

A nighttime photograph of a modern glass skyscraper. The building's facade is composed of numerous glass panels, many of which are illuminated from within, creating a warm, glowing effect. The interior lights are primarily white and yellow, with some blue and red accents. The building is set against a dark background, and the overall scene is dominated by the geometric patterns of the glass and the vertical lines of the structure. The text 'BANCA IFIS' is overlaid in the top left corner, and '1H 2019 RESULTS' and '2 AUG 2019' are overlaid in the bottom left corner.

BANCA IFIS

1H 2019 RESULTS

2 AUG 2019

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Summary results

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Conclusions

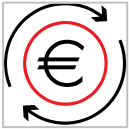
04

Appendix



Working on the industrial plan to be presented in Autumn

- Focus on NPLs and lending / services to SMEs
- Streamlining capital and cost allocation per business unit
- Cost control without impacting investments in digitalization / IT and NPL



Focus on capital strengthening, as anticipated in 1Q 2019

- CET1 at 10.81% (+0.52% QoQ)
- Ongoing disposal of non core real estate and RWA optimization



Continuing growth path in 2Q 19

- NPL cash recovery of €67mln (+19% QoQ; +66% YoY); acquisition of €0.4bn new unsecured NPL tickets + forward flow contracts of €0.3bn
- Net banking income of Enterprise division €86mln (+29% QoQ)



2Q 2019

Net income

- €38mln net income
- Reversal of PPA at €21mln (€17mln in 1Q19; €31mln in 4Q 18)

Net banking income

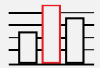
- €149mln:
- 44% NPL business
 - 29% trade receivables
 - 10% leasing
 - 17% corporate
 - 1% others

Operating costs

- €64mln (€74mln in 1Q 19, €65mln in 4Q 18)

LLP

- Cost of risk of €22mln including further provisions vs. a few large construction businesses



STOCK

Customer loans

- €7.3bn stable QoQ
- Trade receivables stable as 1Q 19
 - NPLs +€48mln QoQ due to acquisition in 2Q 19

NPL business

- ERC €2.4bn
- In 2Q 19: €67mln cash collection vs. €60mln P&L* contribution
- Full NPL accounting description in appendix

Funding

- €0.95bn Wholesale
- €5.07bn customer deposits (+0.05bn QoQ)

CET1

- 10.8% La Scogliera Group Scope, well above the 8.12% SREP
- 14.0% Banca IFIS Group Scope

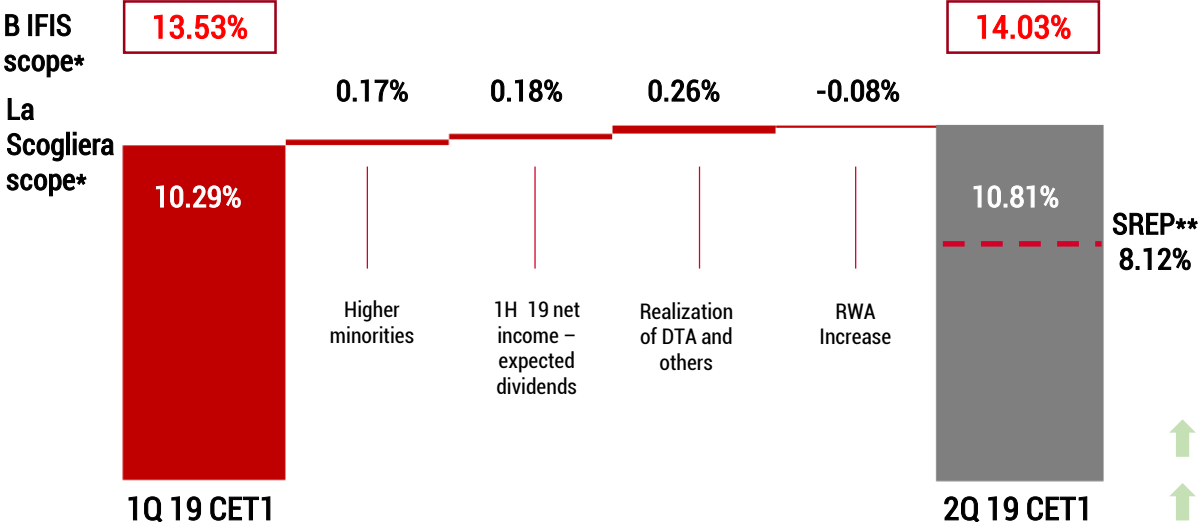
| (€ mln) | 1Q 19 | 2Q 19 | 1H 18 | 1H 19 |
|---|---------------|---------------|----------------|----------------|
| Net interest income | 115.3 | 118.3 | 229.6 | 233.6 |
| Net commission income | 23.8 | 22.7 | 39.8 | 46.5 |
| Trading and other revenues | (9.0) | 8.1 | 8.8 | (0.9) |
| Net banking income | 130.1 | 149.1 | 278.1 | 279.2 |
| Loan loss provisions (LLP) | (13.1) | (22.0) | (40.0) | (35.0) |
| Net banking income – LLP | 117.0 | 127.1 | 238.1 | 244.2 |
| Personnel expenses | (31.4) | (32.7) | (55.5) | (64.2) |
| Other administrative expenses | (43.3) | (71.0) | (95.1) | (114.4) |
| Other net income/expenses | 0.4 | 39.8 | 6.4 | 40.2 |
| Operating costs | (74.4) | (64.0) | (144.2) | (138.4) |
| Gains (Losses) on disposal of investments | - | (1.3) | - | (1.3) |
| Pre tax profit | 42.7 | 61.8 | 93.9 | 104.5 |
| Taxes | (12.7) | (23.5) | (27.7) | (36.2) |
| Net income | 29.9 | 38.3 | 66.2 | 68.3 |

| | | | | |
|------------------------------|-------|-------|-------|-------|
| Customer loans | 7,322 | 7,344 | 6,710 | 7,344 |
| - of which NPL Business | 1,125 | 1,174 | 851 | 1,174 |
| Total assets | 9,864 | 9,888 | 9,733 | 9,888 |
| Direct funding | 6,977 | 7,171 | 6,937 | 7,171 |
| - of which customer deposits | 5,021 | 5,069 | 4,841 | 5,069 |
| Shareholders Equity | 1,489 | 1,472 | 1,373 | 1,472 |

Non recurrent items

| Data in €mln | | |
|----------------------------|----------|--------------|
| Other admin. expenses | -31 | 2Q 19 |
| Other net income /expenses | 39 | 2Q 19 |
| Operating costs | 8 | 2Q 19 |
| Taxes | -8 | 2Q 19 |
| Net income | 0 | 2Q 19 |

- Closing of a tax proceeding of former Interbanca with no impact on Banca IFIS's net income



CET1 +0.52% QoQ driven by organic growth

Capital generation in future quarters

- ↑ Retained earnings
- ↑ Potential real estate disposal
- ↑ Progressive use of DTA against future profits (€117.0mIn as at 30 June 19) currently fully deducted from CET1 (~132bps)
- ↑ Ordinary winding down of former Interbanca customer loans (€0.5bn as at 30 June 19)

Data in €bn

| Banca IFIS Group Scope | 1Q 19 | 2Q 19 |
|------------------------|--------|--------|
| RWA | 8.9 | 9.0 |
| CET1 | 1.2 | 1.3 |
| Total Capital | 1.6 | 1.7 |
| Total Capital % | 18.03% | 18.49% |

| La Scogliera Group scope | 1Q 19 | 2Q 19 |
|--------------------------|--------|--------|
| RWA | 8.9 | 9.0 |
| CET1 | 0.9 | 1.0 |
| Total Capital | 1.2 | 1.3 |
| Total Capital % | 14.02% | 14.51% |

| | | |
|--------------------------------------|-----|-----|
| Excess CET1 not inc. in La Scogliera | 0.3 | 0.3 |
|--------------------------------------|-----|-----|

- In 2Q 19, cash collection includes the release of €6mln accrued cash on a €1.5bn GBV NPL portfolio. In fact, payments during the onboarding phase – which on average lasts ca. 6 months and relates to the inclusion of all NPL documentations on our system – are accrued and released when the onboarding is completed
- Cash collections of €67mln in 2Q 19 (vs. P&L impact of €60mln)
 - +19% vs. 1Q 19
 - +66% vs. 2Q 18
 - +134% vs. 2Q 17

| Data in € mln (excluding disposals) | 1Q 17 | 2Q 17 | 3Q 17 | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | 2017 YE | 2018 YE |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|---------|
| Cash collection | 25 | 29 | 30 | 44 | 40 | 41 | 45 | 55 | 57 | 67 | 128 | 181 |
| Contribution to P&L* | 35 | 36 | 32 | 58 | 67 | 56 | 46 | 69 | 66 | 60 | 162 | 238 |
| Cash collection / contribution to P&L | 70% | 80% | 93% | 75% | 60% | 73% | 98% | 79% | 87% | 112% | 79% | 76% |

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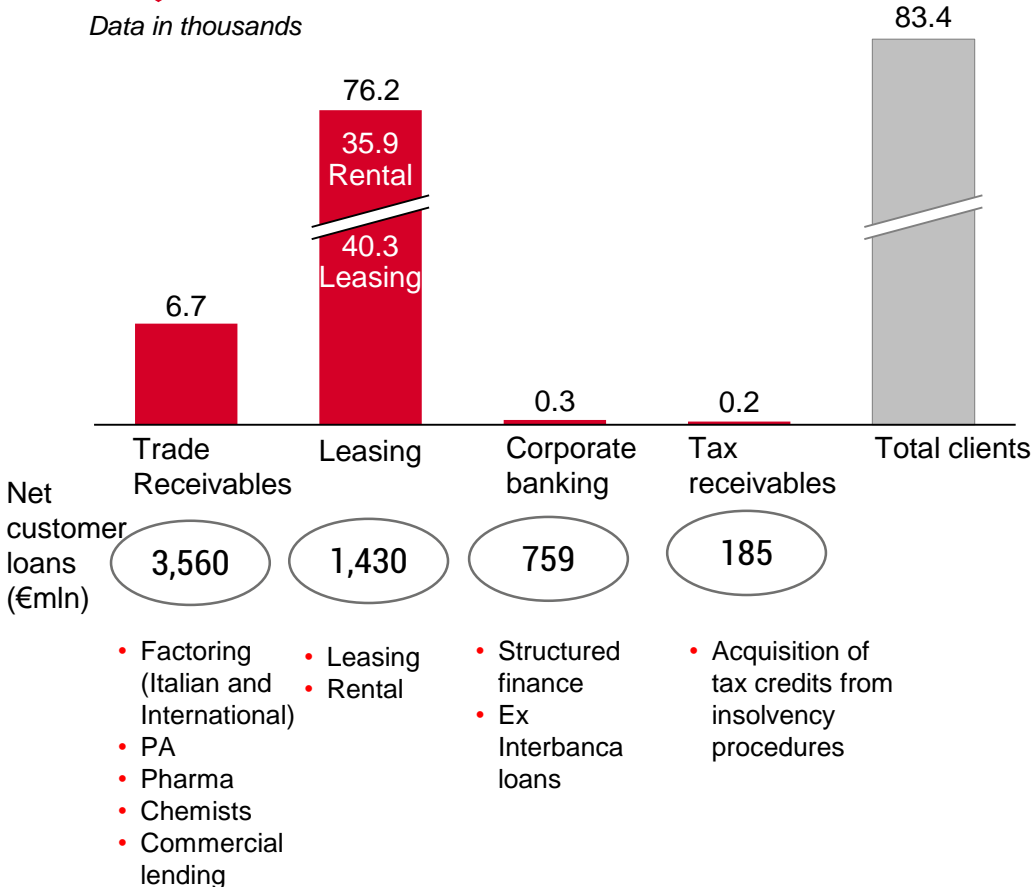
Appendix

