
BANCA

S I S T E M A
SPECIALTY FINANCE

GROUP PROFILE

October 2018

Agenda

I. Overview of Banca Sistema

II. 1H 2018 Results

III. 2018 – 2020 Strategic Plan

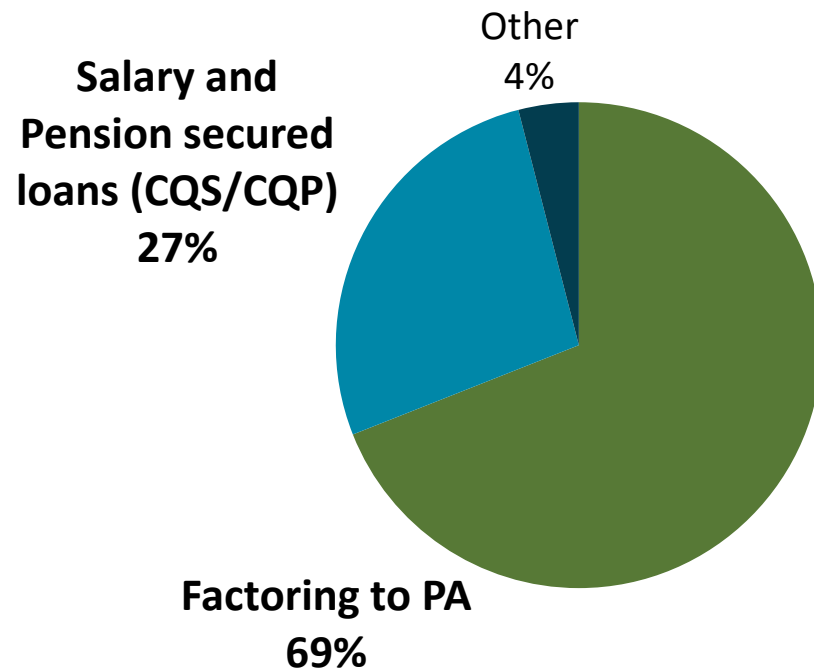
Annexes

I. Overview of Banca Sistema

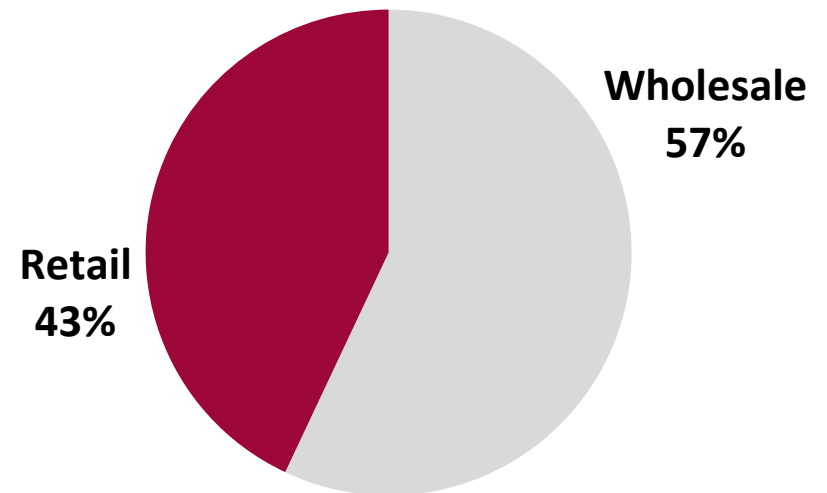
Among the top Italian specialty finance

What we do

1H 2018
Total customer loans¹
€2,158m



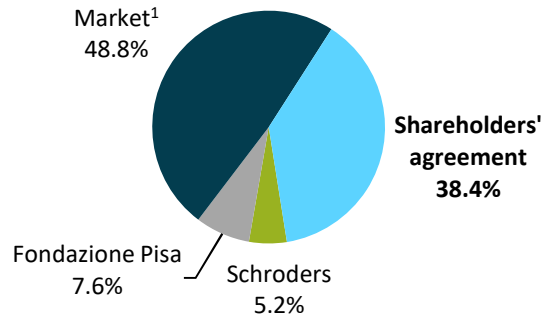
1H 2018
Total Funding
€2,793m



Note: 1. Total Customer loans represent the item of the Balance Sheet, "Assets at amortized cost", excluding the securities at amortized cost.

Snapshot

Shareholders Structure



- Shareholders' agreement between two banking Foundations ("Fondazioni") and SGBS (of which the relative majority shareholder is Mr. Garbi, CEO of Banca Sistema)
- Fondazione Sicilia (7.4%); Fondazione Cassa di Risparmio di Alessandria (7.9%); SGBS S.r.l. (23.1%)
- 2 year lock up period (expiring in June 2020)

Key strengths

Strong analytical capabilities

Strong competitive position with opportunities to consolidate the leadership

Favourable legal framework

Low risk business with high returns

Business diversification

Clear model to support an efficient execution of the strategy (Business Plan 2018 – 2020)

The last 3 years....

**Strong constant growth in factoring outstanding:
€898m 1H 15 vs €1,640m 1H 18**

**Diversification strategy:
CQ outstanding, €65m 1H 15 vs €571m 1H 18**

Better diversified funding

Constant low cost of risk

**11% CET1 1H 18 with
minimum required for 2018 at 7.1%**

25% Dividend pay-out in 2015-2017

Note: 1) 0.51% Garbifin Srl.

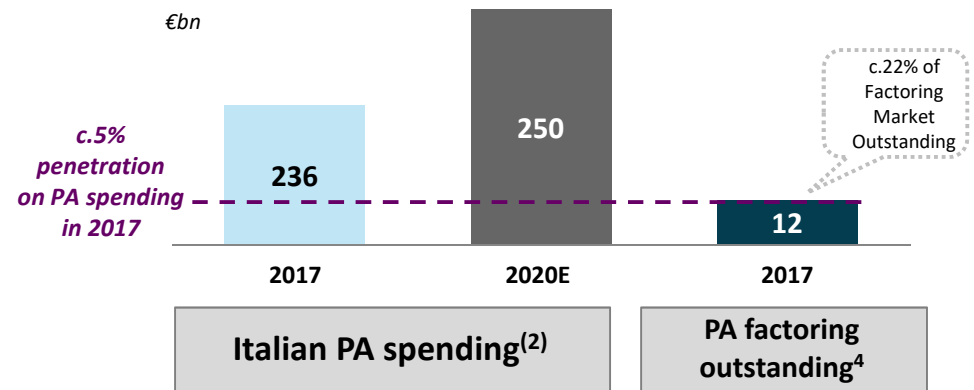
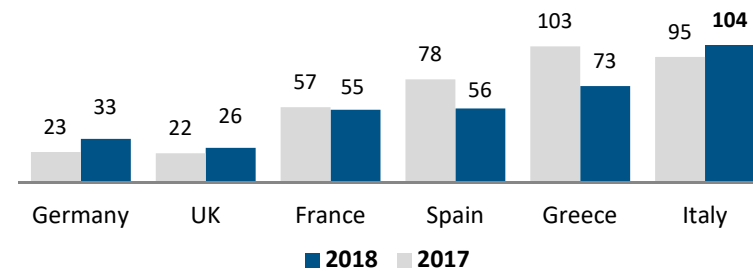
Delay and PA spending are the drivers of this attractive Market

Italy is characterized by structurally high Public Administration payment times compared to other European countries

As at 31.12.2017 estimated Total Debt of Italian PA is c. €57bn¹

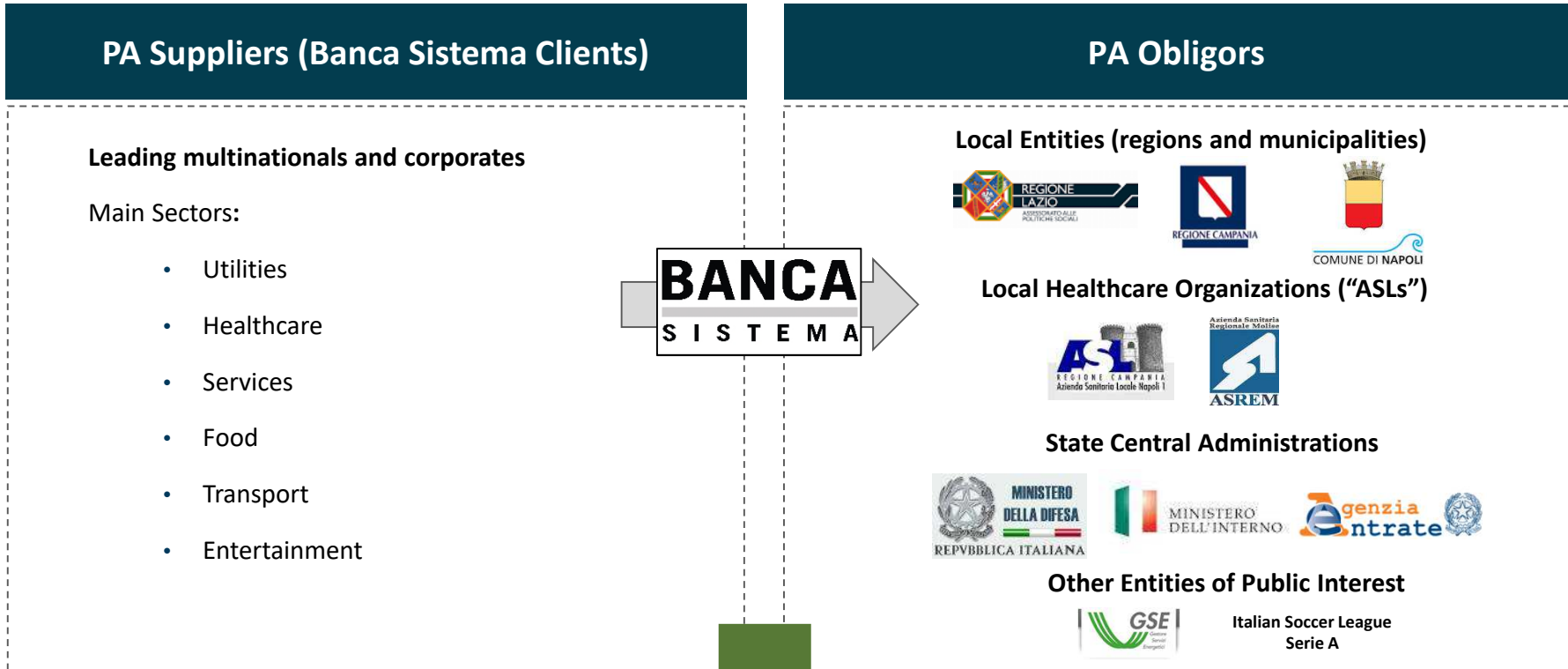
As we operate with a focus on Public Administration receivables, our reference market is the Italian Public Spending, a large market with significant growth potential. As of 2017, Italy's annual PA spending amounts to c.€236bn and is expected to grow to c.€250bn by 2020³

Average PA payment times In Europe (days)²



Sources: 1. Bank of Italy, "Relazione annual 2017", May 2018; 2. Intrum Justitia, "European Payment Report 2018", May 2018; 3. MEF, "Documento di Economia e Finanze 2018 – Analysis and trends in public finance", April 2018. Including spending for goods and services and gross fixed capital formation; 4. Assifact.

