CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2015

BANCA
SISTEMA
CONTEMPORARY BANK

Banca Sistema Group

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Gruppo Banca SISTEMA

CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2015

BANCA
SISTEMA

CONTENTS

CONSOLIDATED
INTERIM
DIRECTORS' REPORT

COMPOSITION OF PARENT COMPANY'S MANAGEMENT BODIES

Board of Directors

Chairman	Prof.	Giorgio Basevi (Independent)
Directors:	Mr	Gianluca Garbi
	Mr	Claudio Pugelli
	Prof.	Giovanni Puglisi
	Mr	Daniele Pittatore (Independent)
	Prof.	Giorgio Barba Navaretti
	Mr	Michele Calzolari (Independent)

CEO and General Manager

CEO	Mr	Gianluca Garbi

Board of Statutory Auditors

Chairman	Mr	Diego De Francesco
Standing Auditors:	Mr	Massimo Conigliaro
	Mr	Biagio Verde
Alternate Auditors:	Mr	Gaetano Salvioli
	Mr	Marco Armarolli

Executive Committee

Chairman	Mr	Gianluca Garbi
Members	Prof.	Giorgio Barba Navaretti

Internal Control and Risk Management Committee

Members	Prof.	Giorgio Basevi
	Mr	Daniele Pittatore
	Mr	Michele Calzolari

Appointments Committee

Chairman	Mr	Daniele Pittatore
Members	Mr	Michele Calzolari
	Mr	Claudio Pugelli

Remuneration Committee

Chairman	Mr	Michele Calzolari
Members	Mr	Daniele Pittatore
	Prof.	Giovanni Puglisi

Ethics Committee

Chairman	Mr	Marco Pompeo
Members	Mr	Gianluca Garbi
	Prof.	Giorgio Barba Navaretti

Supervisory Body

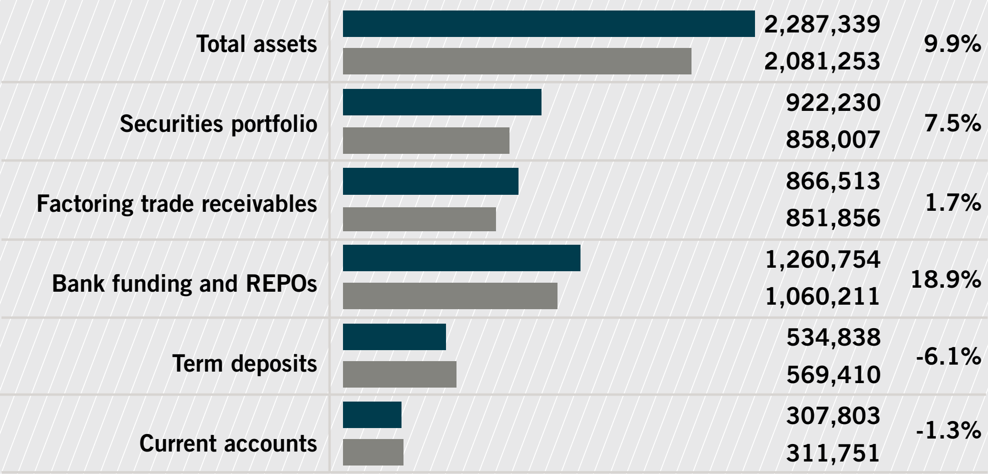
Chairman	Mr	Michele Calzolari
Members	Prof.	Giorgio Basevi
	Mr	Franco Pozzi

The Board of Directors and the Board of Statutory Auditors were appointed by decision of the Shareholders' Meeting of 22 April 2014; subsequently, the Board of Directors, on a meeting on the same date, appointed: (I) Mr Gianluca Garbi, CEO and General Manager; (II) established the Executive Committee, the Internal Control Committee, the Appointments and Remuneration Committee, the Ethics Committee and the Supervisory Body. On 28 April 2015 and 28 May 2015, the Board of Directors, for the purposes of ensuring the compliance of the board committees with the legislative and self-regulatory provisions applicable to listed companies, approved the separation of the Appointments and Remuneration Committee into an Appointments Committee and a Remuneration Committee and the renaming of the Internal Control Committee as the Internal Control and Risk Management Committee. On 18 September 2015, Ms Lindsey McMurray and Mr Matthew James Gary Potter tendered their resignations as Directors. In Ms McMurray's case, her resignation also resulted in her automatic dismissal as member of the Executive Committee.

HIGHLIGHTS DATA AS AT 30 SEPTEMBER 2015

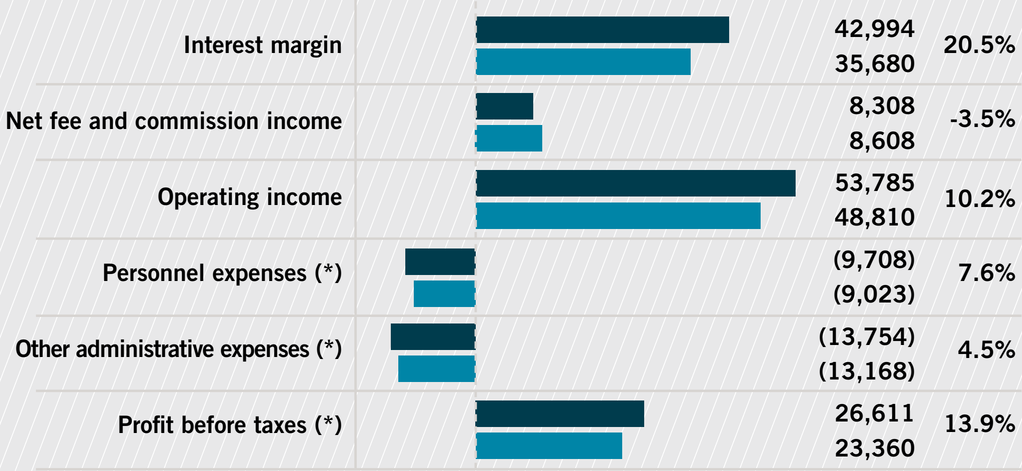
■ 30 Sep 2015
■ 31 Dec 2014
■ 30 Sep 2014