Data in € mln

| | Enterprises | | | | NPL | G&S | Total |
|--|-------------------|---------|-------------------|-----------------|-------|------|--------------|
| | Trade Receivables | Leasing | Corporate Banking | Tax Receivables | | | |
| Net banking income | 83 | 28 | 35 | 7 | 128 | (1) | 279 |
| - of which PPA | 2 | - | 31 | - | - | 5 | 38 |
| Loan loss provisions (LLP) | (27) | (5) | (2) | 0 | 0 | 0 | (35) |
| Net banking income - LLP | 56 | 23 | 32 | 6 | 128 | (1) | 244 |
| % total | 23% | 10% | 13% | 3% | 52% | (1)% | |
| Net customer loans | 3,560 | 1,430 | 759 | 185 | 1,174 | 236 | 7,344 |
| RWA from counterparty risk* | 4,685 | | | | 1,623 | 172 | 6,480 |
| % total | 72% | | | | 25% | 3% | |
| Counterparty RWA on other group assets** | | | | | | | 1,512 |
| Operating and market risks and CVA*** | | | | | | | 989 |
| Total RWA | | | | | | | 8,982 |

Number of clients*

Data in thousands



1 Cross selling potential

- **83.4k clients** of which 40.3K leasing, 35.9k rental and 6.7k trade receivable
- **Cross selling potential integrating the different networks:** less than 15% of factoring clients have leasing products; less than 2% of leasing clients have factoring products with Banca IFIS

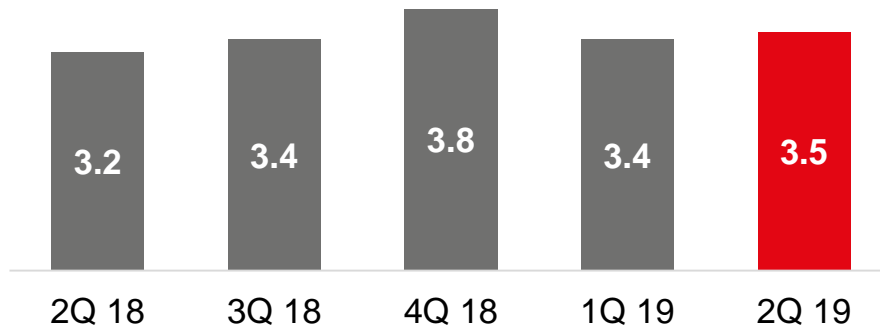
2 Client growth

Data in thousands



Ongoing rationalization based on expected profitability and competitive scenario

Turnover* - €bn



Highlights*

- Turnover +9% YoY and +3% QoQ
- Net banking income / average customer loans at 4.9%
- Loan loss provisions of €18mIn including additional provisions on a few larger construction companies to reflect the evolution of the restructuring processes

Net customer loans - €mIn

3,382

3,386

3,584

3,595

3,560

- of which Factoring*

2,992

2,824

2,983

2,915

2,872

| Data in euro million* | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|---|-------|-------|-------|-------|-------|
| Net banking income | 40 | 43 | 46 | 41 | 43 |
| - of which PPA | 3 | 1 | 1 | 1 | 1 |
| Net banking income / average customer loans | 5.0% | 5.3% | 5.6% | 4.8% | 4.9% |
| Loan loss provisions | (22) | (26) | (20) | (9) | (18) |

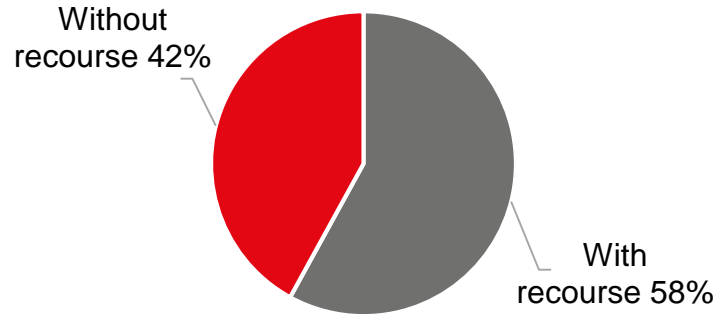
- Trade receivables focused on SMEs clients
- Ca. 95% of clients with revenues < €50mln
- Ca. 54% of outstanding and net customer loans realized with businesses with revenues < €50mln

| Client by revenue | Number of operative clients | % total | Net customer loans (€ bn) | % total |
|---|-----------------------------|-------------|---------------------------|-------------|
| Micro business A (€0-€10mln) | 4.690 | 71% | 0,9 | 25% |
| Small private owned businesses (Revenues not available) | 827 | 12% | 0,4 | 11% |
| Small businesses (€10-€50mln) | 792 | 12% | 0,6 | 18% |
| Medium/large businesses (>50mln) | 341 | 5% | 1,6 | 46% |
| Total | 6.650 | 100% | 3,6 | 100% |

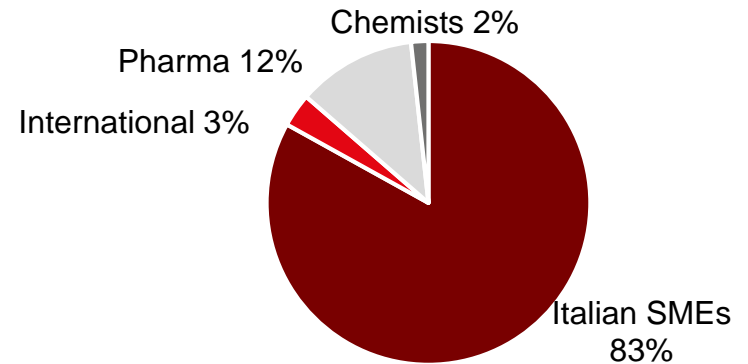
Ca. 70% of net banking income

Ca. 45% of these 341 clients are transferred debtors (i.e. including reverse factoring) from ca. 940 SMEs
 In 1H 19, these 940 SME clients generated ca. €1.8bn turnover

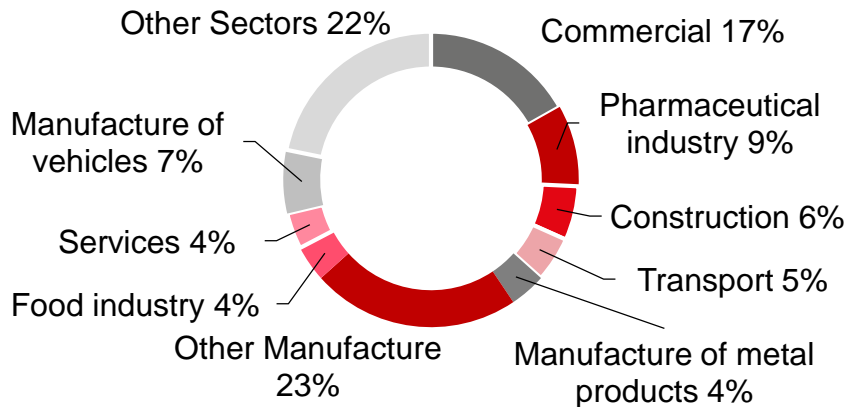
Outstanding: with and without recourse



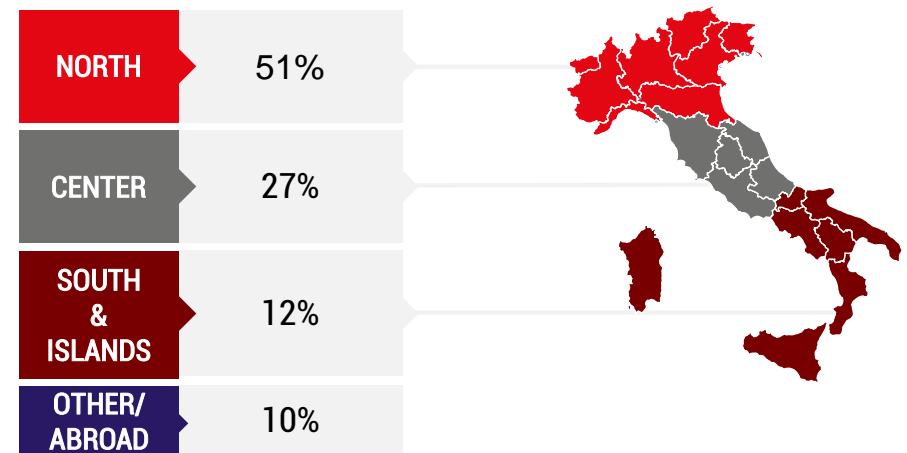
Net customer loans by business unit



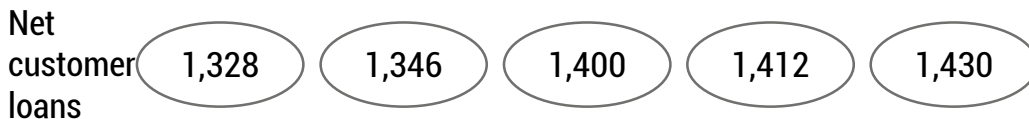
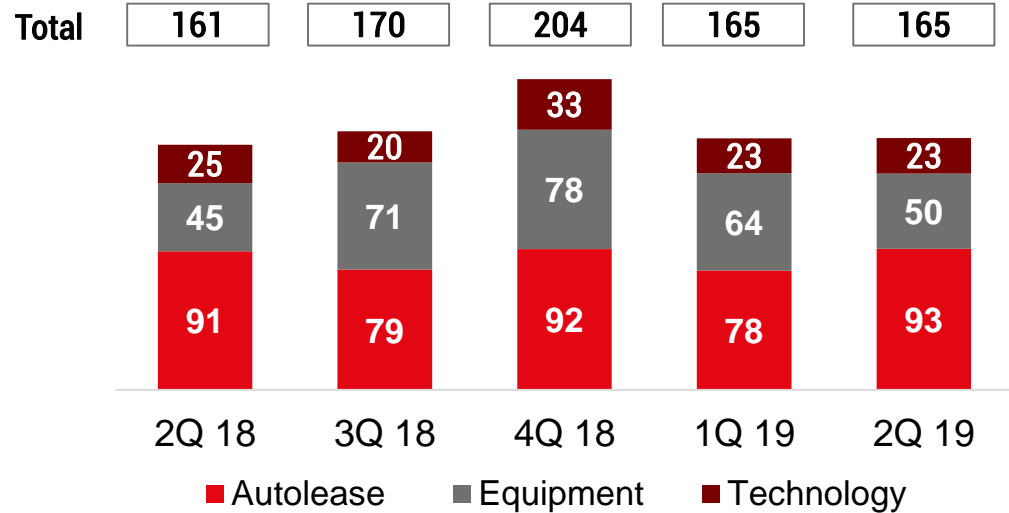
Net customer loans by sector



