at parent company level. Capital requirements will increase to ca. 7.0% and 10.5% for CET1 and Total Capital, respectively, due to increase in Capital Conservation Buffer from 1.9% to 2.5% as per regulation 2013/36/EU

Focus on DTA

Data in €/mln

Convertible DTA	• DTAs related to write downs of loans convertible into tax credits (under Law 214/2011) • Their recovery is certain regardless of the presence of future taxable income and is defined by fiscal law (range ca. 5%-12% per annum, with full release by 2026) • No time and amount limit in the utilization of converted DTA • Capital requirements: 100% weight on RWA	**218.4**
DTA due to tax losses (non-convertible)	• DTAs on losses carried forward (non-convertible) and DTAs on ACE (Allowance for Corporate Equity) deductions can be recovered in subsequent years only if there is positive taxable income • No time limit to the use of fiscal losses against taxable income of subsequent years • Capital requirements: 100% deduction from CET1	**144.5 (102+42.5*)**
Other non-convertible DTAs	• DTAs generated due to negative valuation reserves and provisions for risks and charges • Capital requirements: deduction from CET1 or weighted in RWA depending on certain thresholds. For Banca IFIS they are weighted at 250% and are partially offset by DTL	**27.8**

* Includes €42.5mln of tax credits booked as loans towards La Scogliera as part of the consolidated fiscal accounts. The tax credit stemmed from Interbanca's PPA in fiscal year 2017, following the merger of Interbanca into Banca IFIS

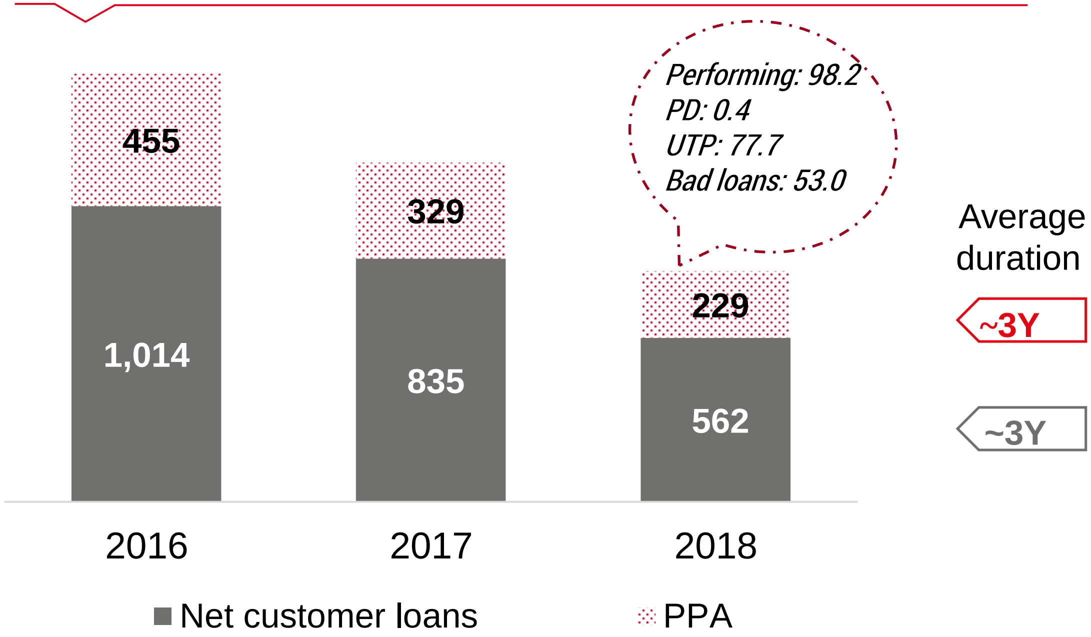
BANCA IFIS

Focus on PPA

Description

- In 2016, following the acquisition of Interbanca, Banca IFIS valued the performing and non performing loans of Interbanca by applying a market discount and a liquidity discount to reflect purchase price
- The purchase price allocation (PPA) is written back with the progressive maturity or the disposal of Interbanca's loans
  - As at 31 Dec 18, the residual amount of pre tax PPA was €229mln
  - The average maturity of the loan is ca. 3Y