Supporting corporate entities in their business dealings with PAs



1H2018 Turnover
breakdown by product
(€1.14bn, +29% y/y)

**Non-recourse
factoring**

68%
(+46% y/y)

**Recourse
factoring**

16%
(-46% y/y)

**Tax receivables
(Non-recourse and
Recourse)**

16%
(+98% y/y)

**Debt Collection and
Credit Management
Services**

Factoring business leverage on a well balanced network

DIRECT CHANNEL

- 13 Origination resources
- 7 Relationship Managers

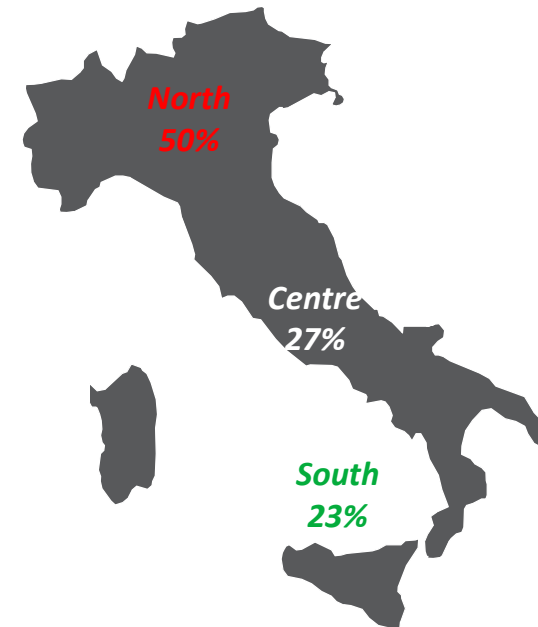


1H 2018 Turnover
breakdown by channel
(€1.14bn, +29% y/y)

69%

INDIRECT CHANNEL

18 commercial agreements to provide factoring products to third party banks in Italy, through c. 1,500 branches

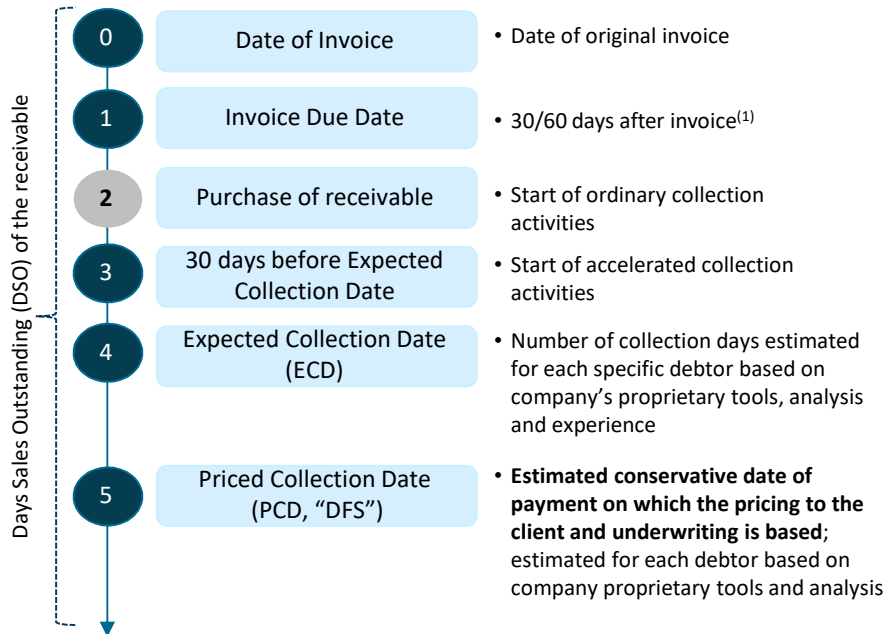


31%

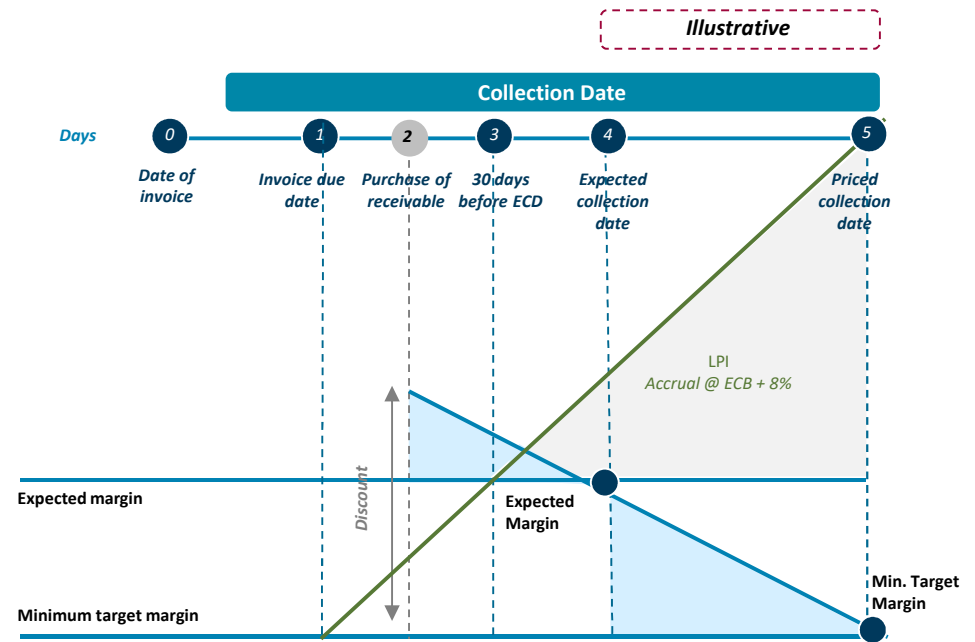
Factoring Business

Overview of Key Dates for Pricing and Collection

Receivables Factoring - Key Dates



Collection Dates and Contribution Margin Overview



Interest Margin – Illustrative

	Priced collection date	Discount to face value	Min. target gross yield
Client effective cost	11 months	5%	5.8%
	Payment Date (ECD)	Months of anticipated collection	Actual gross yield
Banca Sistema gross interest yield	7 months	4 months	9.0%

Late Payment Interests:

- Try to collect without starting a legal action till 30 days before ECD
- From the start of the legal action we rely on due LPI at: 8% + ECB rate

Note: 1. 60 days for healthcare related receivables.

BST: Factoring outstanding

Our Key Strengths

Strong analytical capabilities

- **Disciplined underwriting process supported by accelerated collections** without relying on active LPI collection, up till 30 days before the ECD
- **Proprietary database** of payment times of Public Administration obligors, supporting **our underwriting capabilities and pricing models for individual invoices**

Compelling collection strategy with excellence in collections

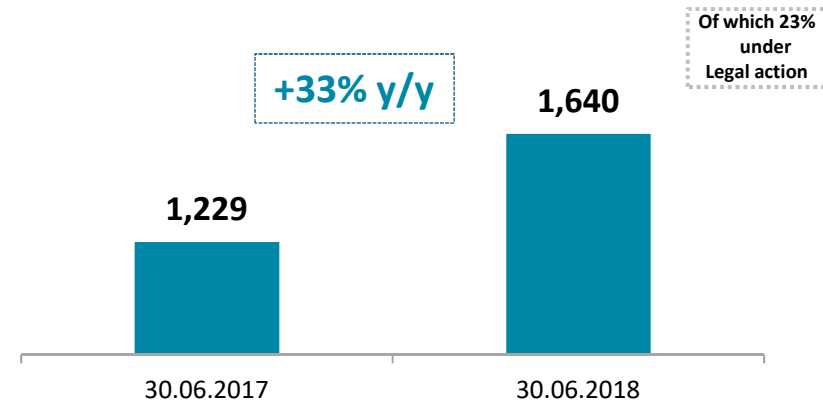
- **The collection leverages** on the strong relationships with PAs and is focused on the **late payment interest (“LPI”) when it is necessary**
- Strong performance due to **excellence in collection versus suppliers**, generating **high margins through accelerated recovery periods**
- Collection Department:
 - **Extrajudicial collection:** 16 headcount and 11 external field collectors
 - **Judicial collection:** 11 headcount and 20 Law firms

Low risk counterparty exposure

- **The majority of our credit exposure is towards the Italian Public Administration, with low risk underlying credit exposure** comparable to a **Government Bond**

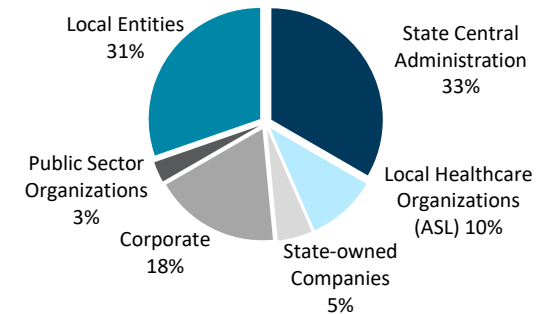
Factoring outstanding

€m



Outstanding breakdown by Obligor (30.06.2018)

PA accounts for 82%



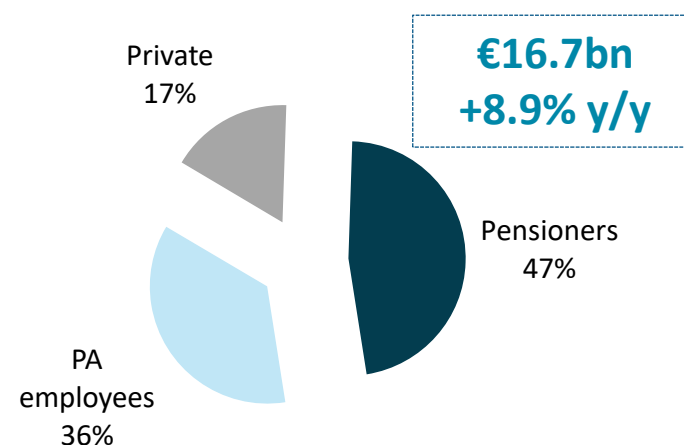
Note: Factoring outstanding management account.

Italian CQS/CQP market: Low risk Business

Key product items

- A product established by the law of the 1950s
- The borrower's loan is repaid directly from their salary/pension, by the employer/INPS (Italian pension institution)
- Monthly installment cannot exceed 1/5 of the salary/pension
- The loan takes precedence over any seizure of salary/pension amounts
- Insurance is mandatory by the law and covers in case of death, disability and loss of job
- CQS is partly collateralized by the TFR (compulsory retirement/severance plan)
- FY 2017, €5.1bn turnover (+4.9% y/y)

Outstanding as at 31.12.2017¹



Note: 1) Source: Assofin.