Net customer loans by region



New business* - €mln



Highlights*

- New leasing +3% YoY and stable vs QoQ
- Potential benefits from the renewal of the fast depreciation (“Super Ammortamento”), a fiscal incentive in the equipment industry

| Data in euro million* | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|---|-------|-------|-------|-------|-------|
| Net banking income | 14 | 12 | 13 | 14 | 15 |
| Net banking income / average customer loans | 4.2% | 3.6% | 3.8% | 3.9% | 4.1% |
| Loan loss provisions | (2) | (3) | (3) | (2) | (3) |

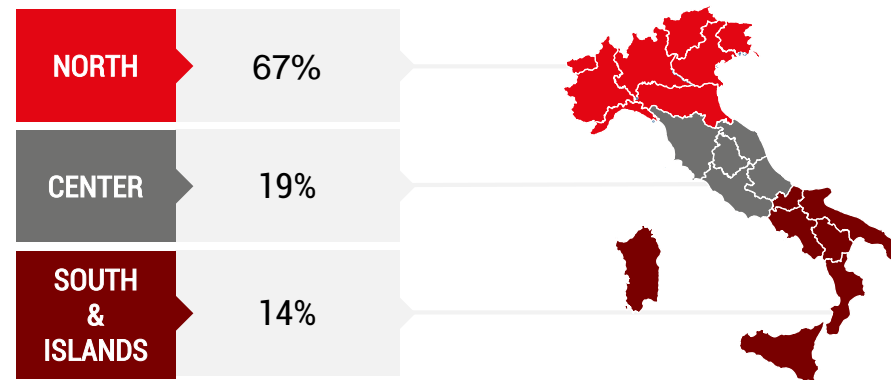
Leasing by segment

| Segment | Number of clients (k) | GBV (€bn) | % GBV | Average exposure per client (€/k) |
|--------------|-----------------------|------------|-------|-----------------------------------|
| Auto | 26 | 0,8 | 65% | 30 |
| Equipment | 5 | 0,3 | 24% | 55 |
| Technology | 9 | 0,1 | 11% | 15 |
| Total | 40 | 1,2 | | |

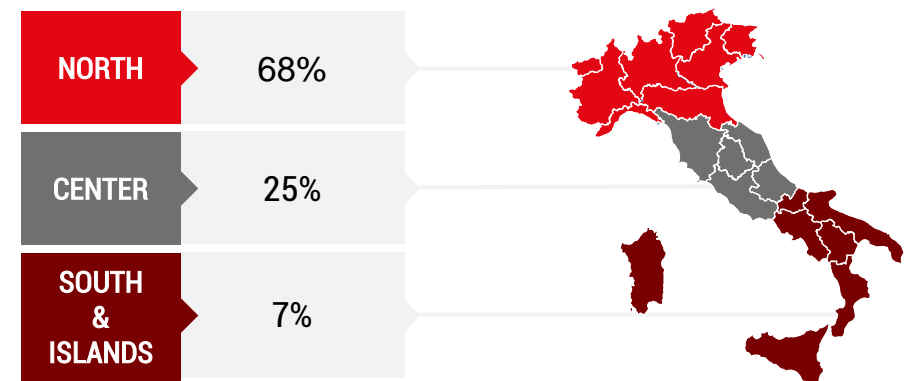
Rental by segment

| Segment | Number of clients (k) | GBV (€bn) | % GBV | Average exposure per client (€/k) |
|--------------|-----------------------|------------|-------|-----------------------------------|
| Technology | 35 | 0,2 | 84% | 5 |
| Equipment | 1 | 0,03 | 16% | 39 |
| Total | 36 | 0,2 | | |

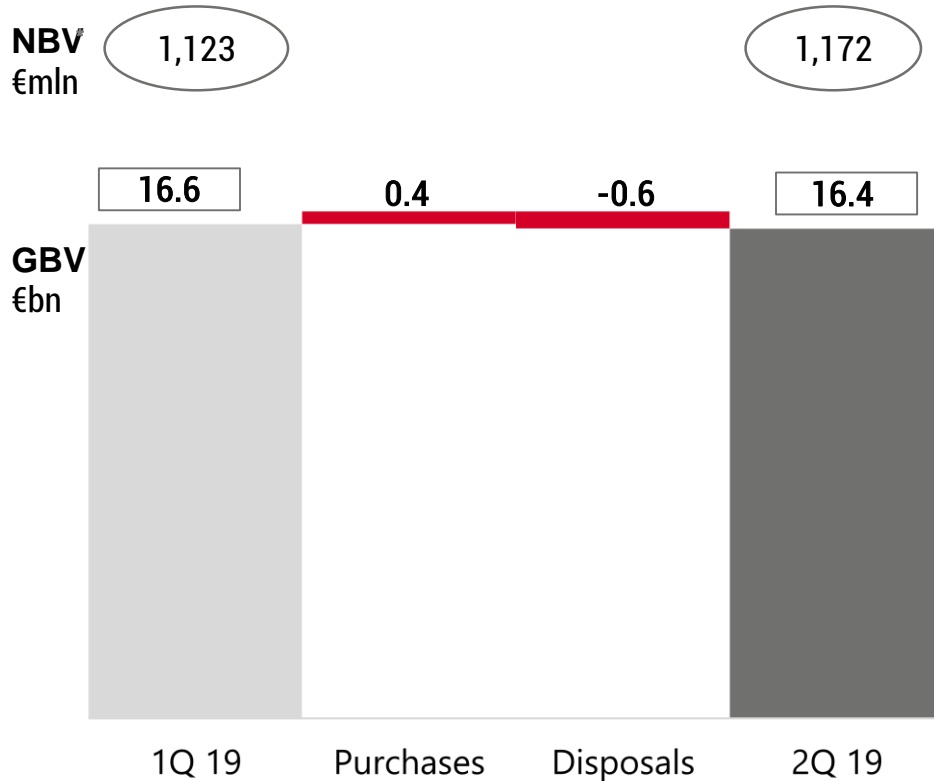
Leasing by region



Rental by region



NPL portfolio evolution



Key numbers

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

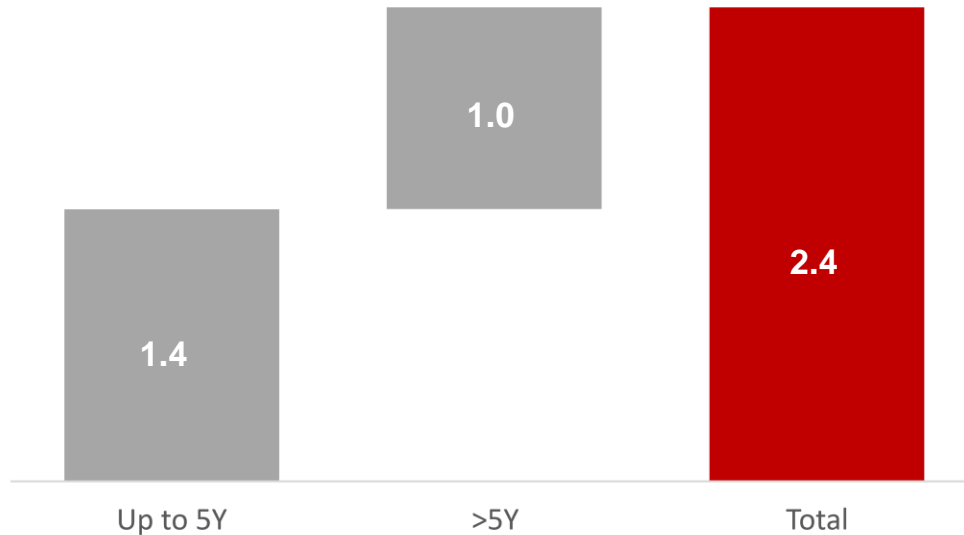
NPLs acquired in 2Q: €0.4bn GBV

- Ca. 50% market share in unsecured tickets in 1H 19
- Strong seller knowledge from which Banca IFIS has already acquired several portfolios
- Participating in all disposal processes of unsecured tickets
- Acquisition of further €0.3bn of forward flows

NPLs disposed in 2Q: €0.6bn of portfolio tails

- Capital gain of €8mln: NBV of ca. 0.5% vs. disposal price of ca. 1.8%
- Ca. 68% acquired before Dec 2016
- Ca. 86% with default date before Dec 2013

ERC €2.4bn*



ERC breakdown*

| Data in € bn | GBV | NBV | ERC |
|-------------------------------|-------------|------------|------------|
| Waiting for workout - At cost | 1.6 | 0.1 | 0.3 |
| Extrajudicial positions | 9.9 | 0.3 | 0.6 |
| Judicial positions | 4.9 | 0.7 | 1.5 |
| Total | 16.4 | 1.2 | 2.4 |

ERC assumptions

- ERC based proprietary statistical models built using internal historical data series and homogeneous clusters of borrowers
 - Type of borrower, location, age, amount due, employment status
 - Time frame of recovery
 - Probability of decay
- ERC represents Banca IFIS's expectation in terms of gross cash recovery. Internal and external costs of positions in non-judicial payment plans (GBV of €0.4bn in 2Q 19), court injunction ["precetto"] issued and order of assignments (GBV of €1.1bn in 1Q 19) have already been expensed in P&L
- €0.8bn cash recovery (including proceeds from disposals) in 2014 - 2Q 2019

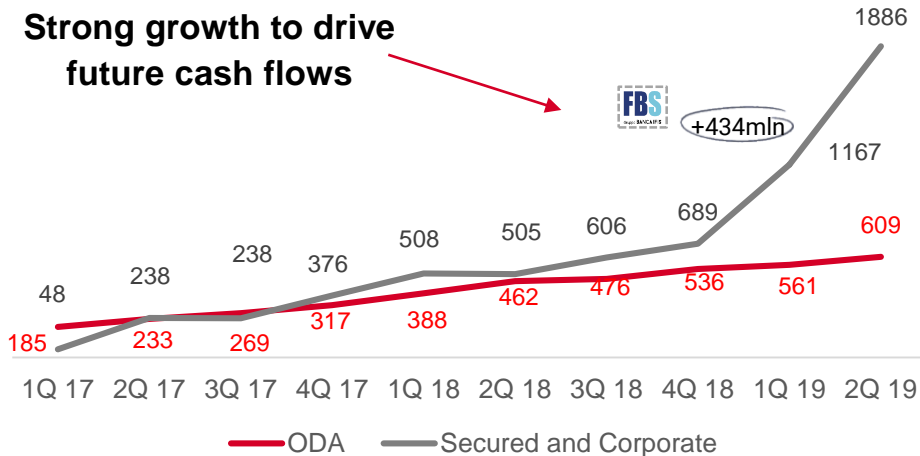
Judicial recovery

| Judicial recovery (€ mln) | GBV | % |
|---|--------------|-------------|
| Freezed* | 1,931 | 39% |
| Court injunctions ["precetto"] and foreclosures | 487 | 10% |
| Order of assignments | 609 | 12% |
| Secured and Corporate | 1,886 | 38% |
| Total | 4,913 | 100% |