Balance sheet data (€ ,000)



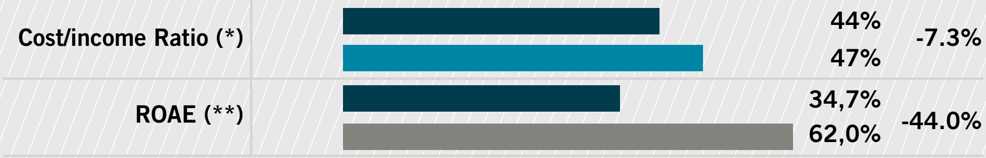
Total assets	2,287,339 2,081,253	9.9%
Securities portfolio	922,230 858,007	7.5%
Factoring trade receivables	866,513 851,856	1.7%
Bank funding and REPOs	1,260,754 1,060,211	18.9%
Term deposits	534,838 569,410	-6.1%
Current accounts	307,803 311,751	-1.3%

Profit and loss data (€ ,000)



Interest margin	42,994 35,680	20.5%
Net fee and commission income	8,308 8,608	-3.5%
Operating income	53,785 48,810	10.2%
Personnel expenses (*)	(9,708) (9,023)	7.6%
Other administrative expenses (*)	(13,754) (13,168)	4.5%
Profit before taxes (*)	26,611 23,360	13.9%

Performance indicators



Cost/income Ratio (*)	44% 47%	-7.3%
ROAE (**)	34,7% 62,0%	-44.0%

(*) Amounts and indicators calculated using profit and loss data adjusted for non-recurrent costs applicable to the listing process, as presented in the paragraph “Financial results” of this Report.
(**) The Return on Average Equity (ROAE) was calculated as the ratio of the normalised, annualised profit for the period to average shareholders’ equity.

PROFILE OF THE PARENT COMPANY

The Group is active mainly in the Italian factoring market and specialised in the acquisition, management and financing of receivables due to companies by the Italian Public Administration entities ('PA').

In particular, the Banca Sistema Group provides financial support to Italian and foreign companies by acquiring trade receivables and VAT credits due from the PA.

The Group operates through a specific collection method which is not based on the recovery of receivables through systematic recourse to legal action against the debtors, but favours out-of-court settlements, with the purpose of establishing repayment plans or payment agreements with the assigned debtors, enabling a constant and gradual reduction in the collection time for the receivables and greater core business profitability. In such a model, the collection of late payment interest applicable to the PA in the event of payment after 30/60 days constitutes an instrument whose purpose is to discourage delays in payment, as well as a negotiating lever for reaching the aforementioned agreements and speeding up payment times.

Since 2011, the Group's primary objective has been to satisfy the financial requirements of companies who supply the PA by factoring, managing and recovering receivables, serving as a link between the public and private sectors.

The Group offers a wide range of products aimed at companies which claim receivables from the Public Administration entities and consisting in the provision of factoring services, mainly without recourse, for the management of delays in payment by the Public Administration entities, as well as financing services for annual and quarterly VAT credits enjoyed by companies.

The Group also offers its customers factoring services with recourse, maturity factoring and reverse factoring, Moreover, the Company offers online factoring and the certification of receivables due from the Public Administration entities.

Since 2014, thanks to the partnership established with a specialised operator, the Company has begun to purchase with recourse receivables and manage tax receivables (mainly VAT credits) arising from insolvency proceedings,

In 2014, the Group also launched operations in the private debt factoring sector (both with- and without recourse) and according to the maturity factoring formula.

In addition to operating on the factoring market, which constitutes the Group's core business, the Company has developed new business lines. Already active in managing and recovering receivables on behalf of third parties, through the subsidiary Solvi S.r.l. (merged by incorporation into the Issuer, effective from 01 August 2013), since 2014 Banca Sistema has begun to provide a diversified range of other products and services, such as: (I) the acquisition of credit portfolios derived from the granting of financing in the particular form of salary- and pension-backed loans by qualified operators and (ii) financing to SMEs secured by the Ministry of Economy and Finance Guarantee Fund.

The main source for raising funds to finance the Group's core business is banking activities, both retail and corporate, including the offer of traditional banking services such as current accounts and saving accounts for private clients, companies and businesses in Italy and Germany, as well as other ancillary banking services. These sources of funding, combined with the access to funding provided by the ECB through the ABACO (Collateralised Bank Assets) Procedure, treasury activities such as the management of Italian Republic securities held in portfolio and the management of the financial and credit assets and liabilities ('ALM') of the Issuer, as well as access to the interbank market, allow the Company stable access to reliable sources of liquidity at competitive rates.

For the distribution of its products and services, the Issuer uses its own direct network, chiefly composed of the Group's subsidiaries and representative offices, as well as an indirect network, comprising banks, real estate investment companies, financial advisors and financial intermediaries (credit brokers), who operate under specific distribution agreements concluded with the Issuer.

COMPOSITION AND STRUCTURE OF THE GROUP

On 30 September 2015, the Banca Sistema Group comprised the Parent Company, Banca Sistema S.p.A., and Specialty Finance Trust Holding Limited, a company incorporated under UK law and fully controlled by the Bank.