BST: CQS/CQP outstanding

Our Business model

Commercial capabilities

- Agreements with 7 originators
- Recent announced acquisition of a minority stake in ADV Finance, an originator
- Lower exposure to the Private component vs the Market

Dedicated funding

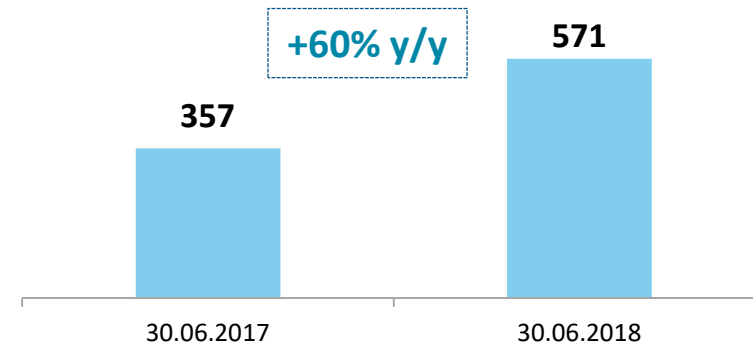
- A good portion of the assets is securitized, but consolidated in BST Balance Sheet
- Securitizations allow to get a cheaper funding through Repos (ECB and banks)

Low risk asset

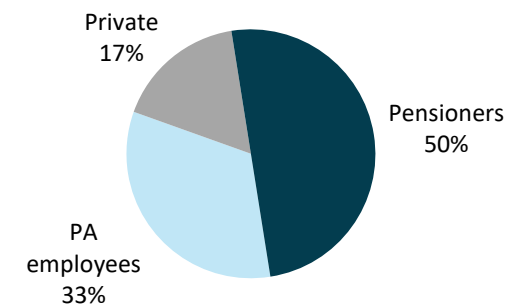
- CQS/CQP historically have registered very low PD and almost 0% LGD also thanks to the insurance

CQS/CQP Loans outstanding

€m



Outstanding breakdown by Type (30.06.2018)



II. 1H 2018 Results

1H 2018 Results at a Glance

Commercial performance

- **Factoring Turnover +29% y/y** equal to €1,136m
- **Steady contribution on factoring turnover** from the agreements with bank, **31%**
- **CQS/CQP outstanding reached €571m**, +60% y/y

P&L

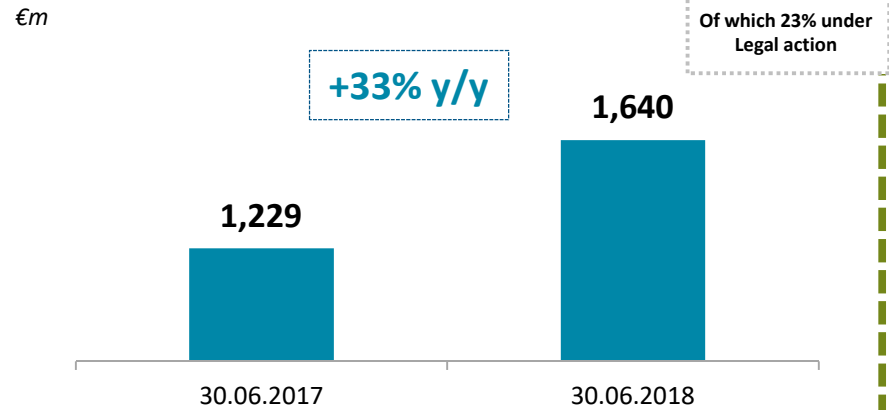
- **Adjusted Interest Income Margin in line with the Strategic Plan**
- **Net Interest Income equal to €32.6m**, +9% y/y and higher q/q
- **Cost of funding stable y/y and q/q**
- **Total Income equal to €40.9m**, +16% y/y, driven by last 12 months turnover growth
- **Total operating costs +8% y/y**, slightly higher q/q and **Cost of Risk** at 29bps
- **Net Income up 12% y/y**, at €11.2m

Balance Sheet

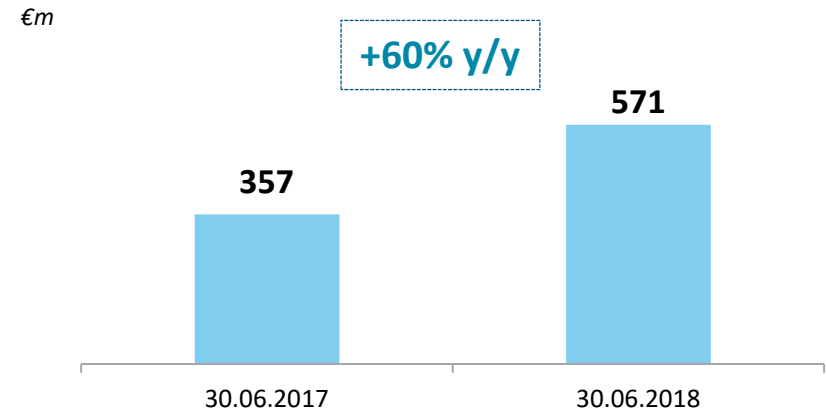
- **Total funding well balanced between Retail and Wholesale**
- **Recent new agreement to raise term deposits in Germany**
- **LCR and NSFR above regulatory requirements**
- **CET1 ratio and TCR respectively 11.0% and 14.1%** in line with expectations

Core business assets outstanding is growing

Factoring outstanding

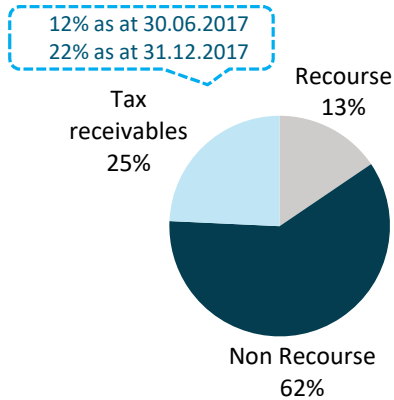


CQ Loans outstanding

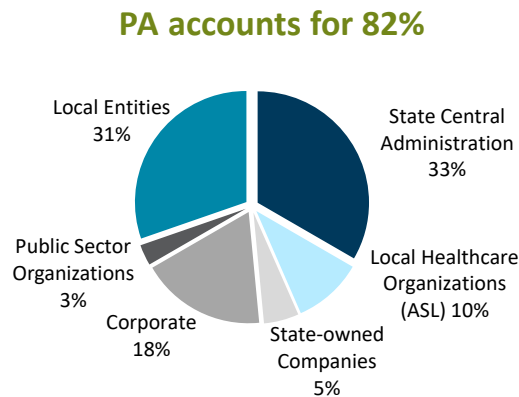


Outstanding breakdown (30.06.2018)

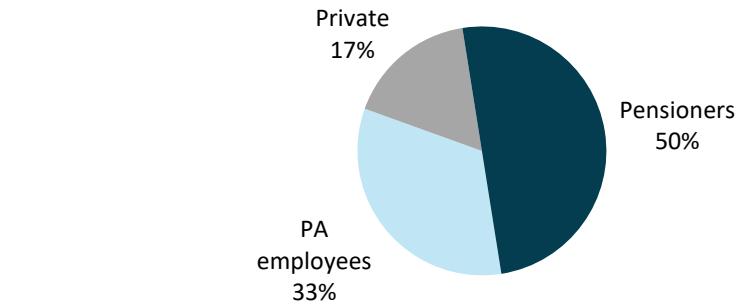
By Type of Product



By Obligor



Outstanding breakdown by Type (30.06.2018)



- €97m turnover in 1H 2018
- 83% PA risk exposure

Note: Factoring outstanding management account.

1H 2018 – Balance Sheet

Figures in millions of Euro

	IAS39 31.12.2017	IFRS9 30.06.2018	Change in %
ASSETS			
Financial assets at fair value through P&L [Held to Sell]	1	100	nm
Financial assets at fair value through Other Comprehensive Income [Held to Collect and Sell]	286	267	-6%
Loans at amortized cost	1,850	2,158	14%
<i>Factoring</i>	1,286	1,492	16%
<i>CQ</i>	500	571	14%
<i>SMEs State Guaranteed loans</i>	56	40	-28%
<i>Other</i>	8	55	77%
Securities at amortized cost	84	435	417%
Tangible and Intangible assets	26	28	7%
Equity investments	1	2	nm
Other assets	24	21	-19%
Total assets	2,309	3,033	31%
LIABILITIES AND EQUITY			
Due to banks	518	561	8%
Due to customers	1,284	1,926	50%
Debt securities issued	282	306	9%
Other liabilities	90	103	14%
Shareholders Equity	135	137	1%
Total liabilities and equity	2,309	3,033	31%

- **Loans at amortized cost up 16% (€2,181m):**

- **Factoring receivables up +16%** at ~€1.5bn, thanks to the turnover originated in 1H 2018

- **CQ loans (€571m) +14%** vs 2017 year-end and up also q/q

- **SMEs State Guaranteed loans in run-off**

- **Govies' portfolio (€799m nominal value) is €436m up** vs 2017 year-end following the increase of the HtS component and the Securities at amortized cost component (former HtM), that more than compensated the HtCS component reduction

- **Due to banks** up mainly for higher Interbanking component

- **Due to customers increase** is driven by higher Repos, related to the increase of the Govies' ptf and higher term deposits (+€153m). Current accounts stable vs 2017 year-end

- **Debt securities** increase is driven by the issue of a senior bond in 2Q 2018

Note: Comparatives simply reflect the statutory data as at 31 December 2017 based on the previous accounting standard IAS 39, therefore they do not represent restated balances resulting from the retroactive adoption of the new accounting standard IFRS9.