Ongoing processing
 Towards ODA or secured and corporate / future cash flows

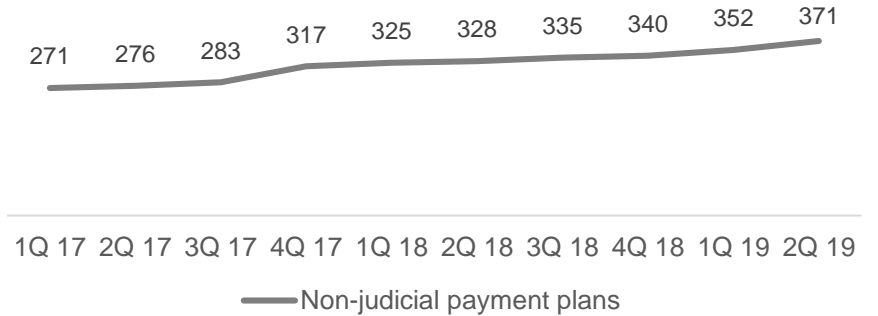
Judicial recovery - Growth of ODA and secured

GBV, data in €mln



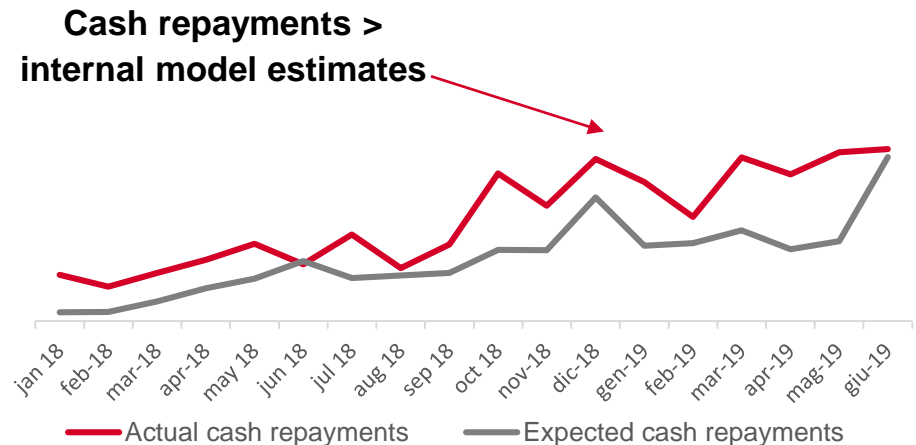
Non judicial recovery – Voluntary plans

GBV, data in €mln

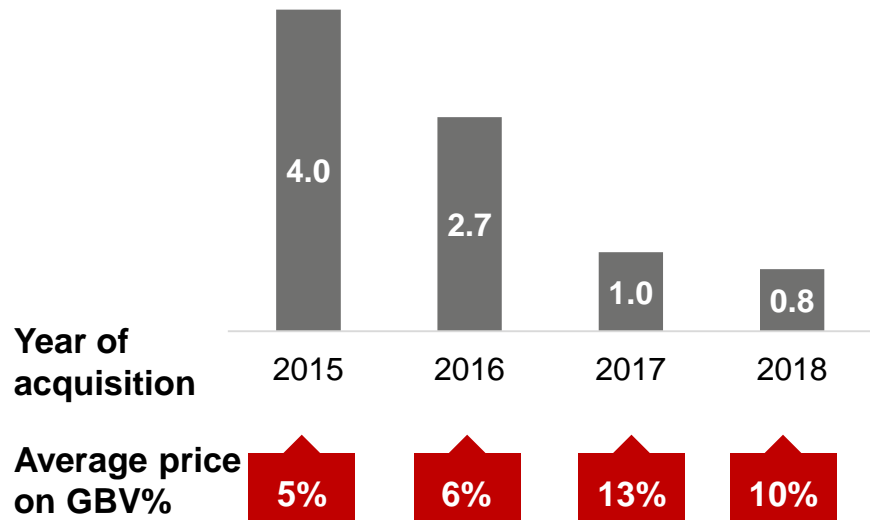


Actual cash repayments > expected cash repayments **

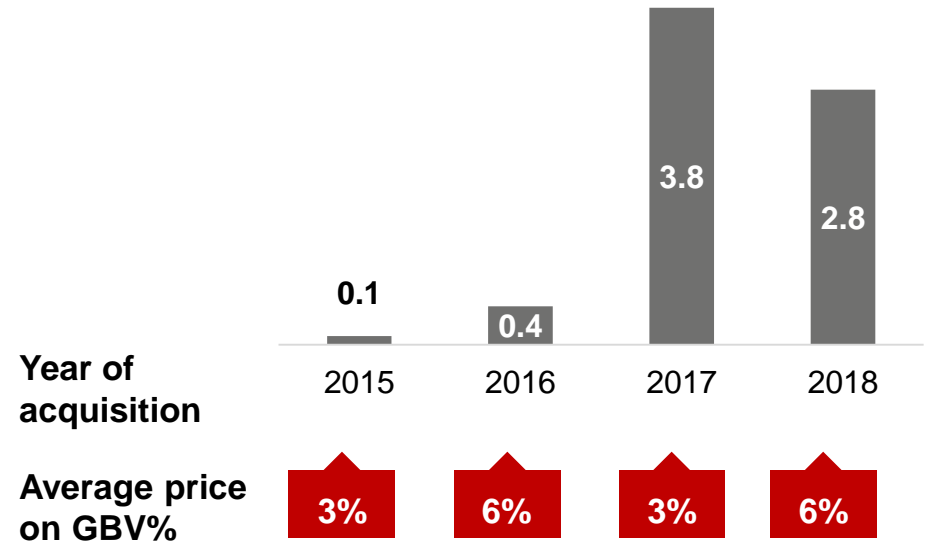
Judicial + non judicial recovery, data in €mln



Consumer NPLs - GBV acquired €bn



Banking NPLs – GBV acquired €bn

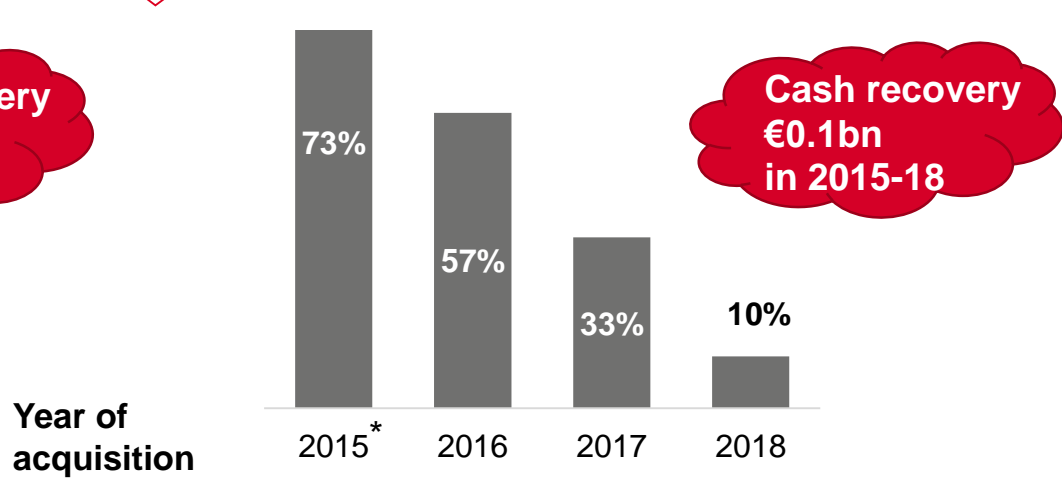
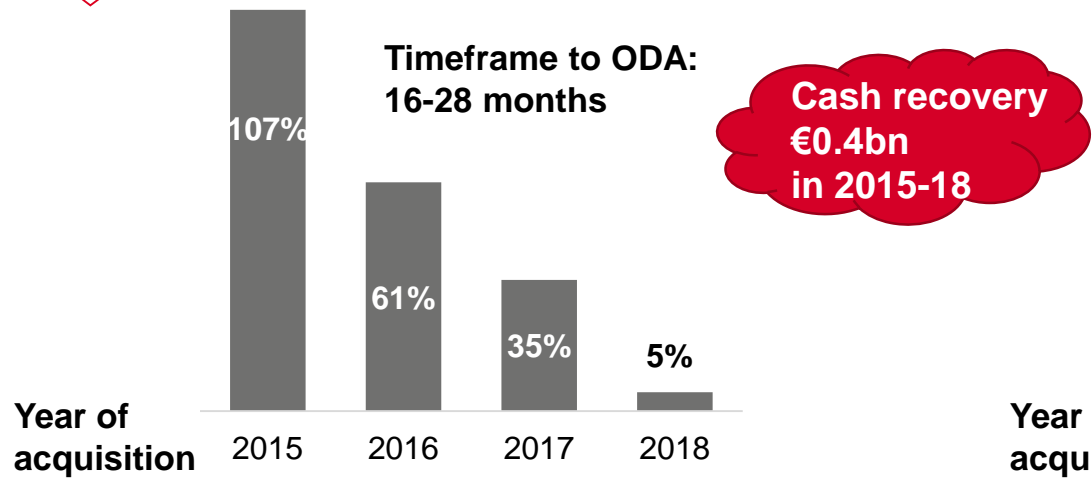


- Increase in acquisition price due to competition partially offset by better NPL quality in terms of lower vintage and better documentation (i.e. credit contracts, collaterals, guarantees, appraisals of real estate assets, etc)
- Improvement of Banca IFIS’s efficiency in recovery process

**Progressive switch from consumer to banking NPLs. Stabilization of consumer NPL inflows
Banca IFIS successfully managed to broaden his expertise**