LISTING OF THE PARENT COMPANY

For the purposes of fully exploiting the activities of Banca Sistema and supporting its growth, the Shareholders' Meeting, acting on a proposal from the Board of Directors, in its session of 26 March 2015, resolved to approve the proposal to apply for admission of the Company's ordinary shares for listing on the STAR Segment of the MTA - Italian Equities Market organised and managed by Borsa Italiana S.p.A..

The listing and resulting expansion of the shareholder base will enable the Bank to reinforce the visibility of its business model and boost, in such a way, its standing within the reference market, including through the entry into the capital of qualified, national and international investors.

Following the launch of the Banca Sistema listing project, the Board of Directors, in its meeting of 26 March 2015, approved the new 2015-2018 three-year project, thus modifying the one approved by the Board on 13 February 2014.

From an organisational and governance perspective, the Board of Directors, during its meetings of 26 March 2015, 28 April 2015 and 28 May 2015, in accordance with the stipulations of the primary and secondary legislation in force, completed the adjustment of the corporate governance system, approving various internal procedures, reorganising the advisory committees, as well as appointing an investor relator and a designated manager responsible for drafting the company accounting documents.

On 3 June 2015, the extraordinary shareholders' meeting thus debated the share capital increase from € 8,450,526.24 up to the nominal maximum amount of € 10 million, as a divisible increase and against payment, with the exclusion of option rights, pursuant to art. 2441, paragraph 5, of the Italian Civil Code, for the purposes of the public subscription and sale offer for the listing of the Company's shares, conditional upon the issuing, by Borsa Italiana S.p.A., of the measure admitting the Company's shares for trading on the STAR segment of the MTA - Italian Equities Market (provided the prerequisites exist), organised and managed by Borsa Italiana S.p.A.: on 15 June 2015, the Bank of Italy issued the relevant declaration of compliance.

On 17 June 2015, Borsa Italiana, through measure No. 8073, provided for the listing on the stock exchange of the Bank' shares for trading on the MTA - Italian Equities Market. On 18 June 2015, Consob issued a measure approving the prospectus, which enabled the launch of the public share offer: on this date, the institutional offer was launched, while, on 19 June 2015, the retail offer also began. Both offers ended on 29 June: the offer price was set at € 3.75 per share, equivalent to company capitalisation of around € 302 million, calculated on the basis of the Offer Price. Trading began on 2 July 2015.

On this date the conditions precedent as adopted by the extraordinary meeting on 3 June 2015 were checked; in particular, the share capital was subscribed and paid up, totalling € 1,200,000.00 with the issuing of 10,000,000 ordinary shares, each with a nominal value of € 0.12. Therefore, the new, fully subscribed and paid up share capital is € 9,650,526.24, subdivided into 80,421,052 shares, each with a nominal value of € 0.12.

The global offering of the Bank's ordinary shares arising from a specific capital increase and from the shares already held by the shareholder SOF Luxco S.a.r.l. ended on 29 June 2015. The purpose of this offering was listing on the Star Segment of the MTA - Italian Equities Market organised and managed by Borsa Italiana (Italian Stock Exchange), with an offer price set at € 3.75 per share. Trading of the share began on the MTA on 2 July 2015.

Lastly, on 17 July 2015, the Coordinator of the Global Sale and Subscription Offer, Barclays Bank PLC, including in the name and on behalf of the members of the Institutional Placement Consortium, fully exercised the Greenshoe Option granted by the Vendor Shareholder, SOF Luxco S.à.r.l., for a global total of 3,897,865 ordinary Banca Sistema shares. The acquisition price for the shares which were the subject of the Greenshoe Option was € 3.75 per share – corresponding to the Offer Price for shares which are the subject of the Global Sale and Subscription Offer – for an overall amount of around € 14.6 million gross of the commissions and costs related to the operation. The settlement of the shares related to the Greenshoe Option occurred on 21 July 2015.

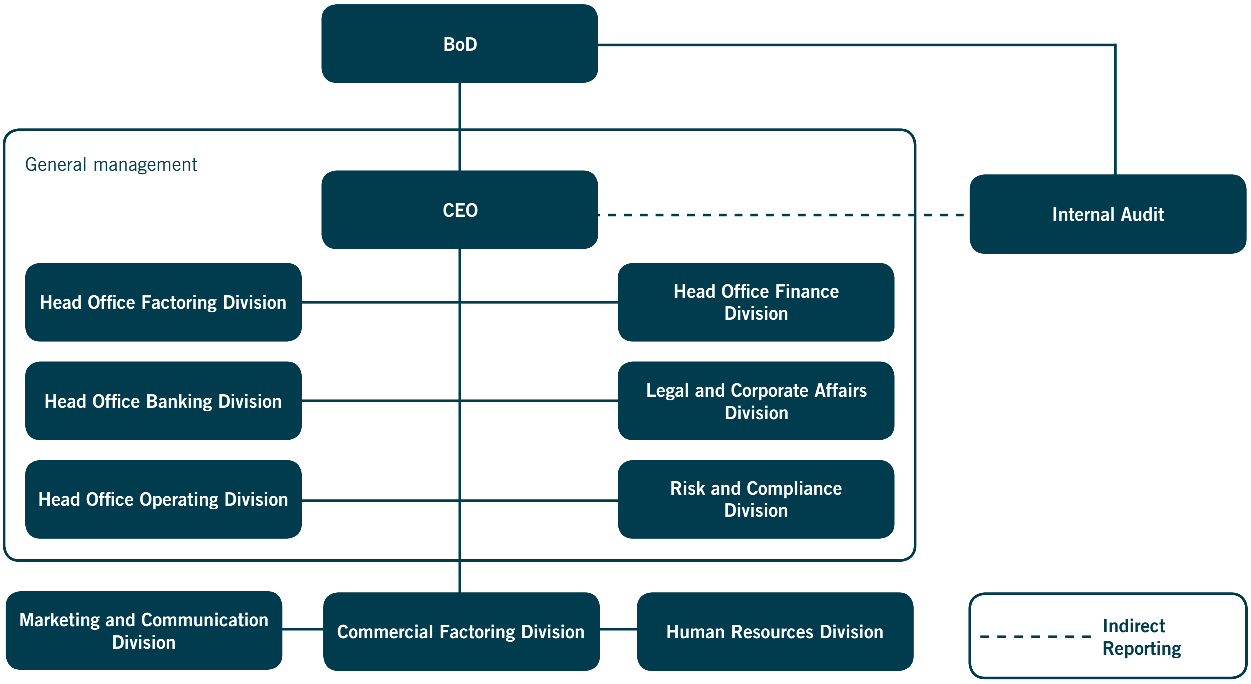
Globally, the Global Sale and Subscription Offer, including the Greenshoe Option, concerned 42,876,525 ordinary Banca Sistema shares, totalling 53.32% of the share capital, for an overall value of around € 160.8 million gross of the commissions and costs related to the operation.