1H 2018 – Income Statement

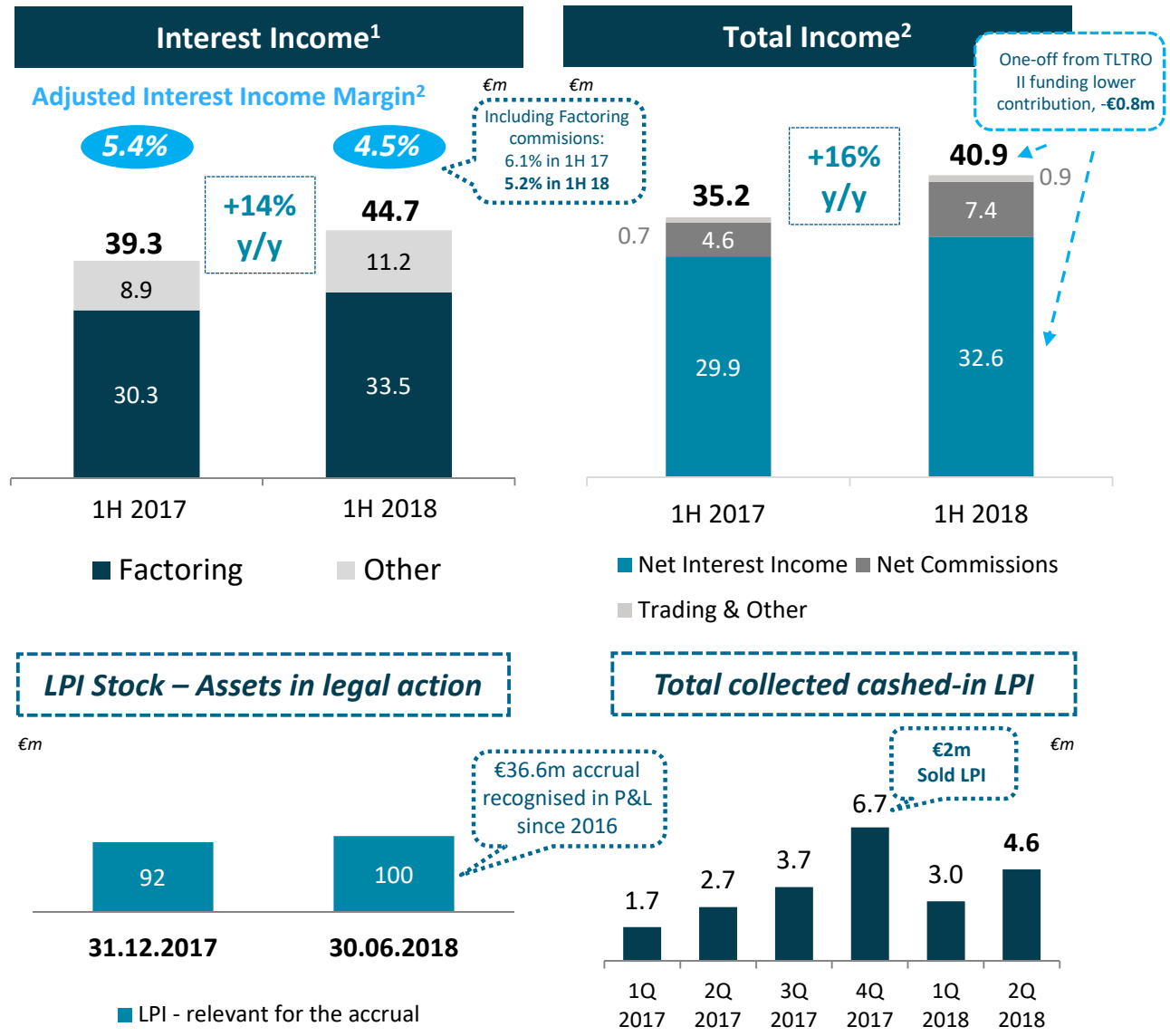
Figures in millions of Euro

	IAS39 30.06.2017	IFRS9 30.06.2018	Change in %
Interest income	39.3	44.7	14%
Interest expenses	(9.4)	(12.1)	29%
Net interest income	29.9	32.6	9%
Net fee and commission income	4.6	7.4	60%
Dividends and similar income	0.2	0.2	nm
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities designated at fair value	0.4	0.7	52%
Total income	35.2	40.9	16%
Net impairment losses on loans	(1.4)	(2.9)	nm
Net operating income	33.7	37.9	12%
Personnel expenses	(8.9)	(9.6)	8%
Other expenses	(10.3)	(11.1)	8%
Operating expenses	(19.2)	(20.7)	8%
Profits from equity investments		(0.2)	nm
Pre-tax profit from continuing operations	14.5	17.0	17%
Taxes on income for the period/year from continuing operations	(4.6)	(5.8)	26%
Profit (loss) for the year/period attributable to the shareholders of the Parent	10.0	11.2	12%

Note: Comparatives merely reflect the statutory data as at 31 June 2017 according to IAS 39, therefore they do not represent restated balances resulting from the retroactive adoption of the aforesaid accounting standard, and as such are not fully comparable.

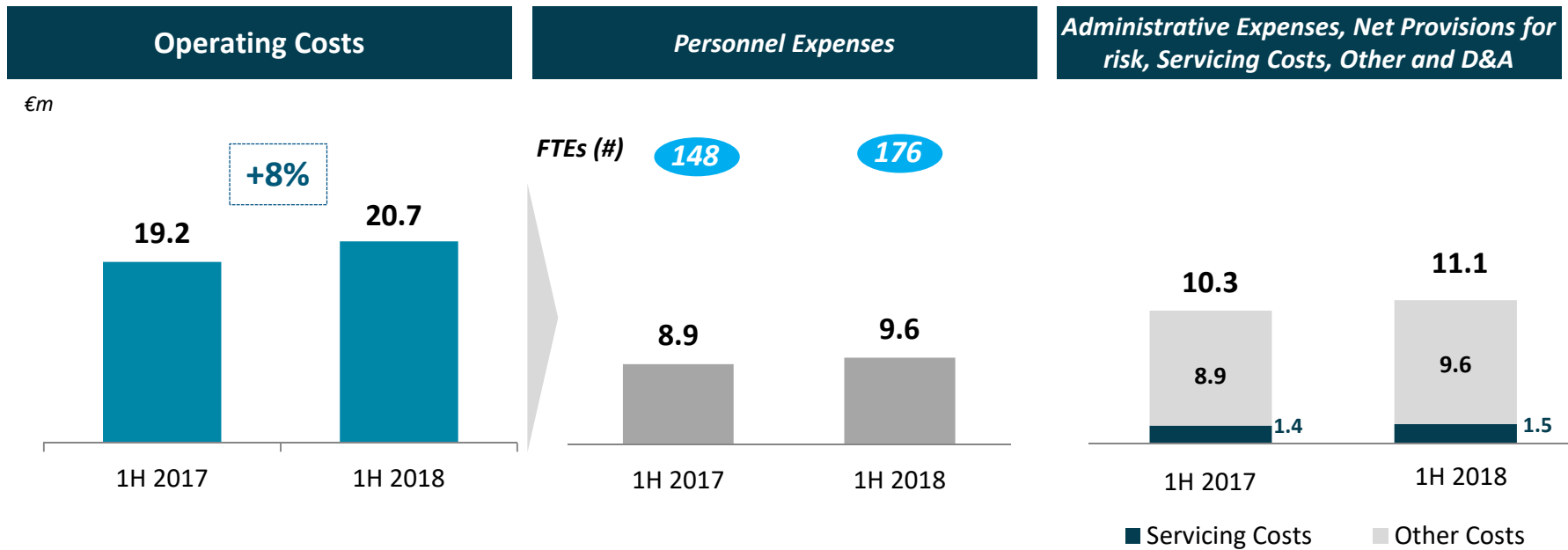
Total Income y/y and q/q in line with expectations

- **1H 2018 Interest Income y/y growth is driven by higher CQ contribution and factoring** (both on Commercial and Tax receivables) **contribution, +14% y/y**
- **Factoring represents 75% of Total Interest Income**
- **Factoring LPIs** from legal action in 1H 2018 P&L represent 24% of total Interest Income, equal to €10.7m (€6.3m in 1H 2017 excluding the contribution of the transaction related to Beta Stepstone's acquisition equal to €2.8m):
 - of which accrual €7.3m (€3.4m in 1H 2017)
 - of which "extra collection" €3.5m (€2.9m in 1H 2017)
- **Interest Income Margin reduction y/y was mainly driven by factoring profitability and higher weight of CQ on total stock.** Lower factoring profitability, although with a higher stock, was due to a combination of lower Priced Yield and also higher weight of Tax Rec. on total stock
- **Total Income y/y increase, +16% y/y, is driven by NII despite the negative €0.8m one-off effect on Interest expenses, and also by Net Commissions.** Net Commissions y/y growth is exclusively driven by factoring commission income (+€2.5m). Factoring Interest Income and Commission Income represent overall factoring profitability

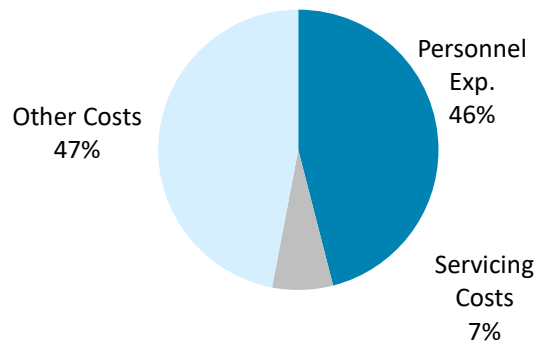


Note: (1) 1H 2018 Interest Income does not benefit from -40bps ECB TLTRO II funding, while 1H 2017 does for a total amount of €0.6m; (2) Calculated as [Period Interest Income] / [Average end of period net customer loans] - excluding the contribution from securities portfolio, credit due from banks and Repo (Balance Sheet and Financial Statement figures).

Operating costs slightly higher y/y, but in line with expectations



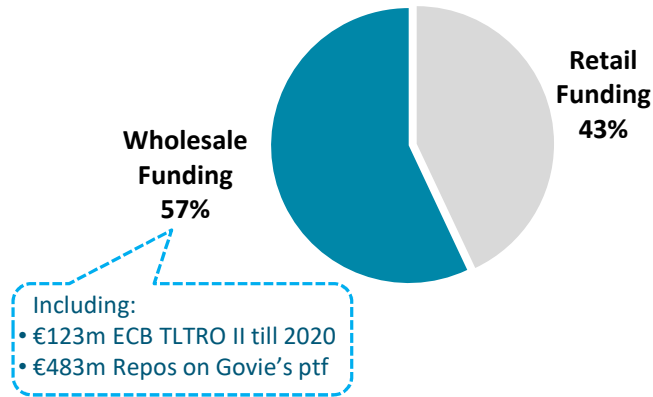
Operating Costs Breakdown



- Personnel Expenses increase due to FTEs increase
- Other costs, excluding Servicing costs, are almost flat y/y with a different mix:
 - higher expenses for the branch openings and IT
 - lower advisory fee

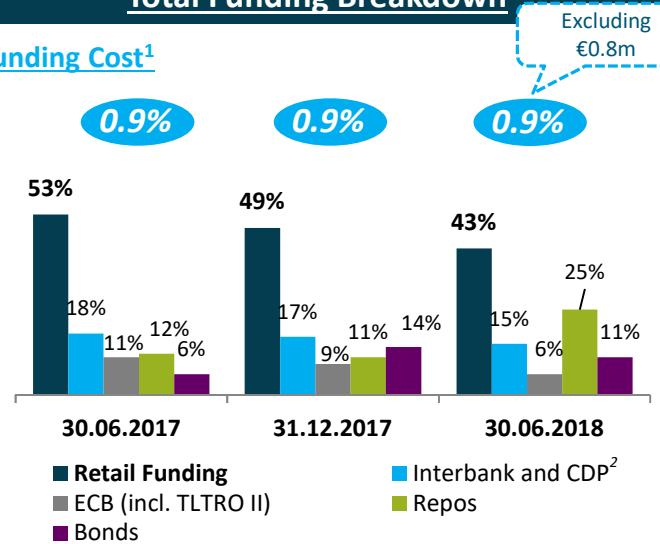
Higher diversification and almost stable cost

Total Funding Breakdown



Total Funding Breakdown

Funding Cost¹



- Cost of funding stable y/y including the €0.8m one-off, deriving from TLTRO II cost increase from -40bps to 0bps

