

PRESS RELEASE

BANCA SISTEMA ANNOUNCES THREE-YEAR STRATEGIC PLAN TO 2020

- *Three-year strategy intended to leverage favourable legal framework and positive medium-term outlook for Italian factoring market growth and returns:*
 - *Public Administration payment times in Italy remain the second longest in Europe*
 - *Italian public spending growing in line with general Eurozone recovery and forecast to increase by around €35 billion from 2017 to 2020*
 - *Positive impact of impending normalisation of ECB monetary policy on interest rate environment*
 - *Extension of Italian VAT “Split Payment” regime expected to impact approximately 200,000 companies thus increasing factoring volumes – estimated market opportunity of additional €15 billion*
 - *Italian factoring market turnover forecast to grow 7% p.a.*

- *Three-year strategy centred around three key pillars:*
 - *Shaping the core factoring business to drive further growth, including through initiatives to support delivery of more innovative, tailor-made transactions*
 - *Consolidating growth in Italian salary- and pension-backed loans (CQS/CQP) as a parallel core business line through continued expansion of product range and third-party origination network*
 - *Divisional model to be implemented in 2018 to reflect strategic focus, provide clarity and allow more efficient performance measurement and benchmarking*

- *Key financial targets for 2018-2020:*
 - *Factoring turnover* 18% CAGR 2017-2020 to €3.3 billion in FY 2020
 - *Factoring outstanding* 28% CAGR 2017-2020 to €3.0 billion in FY 2020
 - *CQS/CQP outstanding* 25% CAGR 2017-2020 to €1.0 billion in FY 2020
 - *RoAE* 18%-24% range
 - *CET1 Ratio* ~10.5% over the period and >11% by 2020, 38% RWA Density
 - *Adjusted Interest Income Margin¹* 400bps-450bps range
 - *Cost of risk* below 30 bps on average 2018-2020
 - *Cost of funding* 1% on average 2018-2020
 - *Cost Income Ratio* 47% on average 2018-2020

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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).

Luitgard Spögler, Chairperson of Banca Sistema, stated: "Following a detailed analysis of our business potential, of market opportunities and prospect developments, the Board is delighted to deliver a new strategic plan that sets a clear agenda for Banca Sistema over the next three years. It is a rigorous and realistic plan, based on sound assumptions and setting achievable objectives."

Gianluca Garbi, CEO of Banca Sistema, added: "As we look ahead to 2020, we have carefully assessed our success to date and the factors characterising the favourable environment in which we operate to establish a clear vision and strategic three-year plan to 2020. Our strategy sets out to leverage our strengths to deliver attractive returns at low risk and to allow us to consolidate our leadership in Italian PA factoring and specialty finance, one of the largest factoring markets in the world".

Milan, 10 April 2018

Today the Board of Directors of Banca Sistema has approved 2018-2020 Strategic Plan.

Banca Sistema continues to operate in an attractive market with a favourable legal framework. Payment times in Italy are the second longest in Europe while Italian public spending is growing in line with the general Eurozone recovery. The market will benefit from the expected gradual increase in interest rates as the ECB unwinds its monetary stimulus from 2019 onwards, and it is forecast factoring turnover will rise. This market backdrop, combined with a beneficial legal framework encapsulating the European Late Payment Directive and the Decree Law of 24 April 2017, provides unique opportunities for Banca Sistema to deliver profitable growth and returns.

The Bank's key strengths continue to solidify its strong competitive position. A combination of low credit risk, disciplined underwriting capabilities, strong relationships with Italian public administrators and a diversified funding base continue to drive Banca Sistema's growing profitability, with potential for further growth sourced from its scalable operations and diversification.

Our three-year plan continues to build on strong foundations within the core business whilst developing new revenue streams in line with the Company's overall risk appetite. The strategy is centred around three key pillars, 1) driving the evolution of the factoring business to support delivery of a wider range of more tailor-made and innovative transactions; 2) strengthening our presence in the Italian pension- and salary-backed consumer finance segment as a parallel core business line; and 3) implementing a divisional model.

We believe the outlook for the Italian factoring market is promising with anticipated growth of 7% per annum as the segment benefits from an expected €35 billion increase in Italian public spending over the next three years. Furthermore, the extension of the Italian VAT "Split Payment" regime (as per the Decree Law of April 2017) is expected to impact approximately 200,000 companies thus increasing factoring volumes – estimated market opportunity of additional €15 billion. Against this outlook, Banca Sistema's factoring operations are well positioned to evolve, meeting growing client demand for innovative, tailor-made solutions. We will continue to focus on generating organic growth from traditional factoring and maintain our leadership in factoring to PAs. To deliver this, we will extend our distribution channels through further agreements with key institutions while fostering our 17 current agreements with Italian banks (which represent 30% of our originations) and seek to further increase our sales force. The

strengthening our Legal Collection department allows Banca Sistema to maximise profits generated from Late Payment Interests. This is expected to grow significantly over the plan horizon.

Banca Sistema will further expand and embed its pension- and salary-backed consumer finance (CQS/CQP) operations as a second core business line, cementing its leadership in this niche market which is characterised by low risk and high returns. To that end, we plan to further develop our third-party origination network.

In addition, we continue to explore opportunities for diversification which offer us the potential for incremental revenues in adjacent sectors over time. We will therefore continue to act as an incubator for new opportunities in specialty finance, as demonstrated by the Company's recent entry into secured, jewellery-backed personal lending. We will also look to invest in new business lines and capitalise on M&A opportunities that provide attractive returns whilst maintaining a disciplined approach to risk management.

To better enable the successful execution of this strategy to 2020, we are in the process of implementing a clear divisional structure. This new structure will help drive business momentum by ensuring greater transparency, support optimal cost allocation based on target revenue for each business division and monitor more effectively the profitability of each business line.

In line with our three-year strategy we have set clear financial targets for 2020. With regards to factoring turnover, we are targeting a CAGR of 18% to reach €3.3 billion in FY 2020, and in factoring outstanding we are targeting a CAGR of 28% to reach €3.0 billion in FY 2020. For our consumer finance business, specifically CQS/CQP lending outstanding, we are targeting a CAGR of 25% to reach €1.0 billion in FY 2020.

Over the three-year period we are targeting a Return on Average Equity within a range of 18% to 24% p.a. and an adjusted Interest Income Margin in the range of 400bps to 450bps (including factoring commission income this would be in the range of 440bps to 490bps). We are also targeting an average Cost of funding of 1%, an average Cost of risk below 30 bps and an average Cost Income ratio of 47%. We will maintain a CET1 ratio of ~10.5% over the period, targeting >11% by 2020, with an average 38% RWA density. Shareholder remuneration will continue to be a key priority

While it is expected that there may be some intra-year and year-on-year variation in the trajectory of our performance against these KPIs, management is confident of delivering these stated targets over the period to 2020 as we implement our three-year strategy.

Analyst and investor conference call

A presentation for analysts and investors will be held at 10am CET, 11 April 2018.

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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 Axactor Italy S.p.A. and in its controlling company Axactor AB, listed to the Oslo Stock Exchange.