Barclays Bank PLC acted as the global coordinator of the Global Sale and Subscription Offer, Banca Akros acted as the Placement Manager for the Public Offer, while Intermonte acted as Sponsor. The Joint Bookrunners, in addition to Barclays, were Banca Akros, Intermonte and Jefferies.

ORGANISATIONAL STRUCTURE

ORGANISATIONAL CHART

The organisational chart of the Banca Sistema Group, updated as at 30 September 2015, is shown below:



GENERAL MANAGEMENT

The following report to the CEO and General Manager:

- Central Financial Manager
- Risk and Compliance Manager
- Central Operating Manager
- Legal and Company Affairs Manager
- Central Banking Manager
- Marketing and Communication Manager
- Central Factoring Manager
- Commercial Factoring Manager
- Human Resources Manager

REGISTERED OFFICES AND BRANCHES OF THE BANCA SISTEMA GROUP

The Registered Offices and Branches of the Banca Sistema Group are as follows:

- Milan - Corso Monforte, 20 (Registered office and branch)
- Rome - Piazzale delle Belle Arti, 8 (Administrative office)
- Pisa - Galleria Chiti, 1 (Branch)
- Padua - Via N. Tommaseo, 78 (Branch)
- Palermo - Via della Libertà, 52 (Administrative office)
- London - (UK) Dukes House 32-38 Dukes Palace (Administrative office)

HUMAN RESOURCES

As at 30 September 2015, the Group had a staff of 136, broken down by category as follows:

FTES	30.09.2015	30.06.2015	31.12.2014
Senior managers	15	14	14
Middle managers (QD3 and QD4)	34	32	27
Other personnel	87	83	72
Total	**136**	**129**	**113**

The Group has further reinforced its organisational structure by introducing, during the period, 29 new persons, including one senior manager and two protected categories pursuant to Law 68/99. During the same period, 6 persons left the Group, 5 of whom from the ‘employees’ level and 1 manager, who was replaced through internal promotion. Banca Sistema’s listing on the STAR segment of the MTA involved the appointment of an Investor Relator, who supported the IPO and began to manage the relationships with the financial markets, once the listing had taken place.

Among the new arrivals, 7 persons joined the commercial sector, both factoring and banking; additionally, the Risk, IT, Treasury, Credit Management and Back Office areas were also reinforced. The average age of Group employees is 39 for the men and 37 for the women, with women accounting for 40% of the total; these figures are similar to the 2014 figures.

SIGNIFICANT EVENTS DURING THE REFERENCE PERIOD

The main resolutions passed by the Board of Directors of the Parent Company of Banca Sistema S.p.A. are summarised below.

On 15 July, the sale/purchase agreement for 200 stakes with a total value of € 5 million, accounting for 0.066% of the share capital of Bank of Italy, was signed, with the simultaneous transfer of the holding certificate.

The following were approved on 30 July 2015: (i) the quarterly report from the Internal Control Departments as at 30 June 2015 (Risk Reporting, Tableau de board of the Compliance Department and Tableau de board of the Internal Audit Department), (ii) the periodic report for the Board of Directors and Board of Statutory Auditors by the Supervisory Body concerning the application of the Organisation, management and control model pursuant to Legislative Decree 231/2001 and the updating of the model to reflect the changes in the law and the listing of Banca Sistema S.p.A. on the STAR market of the Italian Stock Exchange, (iii) the Consolidated Anti-Money Laundering Document and (iv) the updating of the master resolution concerning transactions with associated parties.

On 24 September 2015, the Board of Directors acknowledged the resignations tendered by Ms Lindsey McMurray and Mr Matthew Potter as Directors of the Bank, effective immediately from 18 September 2015. In Ms McMurray's case, her resignation also resulted in her automatic dismissal as member of the Executive Committee. They tendered their resignations following the change in the company's ownership following the listing on 2 July 2015, resulting in the disposal by SOF Luxco S.a.r.l. of its interest in the Bank. On 22 September 2015, Mr Gianluca Garbi, Mr Claudio Pugelli, Mr Giovanni Puglisi and Mr Daniele Pittatore tendered their resignations from the Company's Board of Directors in support of the process of renewal of the Board of Directors, so that it might better reflect the Bank's new ownership structure. The above resignations will enter into effect on 30 November 2015, or, where earlier, the date of the Company's ordinary shareholders' meeting called to elect the new Board of Directors. The Board of Directors have scheduled the session of the shareholders' meeting in question for 27 November 2015 (i.e., a date prior to the effective date of the above resignations).