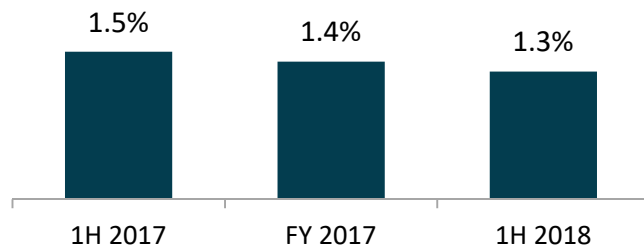
- Term Deposits stock is up q/q, y/y and vs 2017 year-end, thanks to the contribution of new term deposits

- Current accounts stock up y/y and stable vs 2017 year-end

- Wholesale weight y/y increase is driven mainly by higher Repos related to the Govies' ptf increase

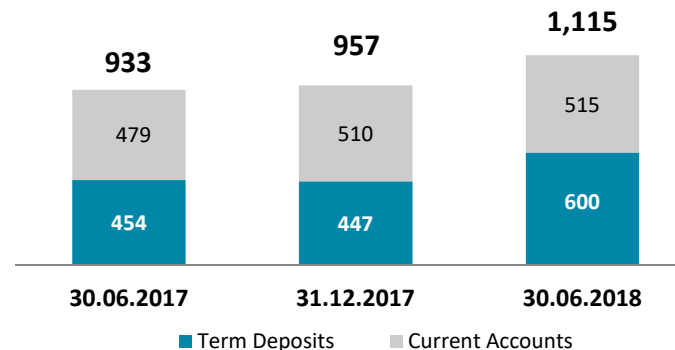
- Wholesale include €90m 3Y Senior non preferred bond issued in 2Q 2018 (private placement) that refinanced the €70m 2Y Senior non preferred redeemed in May 2018

Retail Funding Cost



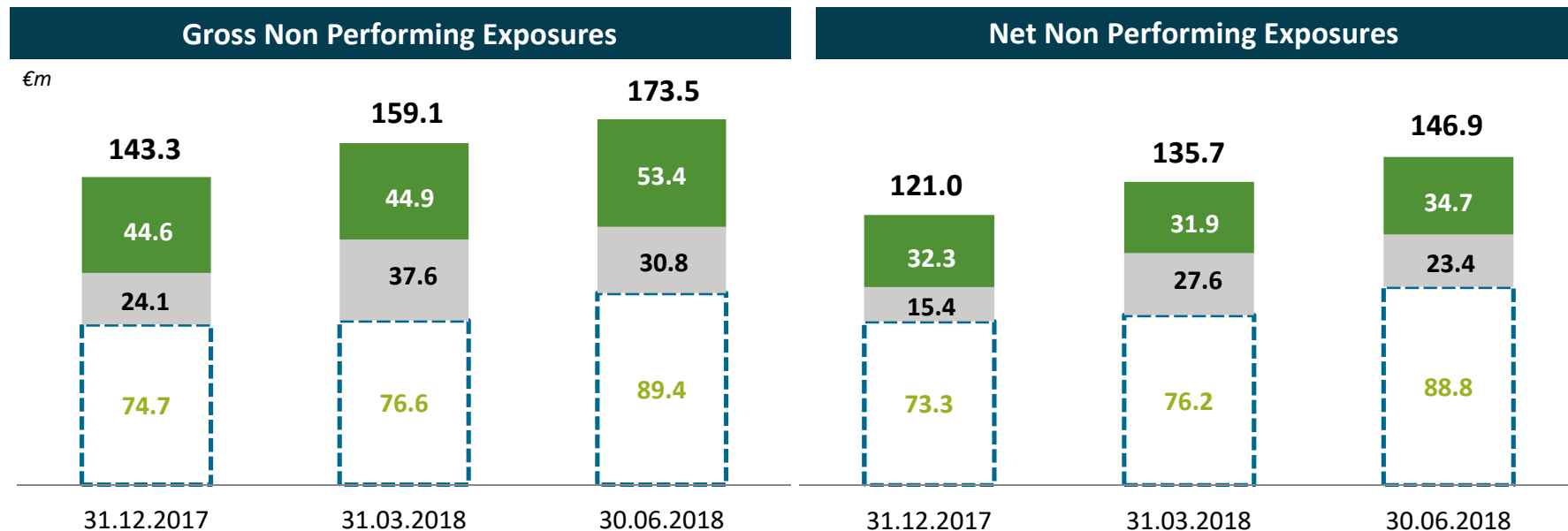
Retail Funding

€m



Notes: (1) 1H 2018 Net Interest Income does not benefit from -40bps ECB TLTRO II funding, while FY 2017 does for a total amount of €0.8m;
 (2) CDP stands for Cassa Depositi e Prestiti (in particular is referring to a credit line).

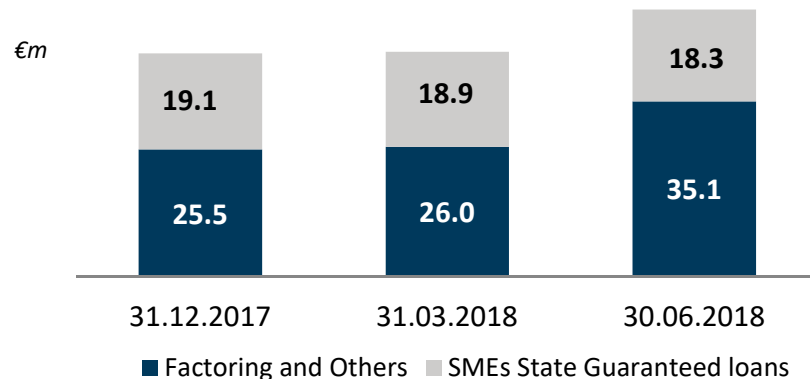
Asset Quality driven by factoring business



□ Past-dues
 ■ Unlikely to Pay
 ■ Bad loans

PA exposure deriving from ordinary business

Gross Bad loans breakdown



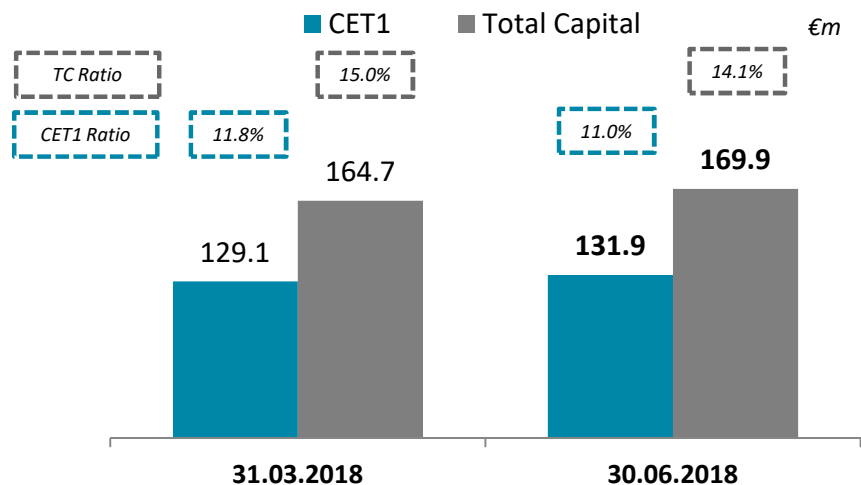
■ Factoring and Others
 ■ SMEs State Guaranteed loans

- Net Bad Loans represents 1.6% of total loans lower q/q
- Bad loans increase q/q is due to factoring (consortium and municipalities under financial distressed) and is partially compensated by the decrease of UtP
- Past-dues is mainly attributed to factoring receivables without recourse from the Public Administration and is considered normal for the sector and does not represent an issue in terms of credit quality and probability of collection
- Cost of credit risk, 29bps, in line with expectations

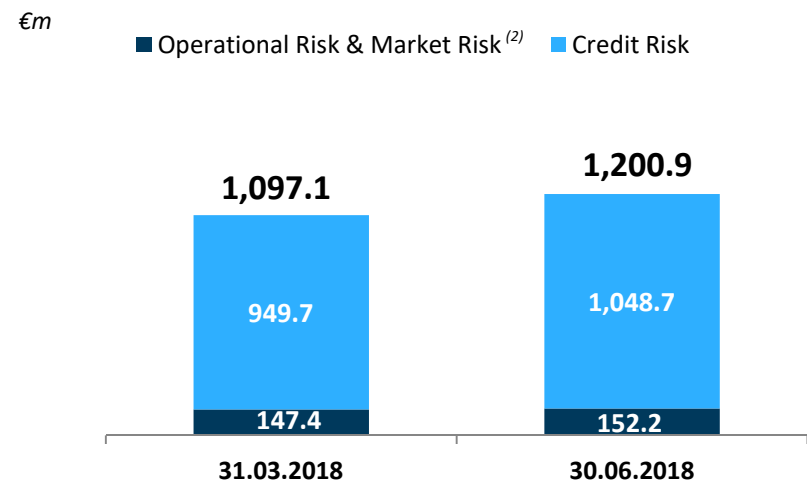
Note: NPE analysis is referring exclusively to the former Balance Sheet item, "Customer loans", that based on new scheme, following the introduction of IFRS 9, is part of the Balance Sheet item "Loan at amortized cost".

Regulatory Capital well above minimum requirements

CET1 and Total Capital⁽¹⁾



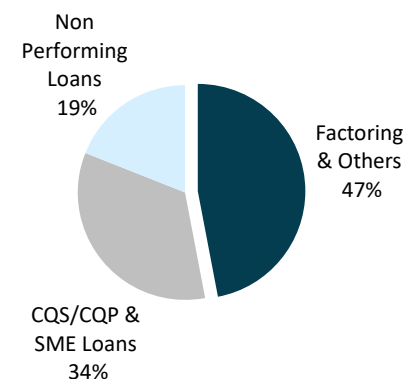
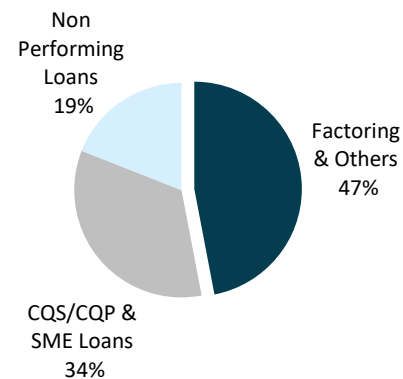
RWA breakdown



RWA – Credit Risk

31.03.2018

30.06.2018



Δ HtCS Reserve impact on 1H 2018 CET1 ratio: -18bps

Note: (1) CET1 and Total Capital, following CRR directive, are based on an expected dividend pay-out of ~25% of the Banca Sistema Holding Net Income; (2) RWA – Market Risk c. €8.7m as at 30.06.2018 and €3.9m as at 31.03.2018.

III. 2018 – 2020 Strategic Plan

DELIVERING SECTOR LEADING PROFITABILITY IN 2017...

...OUR 2017 FINANCIAL PERFORMANCE AT A GLANCE...