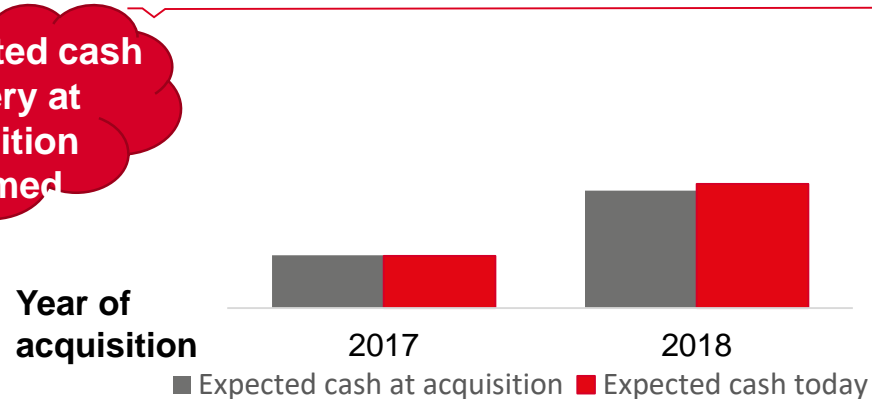
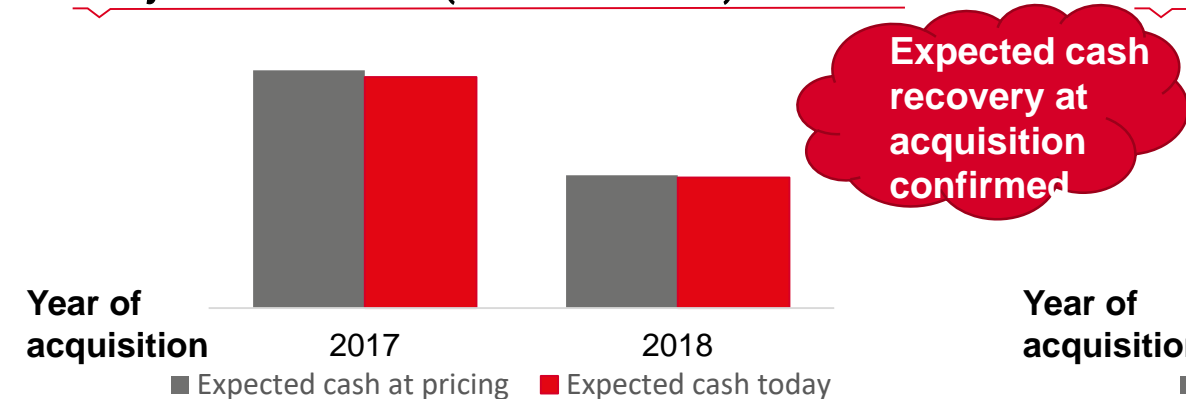
Cumulated cash recovery / price paid: consumer NPLs

Cumulated cash recovery / price paid: banking NPLs

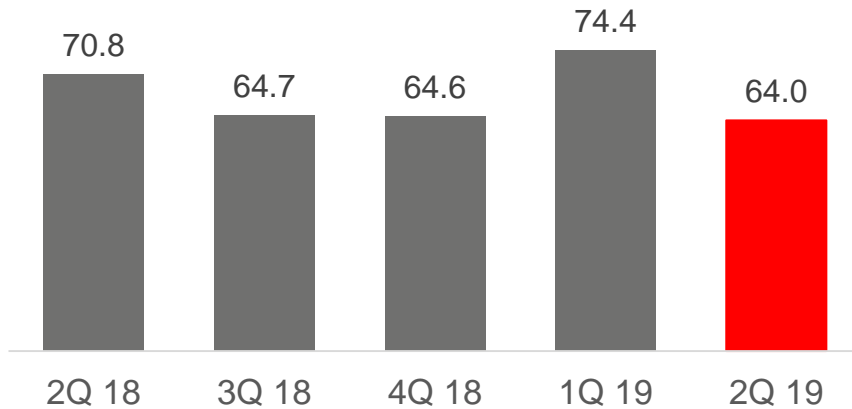


Expected recovery at acquisition / expected recovery today in terms of GBV (Consumer NPLs)

Expected recovery at acquisition / expected recovery today in terms of GBV (Banking NPLs)



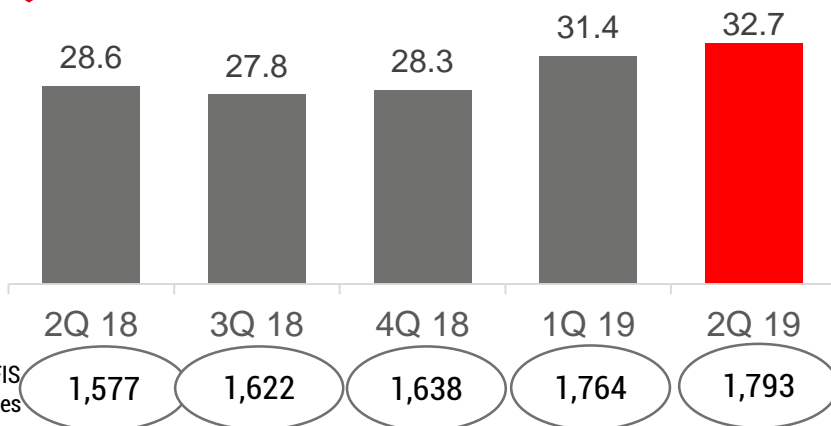
Operating costs (€mln)



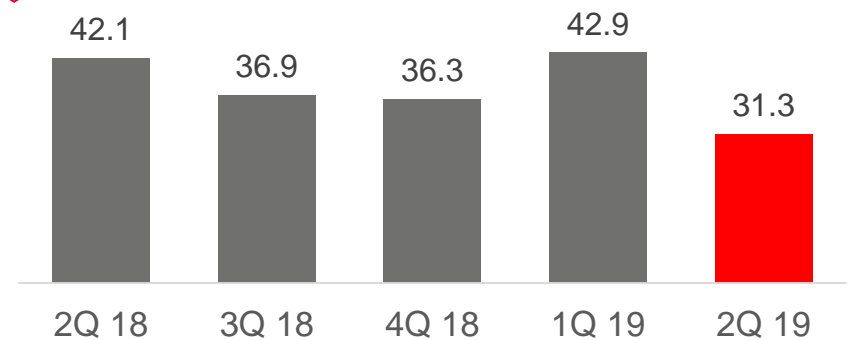
Highlights

- Operating costs ~ -€10mln vs. 1Q 19, mainly due to:
 - ~ -€8mln due to the closing of a tax proceeding of former Interbanca with no impact on Banca IFIS's net income
 - ~ -€1.4mln due to FITD and Resolution Fund
 - 2Q 19 cost / income ratio at 42.9% (57.2 % at 1Q 19) also due to the closing of the tax proceeding

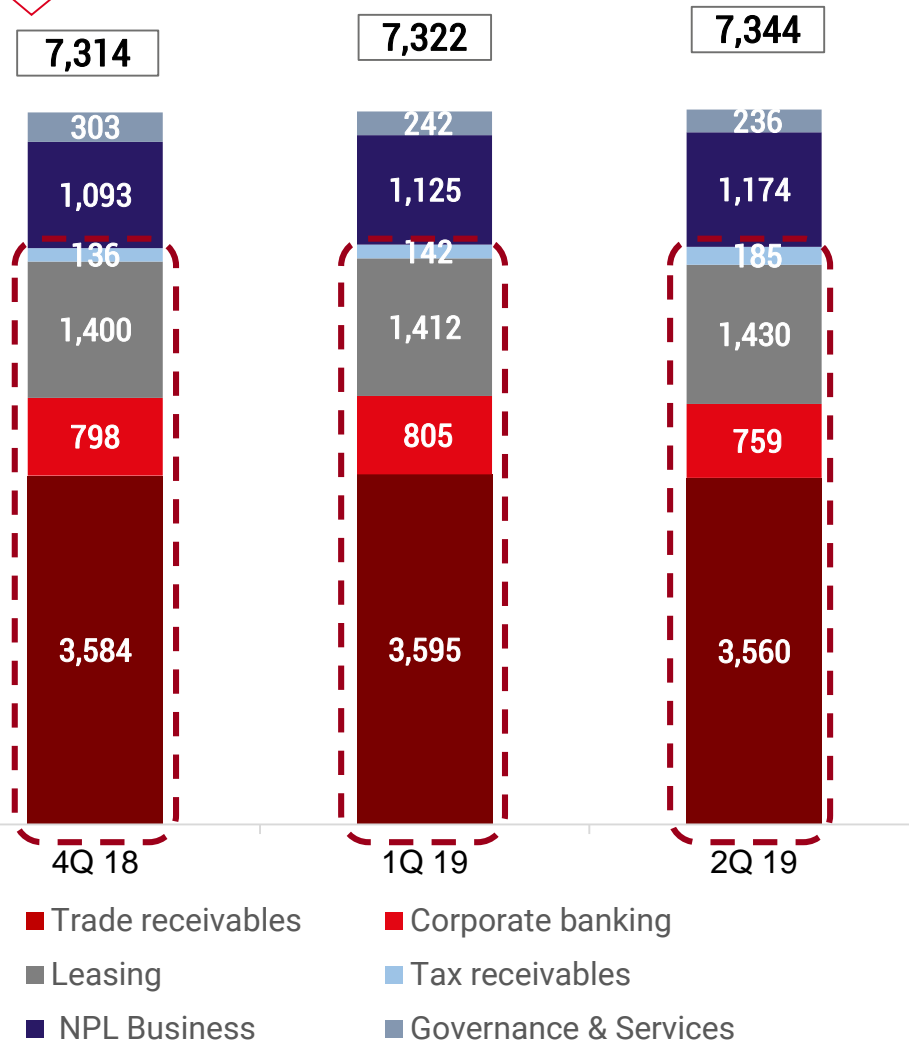
Personnel expenses (€mln)



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



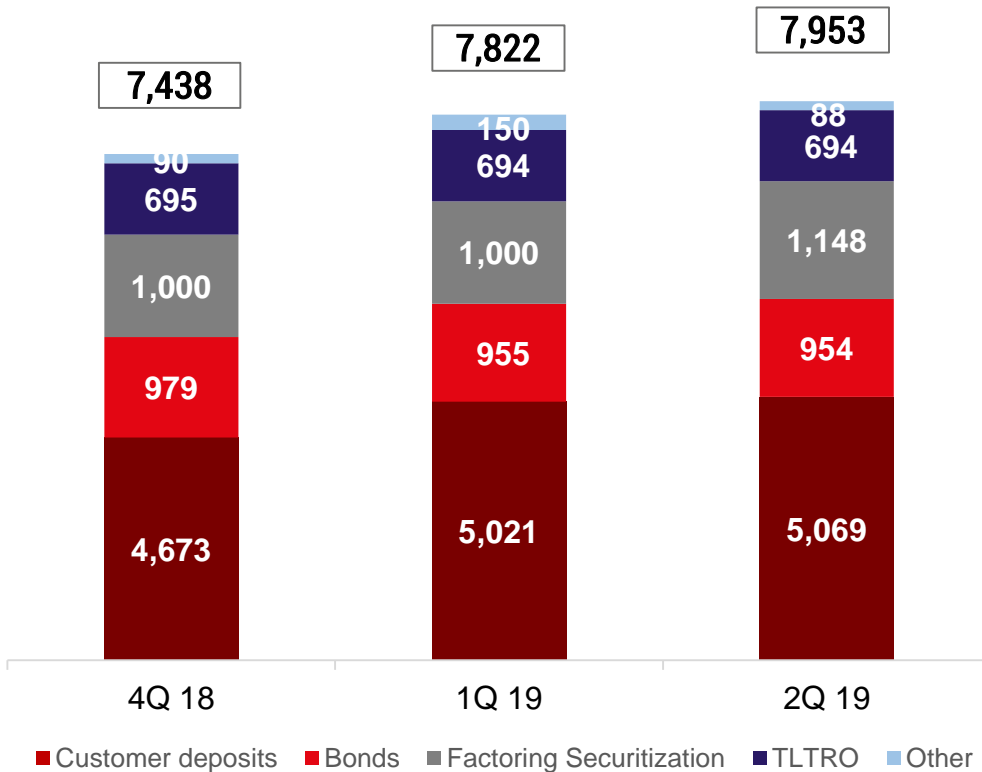
Customer loans (€ mln)