FACTORING

The Italian factoring market

In the first half of 2015, as observed by the industry association, the factoring market continued the growth trend witnessed in previous years, with an increase of more than 6.12% compared to the same period of 2014. In the first half of the year, factoring volumes in Italy in terms of turnover exceeded 91 billion, representing 8% of the global market and 13% of the European market. This is an excellent result when you consider that GDP in the Euro Area grew by only 0.9% in 2014, despite more favourable expectations. Outstanding volumes totalled 54.5 billion as at 30 June, with 38% without recourse. Total receivables were 78% funded (42.4 billion), for an increase of 6.7% compared to the same period of the previous year.

Consequently, factoring remained an important means of supporting the real economy, capable of running counter to the difficult situation in Italy and Europe at large in recent years. Over the last thirty years, the factoring sector has grown four times faster than the global economy. In 1980, overall factoring volumes around the world were 50 billion; in 2015, the volume of expected annual turnover at global level exceeded € 2,300 billion (in 2000 it was 600 billion). Factoring volume growth would have been even greater if the split payment decree concerning receivables for invoices issued to the Public Administration had not been enacted during the year. In application of the new law, the VAT indicated in invoices cannot be factored since it will be paid by the public entity directly to the government, with the ensuing reduction of turnover for factoring companies.

According to figures provided by the industry association Assifact, the regions with the greatest presence of factoring, from the standpoint of both sellers and debtors, are Lombardy, Lazio and Piedmont. According to a recent study by industry associations, "specialised" credit, comprising mainly factoring and leasing, accounts for nearly 20% of total banking transactions and more than 15% of the country's gross domestic product.

During 2014, we observed that the Government and the Public Administration entities in general were paying close attention to late payments by the PA. Recent legislation has promoted recognition of debts for the purposes of discharging previous arrears. However, these measures seem to have lost their momentum and the first half of 2015 saw a gradual deterioration in payment times.

During the current year, the payment performances of many public entities have deteriorated, and Italy now has average payment times of 144 days, a considerable 106 days above the European average of 38 days. In particular, according to the July 2015 Assobiomedica figures, as many as 16 regions are paying with greater delay than in December 2014. The trend in payment by public administrations has therefore taken a turn for the worse once again, and this downtrend also seems to have continued from June to July 2015.

Analysing the most recent available data of the Ministry of the Economy and Finance shows that of the 44.6 billion available to settle the Public Administration's debts for 2013 and previous years, 38.6 billion has been used. Press articles also relate that several regions have used this amount not to pay receivables but for other purposes. In other words, much remains to be done, as the President of the Council of Ministers had occasion to comment recently.

During the year, new legislative instruments have been issued to ease the transfer to the financial system of payables due to companies from Public Administration entities. Despite the efforts of governments over the last few years and the media focus on the issue of late payments by the Public Administration, this issue remains a serious problem for Italy and represents approximately 3.1% of GDP. If receivables purchased from intermediaries are also considered, this amount climbs to € 70 billion.

The legislation introducing both the electronic platform for certifying receivables and electronic invoicing in dealings between suppliers and the Public Administration resulted in very high expectations, which until now have not been met, at least in part. According to figures provided by the Ministry of the Economy and Finance, at the end of the previous year the receivables certification platform had received requests to certify over 91 thousand invoices for an amount of approximately € 10 billion. There is no information concerning how many invoices were actually certified, but in our direct experience we can attest that a significant portion of the invoices submitted to the certification platform is rejected.

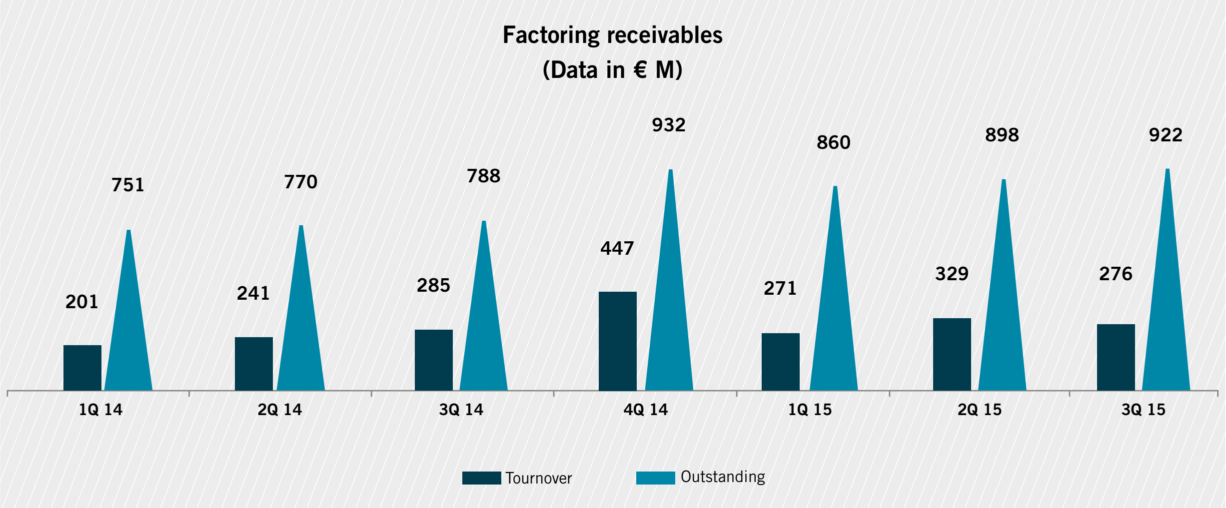
Another highly current issue relates to the introduction of mandatory electronic invoicing, with effect from 31 March 2015, for all suppliers issuing invoices to the Public Administration. According to figures provided by the Ministry of the Economy and Finance, over 20,000 public administrations have registered, but only 28% of these are actually active.