€87.2m

Interest Income

*Adjusted Interest Income Margin ~550bps¹
including factoring commission income 630bps*

€26.8m

Net Income

22%

Return on Average Equity

+12%

Factoring customers (YoY)

11.9%

CET1 Ratio

Regulatory minimum = 6.5% in 2017

€0.086

DPS

~25% pay-out

+37%

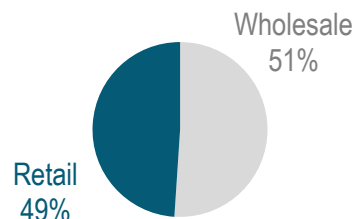
Factoring Turnover (YoY)

+64%

CQ Turnover (YoY)

Total Funds

Diversified funding with the right balance between Retail and Wholesale



Geographic diversification within the retail customer base

Rise in factoring turnover supported by growing contribution from commercial agreements with banks

Strong diversification on factoring customers

Higher contribution from CQ

Higher contribution of factoring LPI²

Total cost of funding stable YoY at ~1% and cost of risk at 30bps

Total operating costs +4% YoY mainly driven by personnel expenses

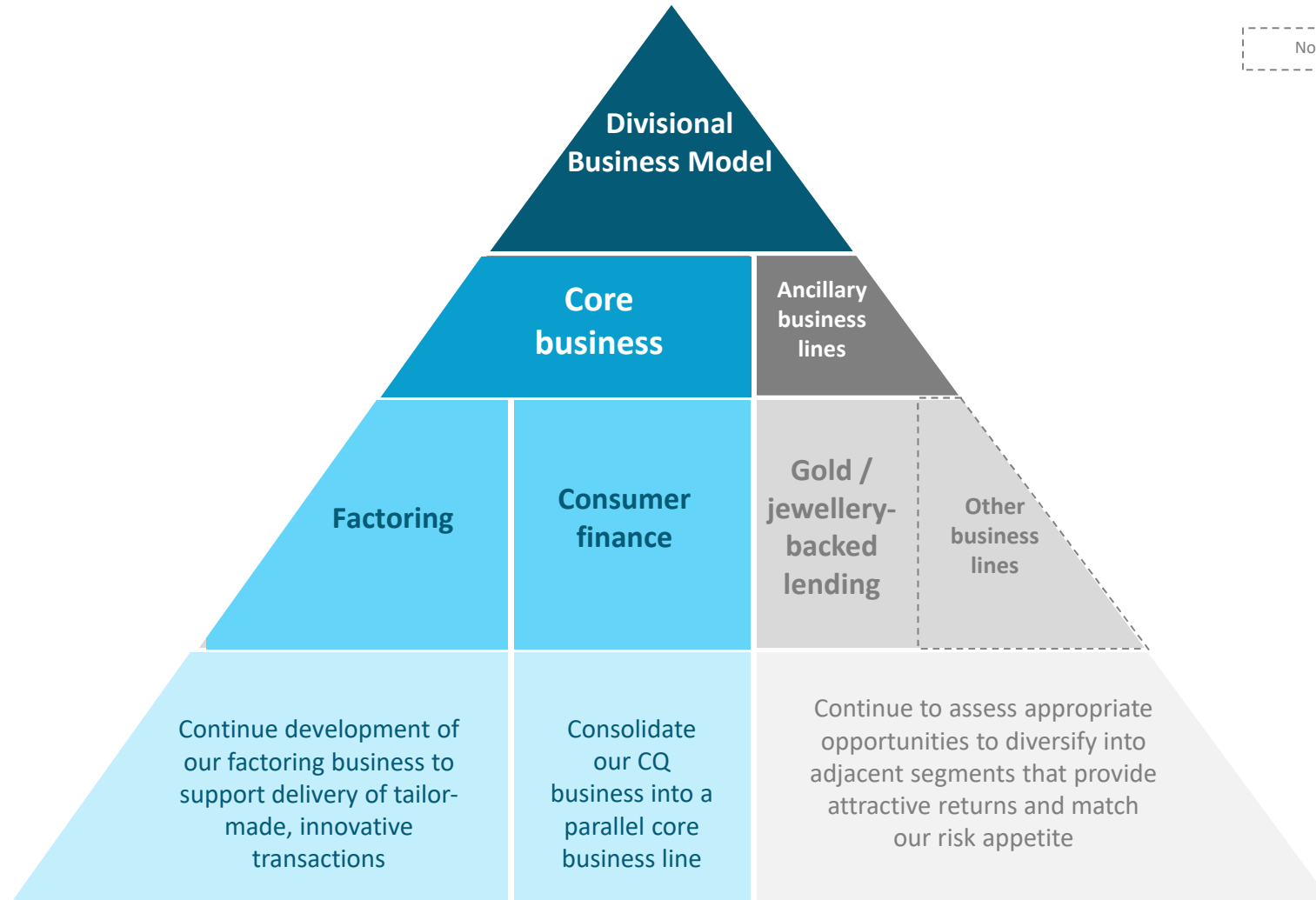
Liquidity Capital Ratio ("LCR") and Net Stable Funding Ratio ("NSFR") well above regulatory requirements

¹ Calculated as [Period Interest Income] / [Average end of period net customer loans], excluding, in both items, the contribution from securities portfolio, credit due from banks and Repo (Balance Sheet and Financial Statement figures). ² As at the end of 2017, total stock of factoring LPI was €126m and 37% average accrual recognized on P&L since 2016, for a total of €33.5m

A STRATEGY FACILITATING DELIVERY OF TAILOR-MADE, SOLUTIONS TO CUSTOMERS

...CONTINUING TO BUILD ON STRONG FOUNDATIONS IN OUR CORE BUSINESS WHILST DEVELOPING NEW REVENUE STREAMS IN LINE WITH BANCA SISTEMA'S OVERALL RISK APPETITE....

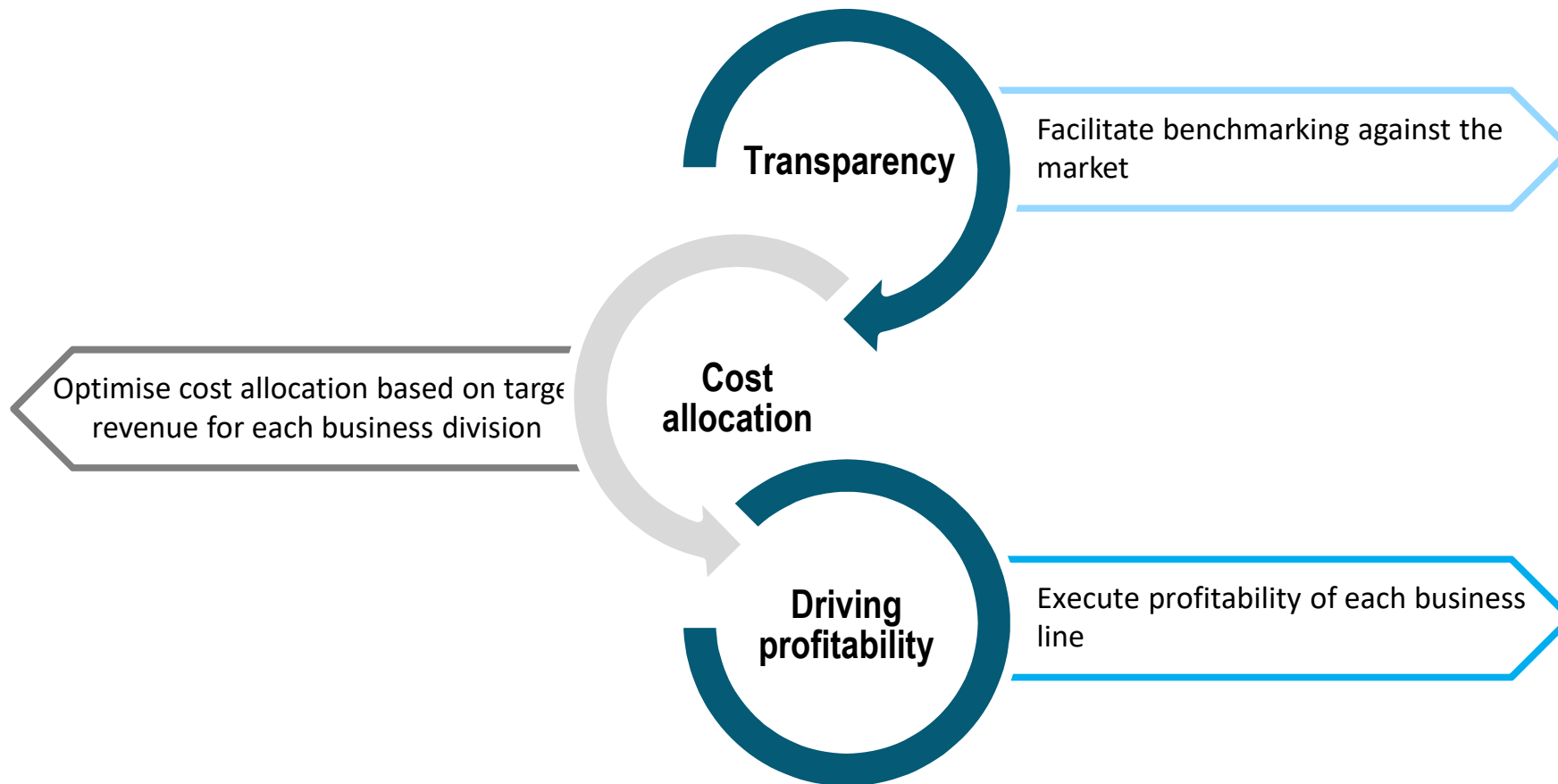
Not in Plan



← Maintaining a disciplined approach to risk management →

A DIVISIONAL MODEL TO DRIVE OUR BUSINESS MOMENTUM

...SUPPORTING EFFICIENT EXECUTION OF OUR STRATEGY...



...AND ENABLING ACHIEVEMENT OF SYNERGIES AND GREATER ECONOMIES OF SCALE...

SHAPING OUR FACTORING BUSINESS FOR FURTHER SUCCESS

A FAVOURABLE MARKET BACKDROP FOR FACTORING...

Operating in an environment with rising interest rates - larger clients expected to return to factoring market to improve their net financial position. Estimated market growth of ~7% factoring turnover per annum¹.