Net customer loans and PPA - €mln



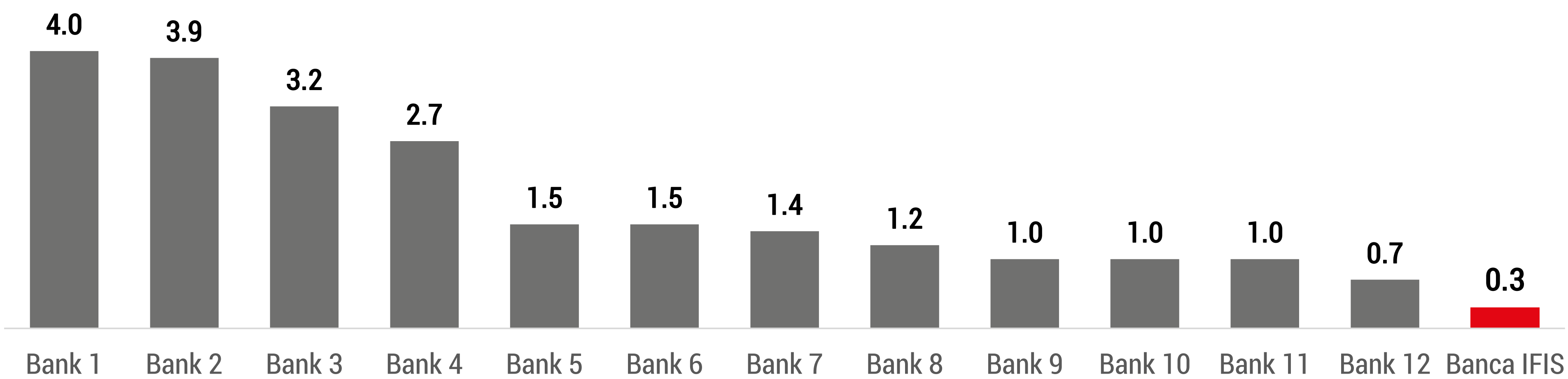
PPA Reversal in P&L	1Q 18	2Q 18	3Q 18	4Q 18	Outstanding 2018
Enterprises	20	20	15	29	186
G&S	1	2	1	2	44
Total	**22**	**22**	**17**	**31**	**229**

Italian Government bonds

4Q 2018 data

- Nominal Value €423mln (Accounting Value €410mln) – 95% BTP Italia linked to Italian inflation
- Duration: 2.2Y (source Bloomberg)
- Strategy: collateral for TLTRO II
- Sensitivity to +100bps yield curve: 16bps at Banca IFIS Group Scope

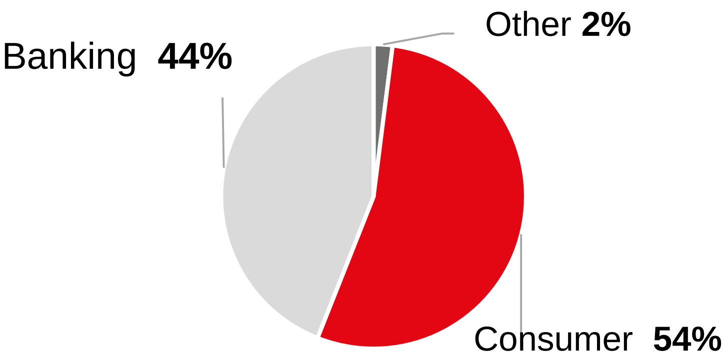
Italian banks: Italian government Bonds / Shareholders Equity



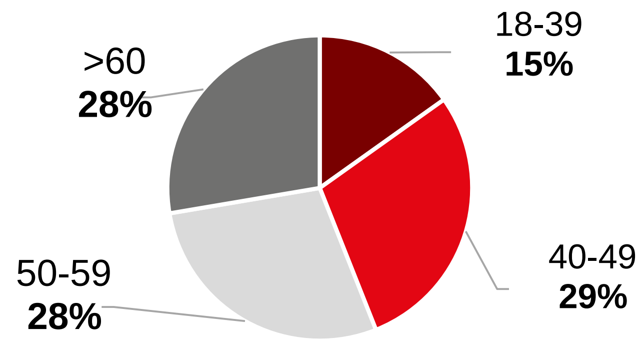
*Source: company data as at 3Q 18

IFIS NPL: portfolio diversification

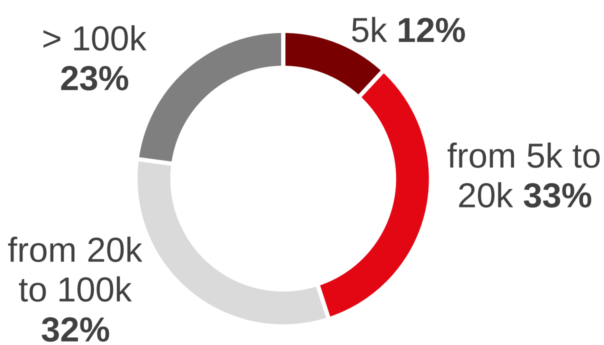
Breakdown of GBV by type



Breakdown of GBV by borrower age



Breakdown of Gross Bad Loans by ticket size



Gross NPL breakdown by region

NORTH	32.3%
CENTER	24.7%
SOUTH & ISLANDS	36.9%
OTHER/ ABROAD	6.1%

Data as at 31 December 2018
Source: management accounting, risk management data

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