Highlights

- Focus on short term loans, very selective on long term maturities. This trend is expected to continue in coming quarters
- Customer loans substantially stable QoQ (+€22mln):
 - Trade receivables (-€35mln QoQ) and leasing (+€18mln QoQ)
 - NPL (+€48mln) due to the acquisition carried out in 2Q 2019

Funding (€ mln)



| | 4Q 18 | 1Q 19 | 2Q 19 |
|------|--------|---------|---------|
| LCR | >600%* | >1,000% | >1,300% |
| NSFR | >100% | >100% | >100% |

Highlights

- 2Q 19, customer deposits at €5,069mln (+€48mln QoQ)
 - + ~€0.2bn 5Y term customer deposits in 1H 2019
 - No significant change in average cost of funding which remains substantially stable at ca. 1.4%
- + ~€0.1bn further deposits in July 2019
- New bond issuance to be considered only at attractive yields
- Factoring securitization increased to €1.15bn from €1bn
- TLTRO amount and strategy under discussion

| Enterprises | Gross | Coverage % | Net |
|--------------|------------|------------|------------|
| Bad loans | 231 | 69% | 72 |
| UTP | 243 | 43% | 140 |
| Past due | 113 | 9% | 103 |
| Total | 587 | 46% | 315 |

| Enterprises Net of POCI | Gross | Coverage % | Net |
|----------------------------|------------|------------|------------|
| Bad loans | 200 | 79% | 41 |
| UTP | 204 | 51% | 101 |
| Past due | 113 | 9% | 103 |
| Total | 518 | 53% | 246 |

| POCI | Gross | Coverage % | Net |
|--------------|-----------|------------|-----------|
| Bad loans | 30 | 0% | 30 |
| UTP | 39 | 0% | 39 |
| Past due | - | 0% | - |
| Total | 69 | 0% | 69 |

Highlights

- NPL Business not included in this analysis
- Enterprises (net of POCI): bad loans and UTP coverage at 79% and 51%, 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 %: 9.4% (9.5% at 31 Mar 2019)
 - Net NPE %: 5.3% (5.2% at 31 Mar 2019)
- In addition for Enterprises Segment (highlighted in the left table), as at 30 June 2019, G&S had € 41mIn gross NPEs, of which:
 - €25mIn gross other loans (of which €5mIn gross bad loans, €16mIn gross UTP and €4mIn gross past due)
 - €16mIn POCI

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- ✓ **CET 1 of 10.81%** (+0.52% QoQ organic capital generation and DTA use)
- ✓ **Net income of €38mIn in 2Q 19**
- ✓ **NPL cash collection of €67mIn vs. P&L contribution of €60mIn**
- ✓ **Working on the business plan to be presented in Autumn**
- ✓ **Potential disposal of some real estates**

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- La Scogliera: CRD IV
- Segment breakdown
- Focus on DTA and PPA
- NPL Business

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La Scogliera: implications of CRD IV

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NPL Business

- NPL Business: stock by recovery phase
- Judicial and extrajudicial workout
- NPL Business: GBV and NBV evolution
- NPL Business: P&L and cash evolution
- Accounting of extrajudicial workout
- Accounting of judicial workout
- NPL portfolio diversification

- The application of the 2013/36/EU (CRD IV) Directive and EU Regulation 575/2013 (CRR) envisages that 49.3% of the excess capital of the Banca IFIS Group Scope is not 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 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 supporting the growth of the Bank

La Scogliera S.p.A.
Consolidating Group
entity



50.7%**
Banca IFIS S.p.A.

Data in €billion

| Data as at 30 June 2019 | Banca IFIS Group Scope | Capital requirements* | Excess capital | Minority stake of La Scogliera | Excess capital not included | La Scogliera Group Scope |
|----------------------------|---------------------------|--------------------------|----------------|-----------------------------------|--------------------------------|-----------------------------|
| CET1 | 1.3 | | 0.6 | 49% | 0.3 | 1.0 |
| Total Capital | 1.7 | | 0.7 | 49% | 0.4 | 1.3 |
| CET1 % | 14.0% | 7.0% | | 49% | | 10.8% |
| Total Capital % | 18.5% | 10.5% | | 49% | | 14.5% |
| RWA | 9.0 | | | | | 9.0 |

01

La Scogliera: implications of CRD IV

02

Segment breakdown

03

Focus on DTA and PPA

04

NPL Business

- NPL Business: stock by recovery phase
- Judicial and extrajudicial workout
- NPL Business: GBV and NBV evolution
- NPL Business: P&L and cash evolution
- Accounting of extrajudicial workout
- Accounting of judicial workout
- NPL portfolio diversification

Segment breakdown (1/2)

| Consolidated P&L - Data in €mln | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 |
|---|-------------|-------------|-------------|-------------|-------------|
| Net interest income | 110 | 100 | 140 | 115 | 118 |
| Net commission income | 20 | 20 | 25 | 24 | 23 |
| Trading and other income | 9 | 6 | 8 | (9) | 8 |
| Net banking income | 139 | 125 | 173 | 130 | 149 |
| Loan loss provisions (LLP) | (29) | (29) | (31) | (13) | (22) |
| Net banking income – LLP | 110 | 97 | 142 | 117 | 127 |
| Personnel expenses | (29) | (28) | (28) | (31) | (33) |
| Other administrative expenses | (48) | (39) | (43) | (43) | (71) |
| Other net income/expenses | 6 | 2 | 6 | 0 | 40 |
| Operating costs | (71) | (65) | (65) | (74) | (64) |
| Gains (Losses) on disposal of investments | - | - | - | - | (1) |
| Pre-tax profit | 39 | 32 | 77 | 43 | 62 |
| Taxes | (11) | (9) | (19) | (13) | (24) |
| Net income | 28 | 23 | 58 | 30 | 38 |

| P&L breakdown - Data in €mln | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 |
|---------------------------------|------------|------------|------------|------------|------------|
| Net interest income | 110 | 100 | 140 | 115 | 118 |
| o/w Enterprises | 57 | 57 | 75 | 53 | 62 |
| o/w NPL <i>Business</i> | 53 | 43 | 66 | 61 | 56 |
| o/w G&S | (0) | (0) | (1) | 1 | (0) |
| Net commission Income | 20 | 20 | 25 | 24 | 23 |
| o/w Enterprises | 21 | 20 | 24 | 22 | 22 |
| o/w NPL <i>Business</i> | 0 | 0 | 0 | 1 | 1 |
| o/w G&S | (1) | (0) | 0 | 0 | (0) |
| Trading and other income | 9 | 6 | 8 | (9) | 8 |
| o/w Enterprises | 9 | (1) | (5) | (8) | 2 |
| o/w NPL <i>Business</i> | 1 | 6 | 10 | 0 | 8 |
| o/w G&S | (1) | 1 | 4 | (1) | (1) |
| Net banking income | 139 | 125 | 173 | 130 | 149 |
| o/w Enterprises | 86 | 76 | 94 | 67 | 86 |
| o/w NPL <i>Business</i> | 54 | 49 | 76 | 63 | 65 |
| o/w G&S | (2) | 0 | 3 | 1 | (2) |
| o/w PPA | 22 | 17 | 31 | 17 | 21 |
| o/w Enterprises | 20 | 15 | 29 | 14 | 19 |
| o/w NPL <i>Business</i> | - | - | - | - | - |
| o/w G&S | 2 | 1 | 2 | 2 | 2 |

Segment breakdown (2/2)

| Enterprises - Data in €mln | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Bad loans (net) | 63 | 68 | 74 | 68 | 68 | 72 |
| Unlikely to pay (net) | 160 | 144 | 165 | 147 | 150 | 140 |
| Past due loans (net) | 120 | 156 | 122 | 95 | 89 | 103 |
| Total non performing loans (stage 3) | 343 | 368 | 362 | 310 | 307 | 315 |
| Performing loans (stage 1 and 2) | 5,030 | 5,232 | 5,308 | 5,608 | 5,648 | 5,619 |
| Total loans | 5,373 | 5,600 | 5,669 | 5,918 | 5,955 | 5,934 |

| NPL Business - Data in €mln | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|---|------------|------------|------------|--------------|--------------|--------------|
| Bad loans (net) | 563 | 582 | 676 | 782 | 818 | 864 |
| Unlikely to pay (net) | 268 | 268 | 266 | 306 | 301 | 303 |
| Past due loans (net) | 0 | 1 | 1 | 0 | 0 | 0 |
| Total non performing loans (stage 3) | 831 | 850 | 943 | 1,088 | 1,120 | 1,167 |
| Performing loans (stage 1 and 2) | 1 | 1 | 2 | 5 | 6 | 7 |
| Total loans | 832 | 851 | 945 | 1,093 | 1,125 | 1,174 |

| G&S - Data in €mln | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|---|------------|------------|------------|------------|------------|------------|
| Bad loans (net) | 13 | 13 | 13 | 12 | 12 | 11 |
| Unlikely to pay (net) | 14 | 14 | 14 | 19 | 20 | 17 |
| Past due loans (net) | 5 | 7 | 7 | 5 | 4 | 4 |
| Total non performing loans (stage 3) | 32 | 34 | 34 | 36 | 35 | 32 |
| Performing loans (stage 1 and 2) | 220 | 225 | 272 | 267 | 207 | 204 |
| Total loans | 252 | 259 | 305 | 303 | 242 | 236 |

01

La Scogliera: implications of CRD IV

02

Segment breakdown

03

Focus on DTA and PPA

04

NPL Business

- NPL Business: stock by recovery phase
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- Accounting of extrajudicial workout
- Accounting of judicial workout
- NPL portfolio diversification

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

117.0
(88.2+28.8*)

Other non-convertible DTAs

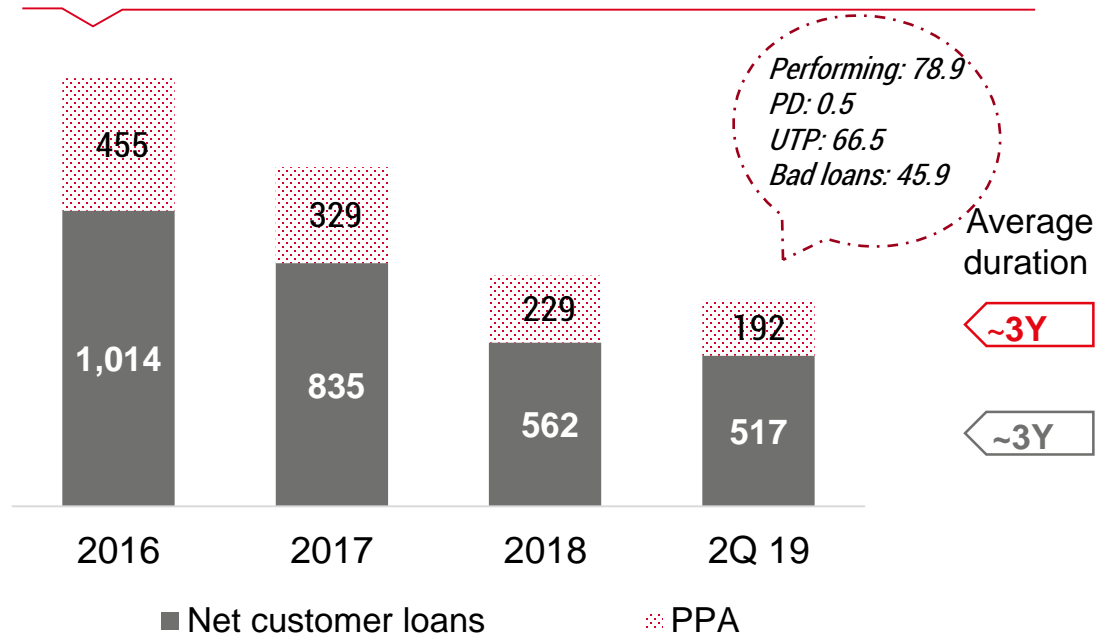
- DTAs generated due to negative valuation reserves and provisions for risks and charges
- Capital requirements: deduction from CET1 or weighted in RWA depending on certain thresholds. By Law they are weighted at 250% but for Banca IFIS are substantially offset by DTL