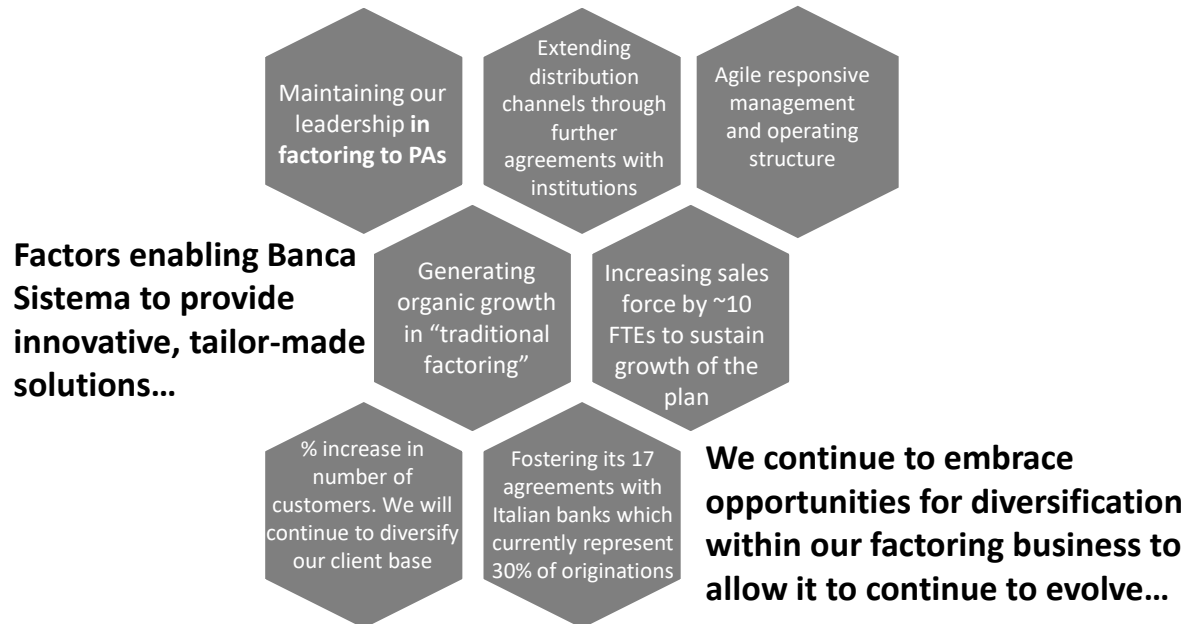
The extension of the Italian VAT “Split Payment” regime is expected to impact approximately 200,000 companies predicted to increase factoring volumes – estimated market opportunity of additional €15bn².

KEY TRENDS IN FACTORING SHAPING THE STRATEGIC CONTEXT....

7%

Estimated market growth in terms of turnover per annum¹

...BANCA SISTEMA’S FACTORING BUSINESS IS WELL POSITIONED IN THIS MARKET TO EVOLVE TO PROVIDE INNOVATIVE, TAILOR-MADE SOLUTIONS. KEY AREAS OF FOCUS INCLUDE...



€15bn

Estimated market opportunity derived from the Split Payment extension²

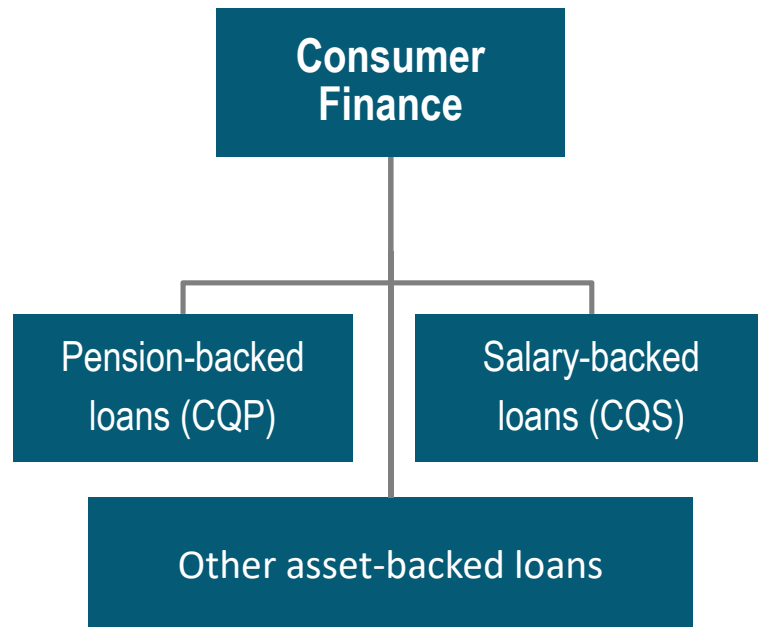
~€35bn

Estimated increase, 2017 vs 2020, Total public spending³

Sources: ¹ Assifact and Bain & Company estimates; ² Bain & Company estimates; ³ Ministry of Economy and Finance (MEF), “Documento di Economia e Finanza 2017 – Analisi e tendenze della finanza pubblica”.

EXPLOITING THE POTENTIAL OF OUR CQS/CQP CONSUMER FINANCE BUSINESS...

- Further consolidate growth of our CQS/CQP business into a parallel **core business line**
- Further expand our position and leadership in a niche market with low risk and high returns
- To **develop** the Bank's **commercial network** and **exploit synergies** to further improve returns

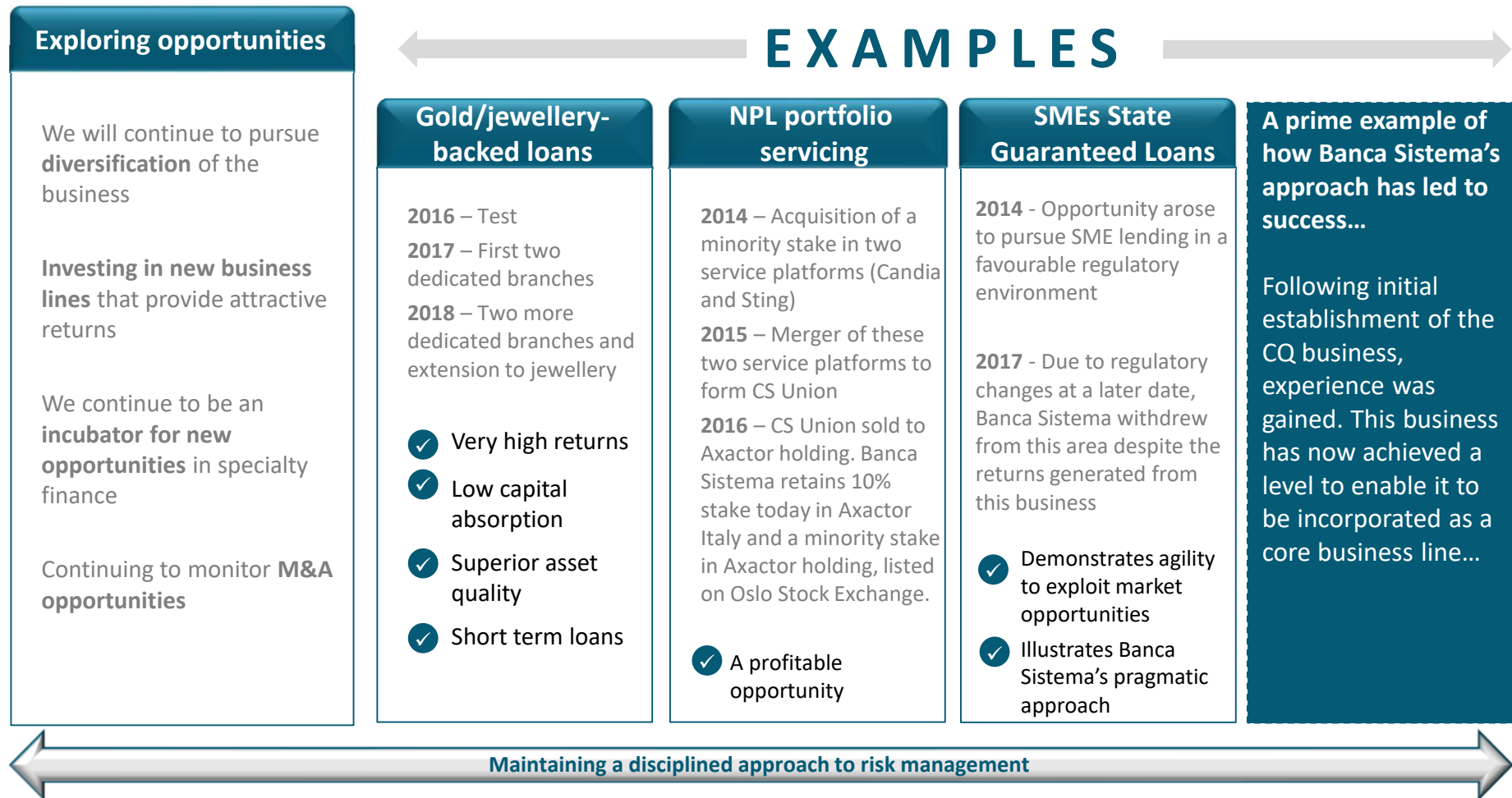


- 1 Business model based on third party origination to remain the key growth driver
- 2 Favourable market conditions to drive origination volumes
- 3 Large proportion of assets can be securitised
- 4 Superior asset quality compared to other consumer finance segments
- 5 Benefit of potential reduction in RWA density

SEEKING NEW OPPORTUNITIES TO DIVERSIFY...

...TO DIFFERENTIATE AND FURTHER ADVANCE OUR BUSINESS...

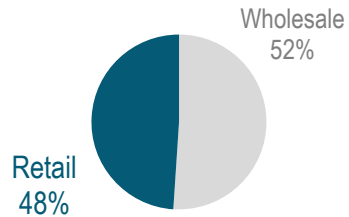
Over the years, Banca Sistema has **diversified its business model** by **exploring opportunities** in adjacent and complementary sectors **that offer** the same combination of **high yield and low risk** as seen in its core businesses...



MAINTAINING ASSET QUALITY, FUNDING AND COST EFFICIENCY

FUNDING

2020 Total Funds



Total funding costs broadly stable

~1%

- Continue geographic diversification within the retail customer base (term deposits) when efficient
- Funding mix based on asset duration
- Take market opportunity to obtain funding from institutional investors
- Efficient usage of securitised assets to obtain cheaper funding (including TLTRO from ECB)

COST OF RISK

- No major impacts on asset quality from regulatory changes

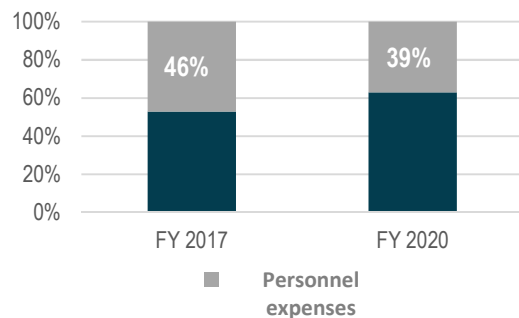
Expected cost of risk below

30bps

- CQ has a negligible cost of risk
- No impact from Tax Receivables
- High level of coverage on corporate NPE in 2017

TOTAL OPERATING COSTS

Total Operating Costs



Cost Income Ratio

~47%

Average 2018 - 2020

- FTEs increase from 2017 to 2020 to sustain planned growth
- Other expenses expected to grow in line with Business Plan volume growth

AND ACHIEVING OUR FINANCIAL TARGETS...