In conclusion, we may state that 2015 is shaping up to be a highly challenging year in terms of payments by public administrations.

The concern is that reduced media pressure on the issue may result in a lowering of the guard. However, there is no doubt that at present both electronic invoicing and the certification systems have resulted in even greater factoring needs for suppliers to the public administration. This is especially so if one considers factoring to include not only finance, but also, and above all, services for companies that ensure that their accounts receivable are paid on time and in full.

The Banca Sistema Group and factoring Activities

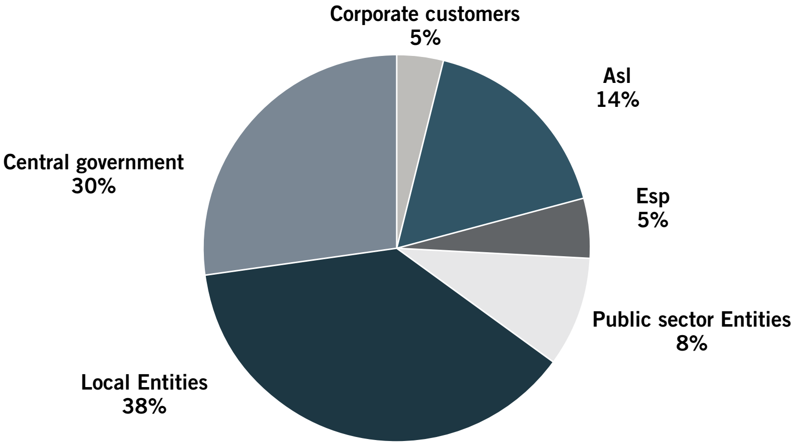
The turnover for the period ended 30 September 2015 for the Banca Sistema Group was € 876 million, representing growth of 20% compared with the same period of 2014. Considering the third party receivables managed, total volumes came to € 1,092 million as at 30 September 2015.



Outstanding volumes totalled € 922 million as at 30 September 2015, a reduction of 1,1% compared with the € 932 million at the end of 2014, as a result of significant collections from exposures to the Public Administration recorded in the period ended 30 September 2015 and totalling € 861 million (an increase of 22% compared with the collections recorded in the period ended 30 September 2014). The chart below shows the impact of debtors on the outstanding portfolio as at 30 September 2015.

The Group's core business remains the Public Administration entities segment.

The Group works through both direct assignments by companies and within the framework of regional agreements for restructuring or re-organising public entity debts. These operations include traditional factoring agreements, as well as reverse factoring agreements with highly reliable public entities which are seeking to use factoring with their suppliers in their role as debtors.



The following table shows the factoring turnover per product type:

PRODUCT	30.09.2015	30.09.2014	Delta €	Delta %
Without recourse	664,4	606,5	57,9	10%
VAT credits (VAT)	66,8	34,4	32,4	94%
With recourse	131,3	73,6	57,7	78%
Maturity	13,3	12,9	0,4	3%
TOTAL	**875,8**	**727,4**	**148,4**	**20%**

Tax credits (VAT) include VAT credits from outstanding insolvency proceedings, totalling € 2,2 million.

This business was launched at the end of the previous financial year, with the support of a special market operator.

Group collection and recovery activities

For the purposes of its debt recovery activities, the Group uses both its own internal structures, equipped with significant skills and experience in the analysis, management and monitoring of the debt collection process, and a network of external operators and companies specialised in debt recovery and active across the entire country.

The network of freelancers used by the Company enables an exact adjustment of the debt collection activities with regard to each specific debtor and, at the same time, the replacement of representatives should they fail to achieve satisfactory results or an increase in the number of operators when it becomes necessary to focus on specific areas.

SERVICING ACTIVITIES

The Group provides debt management and recovery services on behalf of third parties, operating mainly for companies which claim receivables from the Public Administration.

Thanks to the considerable experience accrued in the collection of debts through factoring and the capabilities acquired in managing relationships with the offices of public and private entities, the Group offers its customers an ongoing and effective reduction in the collection time for receivables due from such entities.

On 30 September 2015, the Group signed a series of agreements with a network of persons (the ‘Collectors’) operating across the whole of Italy, tasked with managing, within specific geographical areas, the collection activities of a predefined amount of debts on behalf of the Group and to the benefit of customers who turn to the Company for the collection of their receivables.

More specifically, the Group operates through 14 Collectors who, in accordance with the banking provisions applicable to the Company and the non-competition requirements in force from time to time, conduct the following activities: (I) verifying the certainty, liquidity and collectability of the debts; (II) establishing a relationship between the Group and the debtors to facilitate the collection of the debts and (III) continuously updating the information and data available.

On 30 September 2015, the amount of third-party receivables managed by the Group totalled € 216 million, while the fee and commission income generated by this business segment totalled € 804 thousand.

During 2014, Banca Sistema also launched and concluded a project with a two-fold purpose: firstly, to improve the debt collection processes and secondly, to migrate the Group’ IT systems to a new platform.

Direct funding

The funding policy of the banking division is strictly linked to changes in trade loans and market conditions. Today, funding is also geared towards current accounts, whereas, in the past, term deposits took precedence. This choice was based on the need to make the relationship with the customers less volatile, and at the same time ensure a fee and commission return through the offering of traditional services. A positive effect on the average cost of funding can be added to the above.

The Group therefore achieved its goals, by setting a ceiling limit to the rates on term deposits, which have always remained in line with market rates, without being a market leader and structuring a current account with easy terms and a good return. Consequently, the Group will continue to operate consistently with this strategy.