35.4

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 30 June 19, the residual amount of pre-tax PPA is €192mIn

Net customer loans and PPA - €mIn



| PPA Reversal in P&L | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 | Outstanding 2Q 19 * |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|
| Enterprises | 20 | 20 | 15 | 29 | 14 | 19 | 152 |
| G&S | 1 | 2 | 1 | 2 | 2 | 2 | 40 |
| Total | 22 | 22 | 17 | 31 | 17 | 21 | 192 |

01

La Scogliera: implications of CRD IV

02

Segment breakdown

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Focus on DTA and BS

04

NPL Business

- NPL Business: stock by recovery phase
- Judicial and extrajudicial workout
- NPL Business: GBV and NBV evolution
- NPL Business: P&L and cash evolution
- Accounting of extrajudicial workout
- Accounting of judicial workout
- NPL portfolio diversification

| Cluster | GBV 2Q19 €mln | % total | Description | Average time frame | Accounting valuation | Cash proceeds |
|--|---------------|-------------|--|--------------------|--|---------------|
| Waiting for workout - Positions at cost | 1,598 | 10% | Recently acquired, under analysis to select the best recovery strategy, to be assigned either to extrajudicial or to judicial recovery | 6 months | Acquisition cost | |
| Extrajudicial positions | 9,862 | 60% | | | | |
| -Ongoing attempt of recovery | 9,491 | 58% | Managed by internal and external call centres and recovery networks. The purpose is the transformation into voluntary payment plans (or into judicial recovery if conditions arises) | NA | Statistical model (collective valuation) | No |
| - Non-judicial payment plans | 371 | 2% | Sustainable cash yields agreed with debtors through call centres and collection agents | 5 years | Increase in value (P&L), with valuation based on agreed plan, net of historical delinquency rate, discounted at the IRR used for acquisition | Yes |
| Judicial positions | 4,913 | 30% | | | | |
| - Frozen* | 1,931 | 12% | Judicial process has started; but the court injunction ["prechetto"] has not been issued | 6-12 months | Acquisition cost | No |
| - Court injunctions ["prechetto"] issued and foreclosures ("pignoramento") | 487 | 3% | Court injunction ["prechetto"] already issued; legal actions continue to get the order of assignment | 8-12 months | #1 increase in value at court injunction ["prechetto"] and #2 increase in value at foreclosure ["Pignoramento"]. Part of the legal costs are expensed in P&L | No |
| - Order of assignments | 609 | 4% | Enforcement order already issued. The cash repayment plan is decided by the court and starts afterwards | 2-4 months | #3 increase in value. The remaining legal costs are expensed in P&L | Yes |
| - Secured and Corporate | 1,886 | 12% | Ongoing execution of real estate collaterals | 4 years | Analytical valuation (expected time frame and amount to be recovered) | Yes |
| Total | 16,373 | 100% | | | | |

Judicial workout

Internal lawyers

External lawyers

Extrajudicial recovery voluntary payment

- Coordination between internal and external lawyers
- Efficiency and knowledge in preparing court documentations
- Coordination between internal and external lawyers

- Pledges against 1/5 of salary or execution of RE collateral
- Ca. 1.5-2.5 years to get the order of assignments
- Courts estimate legal costs to be charged to the debtors

- Order of assignments: ca. €0.6bn GBV
- Secured and corporate: ca. €1.9bn GBV

Extrajudicial workout

Internal / external call centre

Internal collection agents
40 third party collection agencies

Subsidiary Capitalfin offers repayments against 1/5 of salary

- Trained staff, incentive based on performance
- Coordination between collection agents and call centres
- Extensive use of IT/IA

- Voluntary repayment includes one off repayment or sustainable cash yields agreed with debtors through call centres and collection agents
- No legal costs charged to debtors

- Extrajudicial workout: ca. €0.4bn non judicial payment plans

Recovery strategy may include judicial and extrajudicial workout

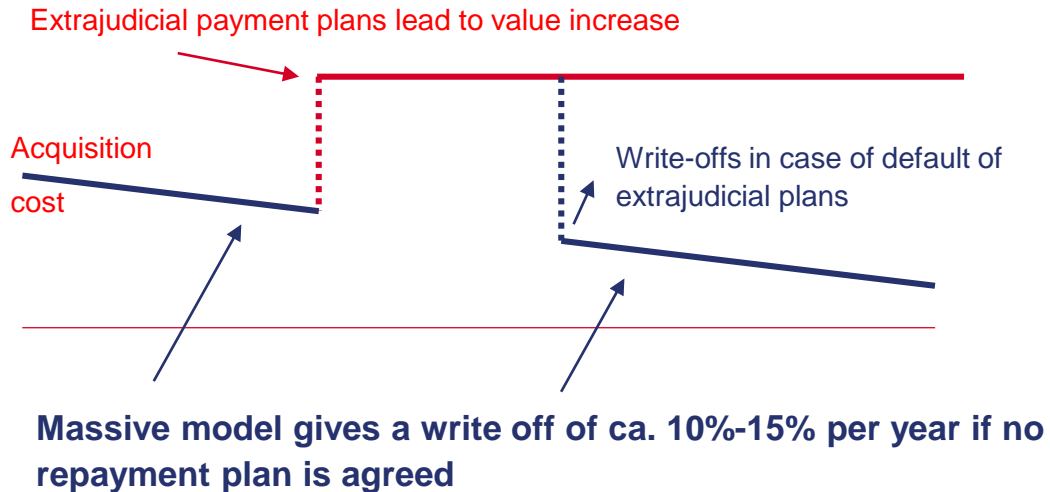
| GBV - €mln | 1Q 17 | 2Q 17 | 3Q 17 | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Waiting for workout - Positions at cost | 2,525 | 2,325 | 3,614 | 2,522 | 2,298 | 2,014 | 1,840 | 3,472 | 2,864 | 1,598 |
| Extrajudicial positions | 6,047 | 6,573 | 6,702 | 8,050 | 8,050 | 8,145 | 9,667 | 8,956 | 9,745 | 9,862 |
| - Ongoing attempt of recovery | 5,776 | 6,297 | 6,420 | 7,733 | 7,725 | 7,817 | 9,332 | 8,617 | 9,393 | 9,491 |
| - Non-judicial payment plans | 271 | 276 | 283 | 317 | 325 | 328 | 335 | 340 | 352 | 371 |
| Judicial positions | 1,874 | 2,127 | 2,220 | 2,503 | 2,664 | 2,738 | 3,170 | 3,327 | 4,015 | 4,913 |
| - Frozen* | 1,640 | 1,655 | 1,713 | 1,810 | 1,515 | 1,435 | 1,712 | 1,692 | 1,822 | 1,931 |
| - Court injunctions ["prechetto"] issued and foreclosures | 0 | 0 | 0 | 0 | 253 | 336 | 376 | 411 | 464 | 487 |
| - Order of assignments | 185 | 233 | 269 | 317 | 388 | 462 | 476 | 536 | 561 | 609 |
| - Secured and Corporate | 48 | 238 | 238 | 376 | 508 | 505 | 606 | 689 | 1,167 | 1,886 |
| Total | 10,445 | 11,025 | 12,536 | 13,075 | 13,011 | 12,897 | 14,676 | 15,756 | 16,624 | 16,373 |

| NBV - €mln | 1Q 17 | 2Q 17 | 3Q 17 | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|---|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|--------------|
| Waiting for workout - Positions at cost | 147 | 132 | 128 | 94 | 61 | 57 | 96 | 225 | 174 | 148 |
| Extrajudicial positions | 231 | 244 | 239 | 283 | 287 | 285 | 302 | 291 | 306 | 313 |
| - Ongoing attempt of recovery | 130 | 139 | 139 | 160 | 160 | 154 | 167 | 153 | 162 | 164 |
| - Non-judicial payment plans | 101 | 105 | 100 | 122 | 127 | 131 | 135 | 138 | 144 | 149 |
| Judicial positions | 254 | 325 | 349 | 423 | 484 | 509 | 547 | 577 | 643 | 711 |
| - Frozen* | 189 | 219 | 229 | 266 | 222 | 194 | 203 | 188 | 205 | 207 |
| - Court injunctions ["prechetto"] issued and foreclosures | 0 | 0 | 0 | 0 | 52 | 80 | 94 | 107 | 118 | 118 |
| - Order of assignments | 63 | 82 | 95 | 123 | 148 | 174 | 183 | 209 | 227 | 244 |
| - Secured and Corporate | 2 | 25 | 25 | 33 | 62 | 61 | 67 | 73 | 94 | 142 |
| Total | 631 | 701 | 716 | 799 | 832 | 851 | 945 | 1,093 | 1,123 | 1,172 |

| P&L - €mln | 1Q 17 | 2Q 17 | 3Q 17 | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Waiting for workout - Positions at cost | | | | | | | | | | |
| Extrajudicial positions | 18 | 15 | 16 | 28 | 21 | 13 | 13 | 17 | 19 | 19 |
| - Ongoing attempt of recovery | 1 | 1 | (1) | 0 | 2 | (3) | (3) | (4) | (3) | -2 |
| - Non-judicial payment plans | 17 | 14 | 18 | 28 | 19 | 16 | 16 | 21 | 22 | 21 |
| Judicial positions | 17 | 21 | 16 | 31 | 46 | 43 | 33 | 53 | 46 | 42 |
| - Freezed* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Court injunctions and foreclosures | 17 | 20 | 15 | 28 | 44 | 41 | 26 | 42 | 37 | 28 |
| + Order of assignments | | | | | | | | | | |
| - Secured and Corporate | 0 | 1 | 1 | 2 | 3 | 2 | 7 | 11 | 9 | 14 |
| Total | 35 | 36 | 32 | 58 | 67 | 56 | 46 | 69 | 66 | 60 |

| Cash - €mln | 1Q 17 | 2Q 17 | 3Q 17 | 4Q 17 | 1Q 18 | 2Q 18 | 3Q 18 | 4Q 18 | 1Q 19 | 2Q 19 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Waiting for workout - Positions at cost | | | | | | | | | | |
| Extrajudicial positions | 18 | 19 | 21 | 29 | 21 | 21 | 22 | 26 | 27 | 32 |
| - Ongoing attempt of recovery | 2 | 3 | 3 | 6 | 4 | 4 | 3 | 3 | 4 | 6 |
| - Non-judicial payment plans | 16 | 16 | 18 | 23 | 17 | 17 | 19 | 23 | 23 | 26 |
| Judicial positions | 7 | 10 | 10 | 15 | 19 | 20 | 23 | 29 | 30 | 35 |
| - Freezed* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Court injunctions and foreclosures | 7 | 8 | 9 | 12 | 15 | 17 | 19 | 22 | 24 | 25 |
| + Order of assignments | | | | | | | | | | |
| - Secured and Corporate | 0 | 2 | 0 | 3 | 4 | 3 | 4 | 7 | 6 | 11 |
| Total | 25 | 29 | 30 | 44 | 40 | 41 | 45 | 55 | 57 | 67 |