	CAGR 2017 – 2020 (%)	2020	CAGR 2015 – 2017 (%)	2017
1 Factoring	Turnover: ~18% Outstanding ¹ : ~28%	Turnover: €3.3 bn Outstanding ¹ : €3.0 bn	Turnover: 19% Outstanding ¹ : 13%	Turnover: €2.0 bn Outstanding ¹ : €1.4 bn
2 Consumer Finance	Outstanding: ~25%	Outstanding: €1.0 bn	Outstanding: 104%	Outstanding: €0.5 bn
2018 – 2020				
3 Return on Average Equity (RoAE)	RoAE within a range of [18% - 24%] per annum			
4 CET1 Ratio	CET1 ratio of ~10.5% over the period, >11% by 2020 ² , with on average ~38% RWA density ³			
5 Adjusted Interest Income Margin	Adjusted Interest Income Margin within a range of 400bps – 450bps ⁴ , including factoring commission income 440bps – 490bps			
6 Cost of Funds	~1% on average			
7 Cost of Risk	Below 30bps on average			
8 Cost Income Ratio	~47% on average			

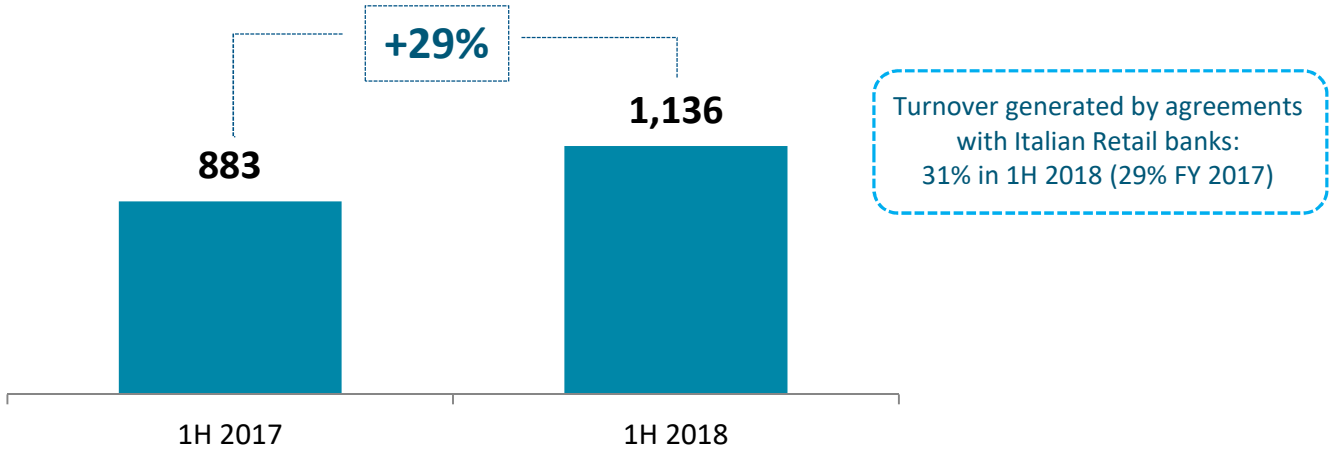
¹ Management data; ² Excluding any RWA reduction expected on CQ business; ³ RWA density = [end of period Total RWA] / [end of period Total Assets]; ⁴ Calculated as [Period Interest Income] / [Average end of period net customer loans] - excluding the contribution from securities portfolio, credit due from banks and Repo (Balance Sheet and Financial Statement figures).

Annexes

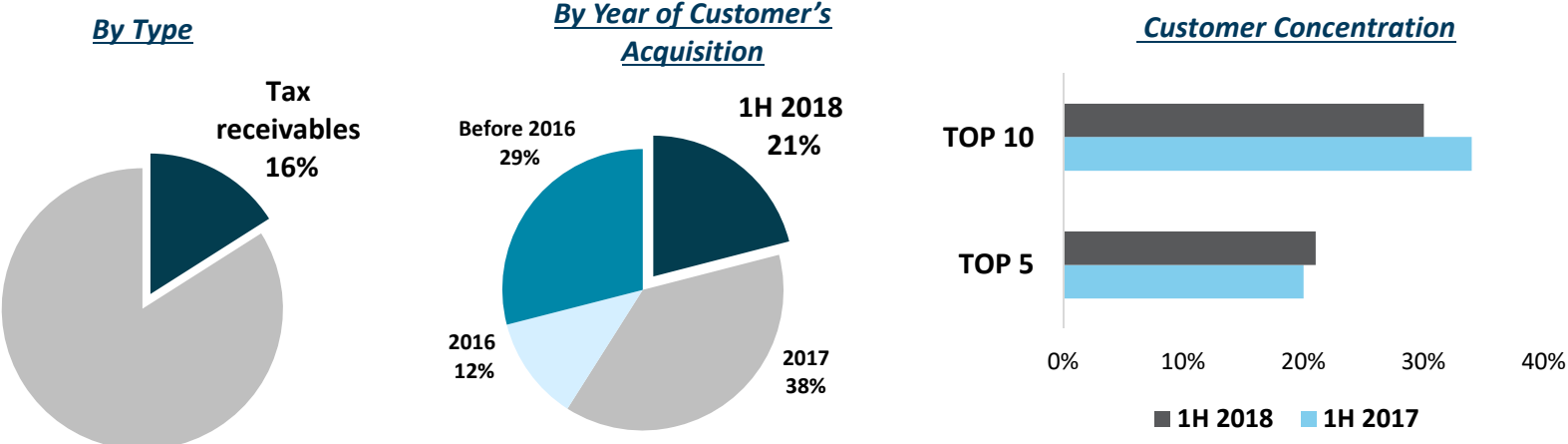
Factoring Turnover

Factoring Turnover

€m



1H 2018 Factoring Turnover breakdown

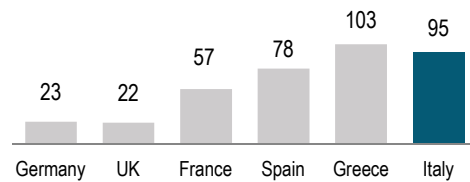


OPERATING IN AN ATTRACTIVE, LARGE AND GROWING MARKET...



Payment times in Italy amongst the longest in Europe

2016 Average PA payment times (days) ¹

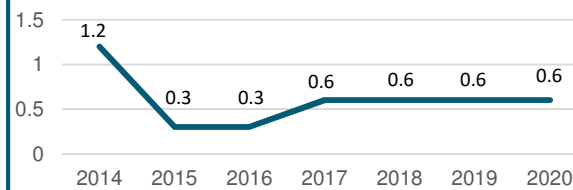


...expected to remain stable to 2020...



Italian public spending in line with general Eurozone recovery

Italia Public Spending (YoY%) ²



...this is expected to continue...



Gradual recovery in interest rates

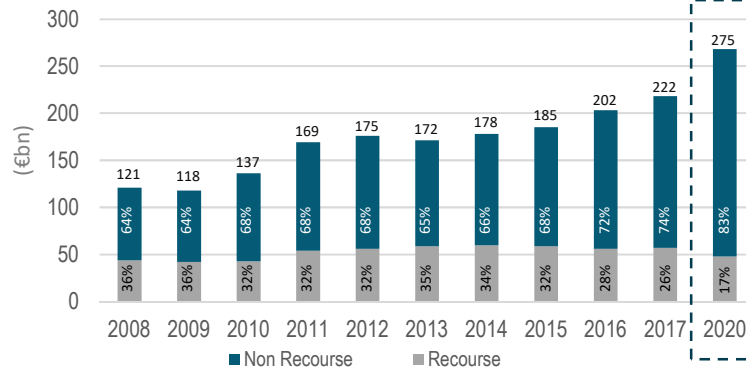
Euribor 1M (annual average %) ³



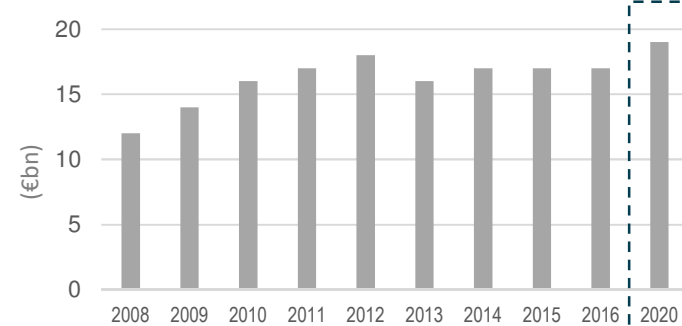
...supported by a gradual reduction in ECB monetary stimulus from 2019...



Factoring turnover ⁴



CQ outstanding ⁵



Sources: ¹ Intrum Justitia 2017 European Payment Report; ² Bain & Company analysis on ISTAT (the national institute for statistics) and IMF; ³ Strategic plans of the main banking players; ⁴ Assifact and Bain & Company estimates; ⁵ Assifact and Bain & Company estimates.

Gold/jewellery back lending in Italy

Italian Market

The gold/jewellery back lending in Italy is the institutional pawnbroking business. This business is **anticyclical**, compared to the “traditional lending”.

According to Bank of Italy, the average estimated volume per year is around **€800m**, with more than 30,000 loans issued each month.

Most of pawns are paid back at the expiration date: **between 5% - 8% is sold at auction**

Main market players: Italian commercial banks and independent broker networks

First «Mount of Compassion» («Monte di Pietà») was established in Perugia in 1462

Main Features of the Product in Italy

- The pawn loan is a particular form of short-term loan with a collateral on property goods which is based on the existence and value of assets pledged
- The pawn loan consists of a main contract (policy of payment) and an ancillary contract (pledge)
- Renewal of the loan for a maximum period of **3 Years**
- The loan amount is commensurate with the estimated value of the goods offered as collateral, while respecting the limits set by law:
 - **4/5** of the estimated value in case of a pledge of precious goods
 - **2/3** of the estimated value in case of a pledge of other goods

Revenues/ Loan

15 - 18%

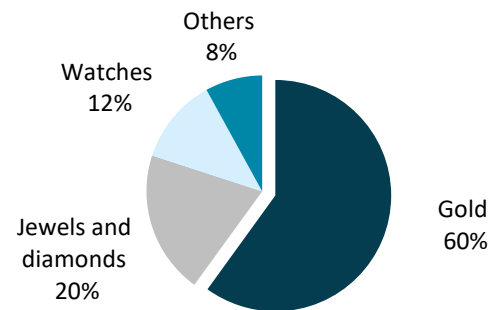
Interest/ Revenues

60/70%

Gross Annual Rate

12 - 14%

Yearly Turnover Breakdown



No relevant impact
on 2018 – 2019 P&L

Banca Sistema Gold/jewellery back lending

BANCA SISTEMA STRATEGY

Product



- Actual focus on gold, on jewelries, diamonds and also on Rolex watches
- Fast loan procedure
- Marketing in different languages
- Offered loan durations: 3/6/12 months

Operations

- First dedicated branch opened in Milan (02.2017)
- Other dedicated branches: Rome (07.2017); Naples and Palermo (2018)
- 2 Further branch openings by 2019
- Acquisition of two small loan ptf (2018)

Profitability

- Short term secured financing
- Margins above average other retail banking products
- Commission contribution
- Further revenues in case the good is sold in auction

Funding/ Regulatory Capital

- Fit with Banca Sistema actual diversified funding base
- Low RWA absorption

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S I S T E M A
SPECIALTY FINANCE

Carlo Di Piero

Head of Investor Relations

carlo.dipierro@bancasistema.it

+39 02 80280358

+39 3355288794