

PRESS RELEASE

BANCA SISTEMA: 14 MILLION EURO TIER II SUBORDINATED BOND ISSUE

Milan, 28 March 2017

The Board of Directors of Banca Sistema has approved today the issuance of a Tier II subordinated bond.

The 14 million Euro bond, reserved for institutional investors (private placement), has a 10-year maturity, with a six-monthly EURIBOR 6M + 450bps coupon and early redemption option in case of a regulatory event. The settlement will be carried out on 30 March 2017.

The issue, at favorable conditions, finds its rationale also in the regulatory amortization, as of the fourth quarter of the current year, of the Lower Tier II subordinated bond amounting to 12 million Euro.

At 31 December 2016, the Group's Total Capital Ratio came in at 15.8%, well above the minimum regulatory threshold; considering today's issue, the TCR on the same date would stand at 17.6%.

The issue will be subscribed by Fondazione Pisa, which holds a 7.40% share in Banca Sistema, and is a related party to the Bank in view of the Shareholders' Agreement entered into on 28 April 2016 and effective on 4 July 2016 by and among Fondazione Pisa, Società di gestione delle partecipazioni di Banca Sistema S.r.l., Fondazione Sicilia and Fondazione Cassa di Risparmio di Alessandria.

The issue subscription exceeds the threshold values identified by the Operational Procedure to manage transactions with persons in conflict of interest adopted by Banca Sistema, pursuant to art. 4, paragraph 1, letter a) of Consob Regulation no. 11721/2010 and following amendments and additions ("Regulation on Related Party Transactions"). Under the law and the regulation, in keeping with its internal policies, Banca Sistema shall therefore publish the information documents required under art. 5, paragraph 1, of the Regulation on Related Party Transactions.

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The transaction has been approved by the Board of Directors of Banca Sistema after having received the positive opinion by the Internal Control and Risk Management Committee.

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Banca Sistema

Banca Sistema was founded in 2011, as a bank specialized in financing and managing trade receivables owed by the Italian Public Administrations, thereby entering a sector of the Italian financial system aimed at granting liquidity to corporate entities in their business dealings with the PA's, mainly through factoring and credit management services.

With main offices in Milan and Rome, during this time Banca Sistema has extended its activities and services available both to business and retail Clients.

As an independent financial operator characterized by a diversified business model, Banca Sistema can offer, today, recourse and non-recourse factoring services. This includes receivables between private companies, yearly and quarterly VAT receivables refunds, current accounts, time deposits with durations up to 10 years, pawnbroking, guarantees, securities deposit, reverse factoring, certification of Public Administration credits, salary and pension backed loans.

The Bank is also active in the purchasing and management of non-performing financial and trade receivables as well as management and debt recovery from individuals, thanks to its stake in the capital of CS Union S.p.A. and in its controlling company Axactor AB, listed to the Oslo Stock Exchange.