Net banking income



Operating costs

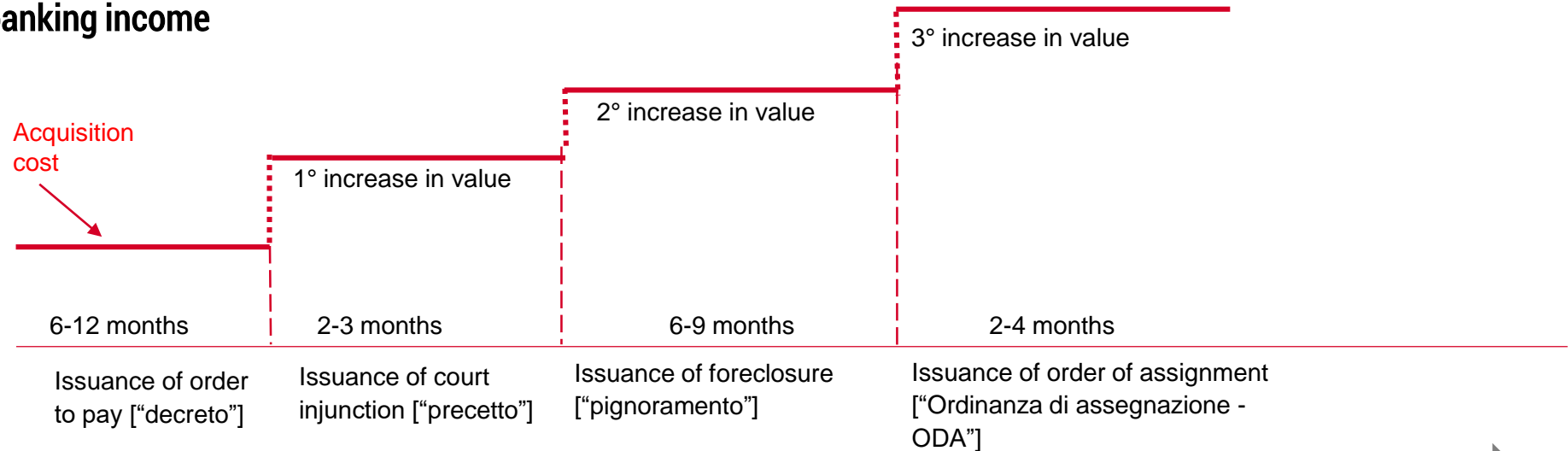
Operating costs of the extrajudicial plan

Cash flows are free of charge, after booking the costs of the extrajudicial plan

Accounting based on IFRS 9

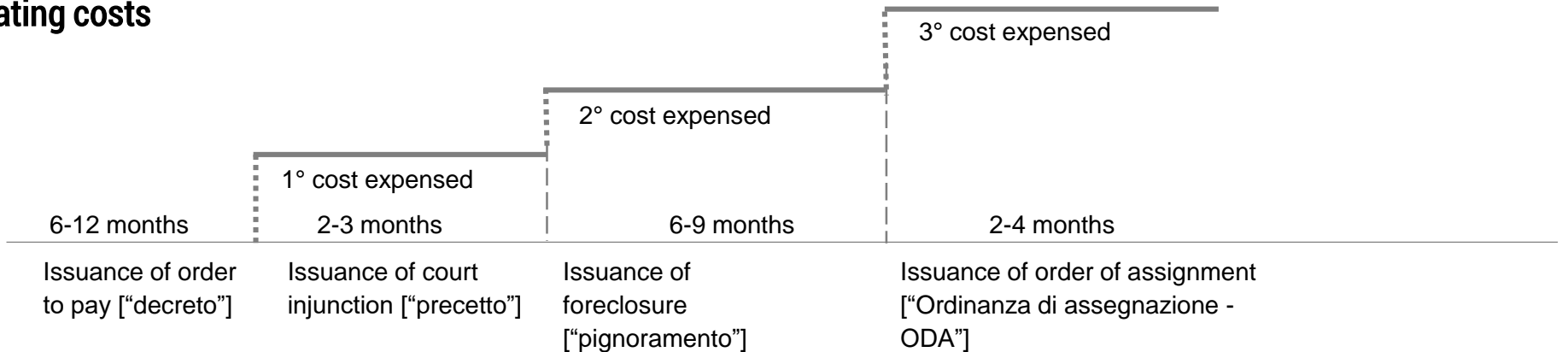
- Until the completion of the onboarding process, which on average lasts 6 months, NPLs are valued at acquisition costs (i.e. expected cash recovery discounted at the IRR used for the acquisition of the portfolio)
- Once the onboarding has been completed, the NPLs are valued based on the statistical model («massive model»)
- The agreement of an extrajudicial payment plan leads to an increase in accounting value due to the increased probability of recovery. In this case the net book value of the NPL is based on the future cash flows of the voluntary plan net of the historical delinquency rate, discounted at the original IRR
- In case of default of the extrajudicial payment plan, the NPL is written off and valued based on the statistical model («massive model»)
- The costs of the onboarding are expensed in P&L; the entire costs related to the extrajudicial plans go to the P&L when the extrajudicial plans are approved and start providing their P&L contribution

Net banking income



Increase in the recoverable amount

Operating costs



Cash flows are free of charge, after booking the costs of the ODA

Accounting based on IFRS 9

Freezed

- Until the completion of the onboarding process, NPLs in judicial workout are valued at acquisition cost until the issue of court injunctions (“precetto”)

#1 Increase in value and cost expensed (court injunctions “precetto”)

- Once the court injunctions have been issued, NPLs are valued based on internal recovery models. This leads to an incremental growth in the credit accounting value, as the probability of recovery rises significantly. The legal costs to get to court injunctions are expensed in P&L
- Legal proceedings to get to court injunctions (“precetto”) last on average ca. 6-12 months

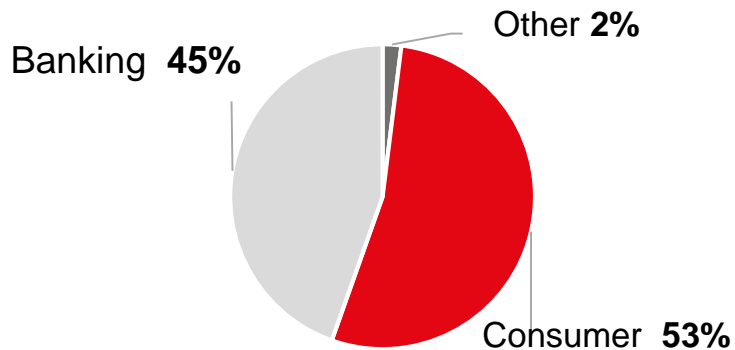
#2 Increase in value (foreclosures “pignoramento”)

- Once the foreclosure (“pignoramento”) has been issued, there is another update in the accounting value. The second part of the legal costs are expensed in P&L
- The foreclosure phase lasts on average ca. 2-3 months
- In cases of decay of foreclosure, the NPL is written-off. Probability of decay is included in risk modelling

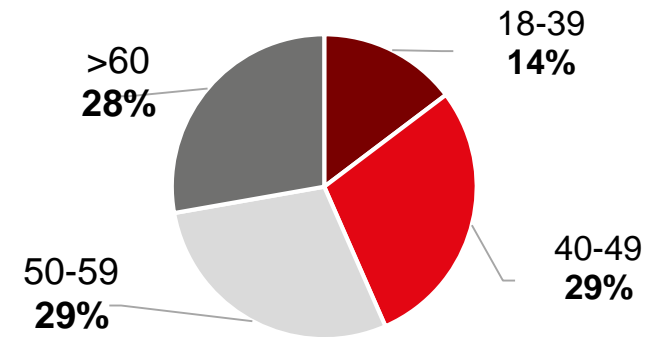
#3 Increase in value (order of assignments)

- Once the ODA (“order of assignment”) has been issued, there is another update in the accounting value due to the completion of the legal process. The remaining legal costs to get the ODA are expensed in P&L
- Judicial actions to get the final ODA last on average ca. 1.5-2.5 years from the acquisition date
- In case of decay of the ODA, the NPL is written-off. Probability of decay is included in risk modelling

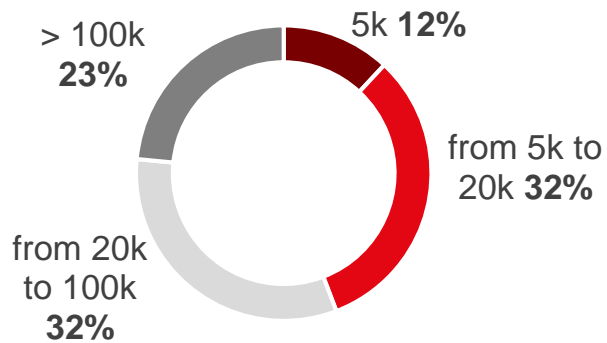
Breakdown of GBV by type



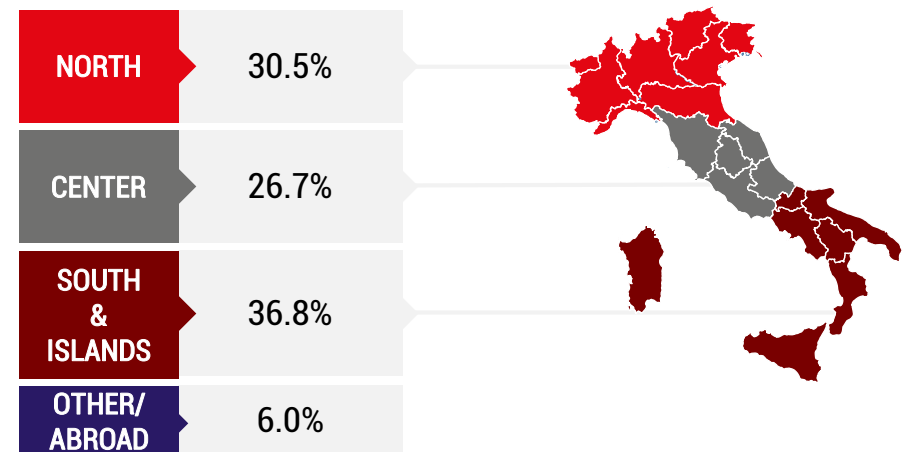
Breakdown of GBV by borrower age



Breakdown of Gross Bad Loans by ticket size



Gross NPL breakdown by region



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