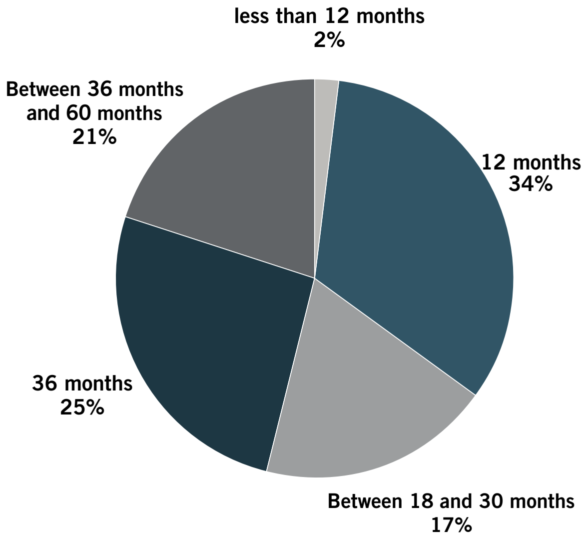
Total term deposits as at 30 September 2015 amounted to € 516 million (the figure does not include accruals pertaining to the period), a positive change (+€ 44 million) with respect to the same period of the previous year. The above amount also includes total term deposits of € 41 million held with entities residing in Germany (with the aid of a partner platform).

There were 11,467 individual customers with term deposits as at 30 September 2015, an increase compared with the figures as at 30 September 2014 (11,378).

The average deposit was € 45 thousand, down slightly compared with the figures as at 30 September 2014 (€ 49 thousand).

The breakdown of funding by term is shown below.

Breakdown of deposit accounts as at 30 September



Current accounts increased from 2,838 (31 December 2014) to 3,470 as at 30 September 2015, while the current account balance as at 30 September 2015 was € 307 million, revealing a net negative balance of -€ 3 million.

Indirect funding

Indirect funding from assets under administration as at 30 September 2015 totalled € 366 million (€ 224 million as at 30 June 2015).

The breakdown is as follows:

Type (€ million)	30.09.2015	30.06.2015	Delta €	Delta %
Bonds	116,421	111,820	4,601	4.11%
Equities	242,772	105,448	137,324	130.23%
Warrants	366	217	149	68.66%
Funds	6,839	6,651	188	2.83%
TOTAL	**366,398**	**224,136**	**142,262**	**63.47%**

During 2015, a process was launched to expand the offer of products/services such as new funds and to strengthen the structure through the hiring of new personnel in the Private Banking area.

Guaranteed loans to small and medium-sized enterprises

In 2014, the Banca Sistema Group started granting loans to SMEs, guaranteed by the SME guarantee fund of the Ministry of Economic Development (law 662/96).

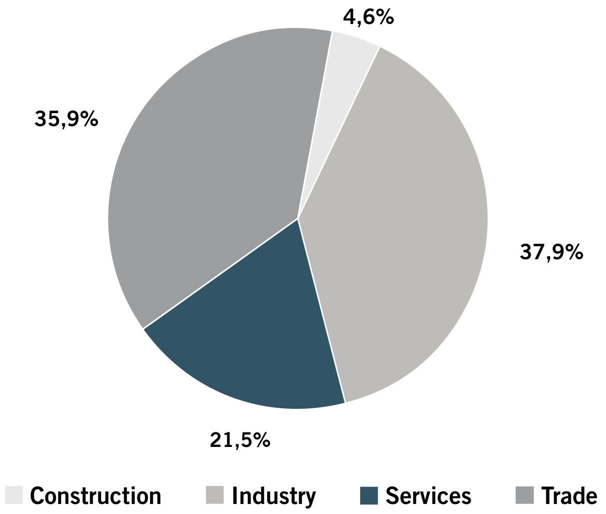
This instrument allows companies to access secured credit under easy terms, and allows the Group to grant low risk loans with a reduced impact on the capital in view of the Government guarantee (up to 80%); the average guarantee coverage for the Group is 80%.

As at 30 September 2015, the Group disbursed € 63.7 million (€ 20.8 million in 2014), with € 72.9 million outstanding at the end of the period. As at 30 September 2015, the volumes disbursed were more than triple the total in 2014.

	30.09.2015	31.12.2014	Delta €	Delta %
No. of applications	147	52	95	183%
Volumes disbursed	63,665	20,805	42,860	206%

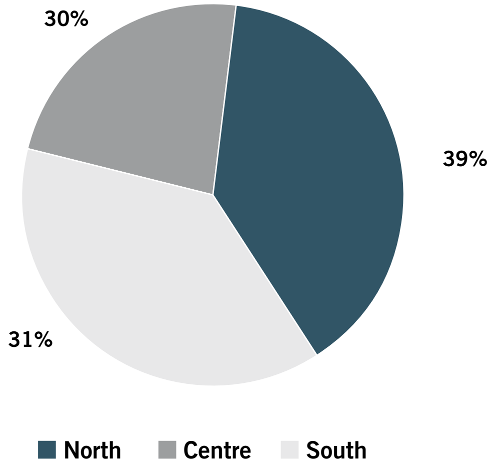
As the graphs below show, the geographic and sector distribution is very varied, enabling the Group to benefit from a highly diversified portfolio.

Outstanding SMEs - Breakdown by sector



The following shows the volumes disbursed per geographic area.

Area Volumes disbursed to SMEs - Breakdown by geographical area



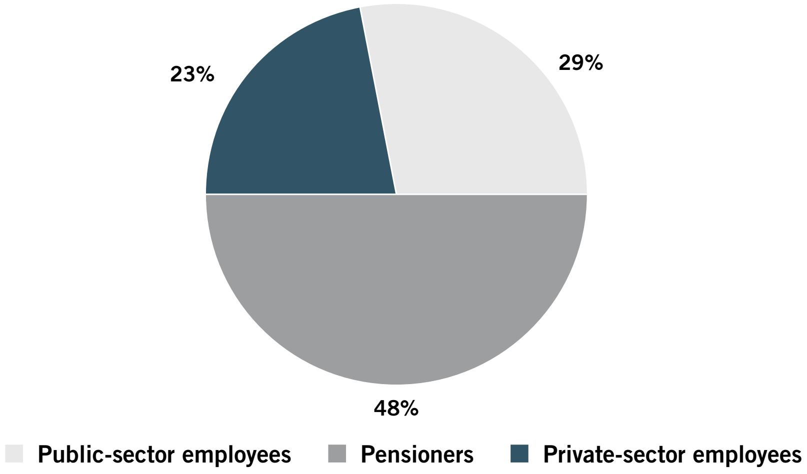
Salary-backed loans (CQS) and Pension-backed loans (CQP)

The Banca Sistema Group entered the salary- and pension-backed loan (CQS/CQP) market in 2014, through the acquisition without recourse from other specialised portfolio intermediaries of receivables arising from the granting of this specific types of financing. As at 30 September, the Bank had entered into 3 distribution agreements.

A salary-backed loan (CQS) is a consumer loan product that allows customers to allocate up to a fifth of their salaries to the payment of loan instalments.

The volumes acquired amounted to about € 74.8 million, broken down between private-sector employees (23%), pensioners (48%) and public-sector employees (29%). Therefore, over 77% of the volumes refer to pensioners and employees of the PA, which remain the Bank's main debtor.

CQS disbursed volumes - Breakdown by geographical area

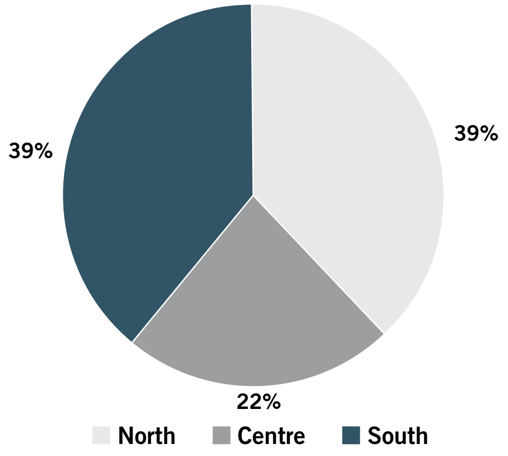


	30.09.2015	31.12.2014	DELTA €	DELTA %
No. of applications	3,645	656	2,989	456%
Volumes	74,814	13,411	61,403	458%

As shown in the table, the amounts disbursed during the period ended September 2015 were considerably more than in 2014, as a result of the two new agreements concluded by the Bank during the period.

The following is a geographical breakdown of the pension- and salary-backed loan portfolio:

CQS disbursed volumes - Breakdown by geographical area



TREASURY ACTIVITIES

Treasury portfolio

A portfolio of owned securities has been established in order to better support liquidity commitments through the short-term investment in Italian Government Bonds.

The portfolio of owned securities as at 30 September 2015 amounted to € 917 million (858 as at 31 December 2014) and only comprised Italian short-term government bonds.

During the period, the portfolio of owned securities did not change in terms of value, type of securities and residual duration. In particular, as at 30 September 2015, the duration of the portfolio was 7.3 months (8.5 months as at 31 December 2014).

In the first nine months of 2015, the transactions involving government bonds totalled € 8.8 billion (compared with € 17.6 billion traded in the first nine months of 2014).

The decline of yields on Italian government bonds to all-time lows following the introduction of quantitative easing by the European Central Bank considerably reduced market volatility and thus trading volumes.

Government bonds are mainly traded on the MTS Italian markets (in which the Bank trades as a market dealer), the European Bond Market (EBM), through the BondVision deal-to-client platform, or on BrokerTec.

The performance of investments in securities was in line with the improvement in spreads until the first quarter of 2015, i.e. with the improvement in the perception of risk by the markets in respect of peripheral countries in the Euro Area, before slowing from May onwards.

Wholesale funding

Wholesale funding represented about 59% of the total as at 30 September 2015 and mainly comprised repurchase agreements traded on the MTS MMF Repo platform and refinancing mechanisms with the ECB (54% as at 31 December 2014). These transactions were carried out during the period by using treasury portfolio Italian Government securities as the underlying asset, along with eligible trade receivables due from Public Administration entities arising from factoring activities (ABACO).

The choice between the above-mentioned funding sources mainly depends on the contingent market performance of short-term liquidity. In particular, compared with 31 December 2014, priority was given to repurchase agreements, rather than the MRO transactions proposed by the ECB.

In the first nine months of the year, volumes traded on the MMF Repo screen-based market came to approximately 70.2 billion (€ 32.6 billion in all of 2014).

The Group also used the interbank deposit market both through the e-MID market and bilateral agreements with other banks.

As at 30 September 2015, deposits amounted to € 197 million, compared to € 131 million as at 30 September 2014. Trading volumes were € 1.7 billion from 1 January to 30 June 2015 and € 543 million from 30 June to 30 September 2015.

The listing of Banca Sistema shares on the Milan Stock Exchange significantly improved access to MM lines of credit, with access to funds from the interbank market helpful to diversifying funding.

Short and medium-term operating cash flows were always maintained well above the levels needed to ensure that items can be converted to cash at any moment.

THE MAIN BALANCE SHEET AGGREGATES

The comments on the main aggregates on the asset side of the statement of financial position are shown below.

ASSETS (€ ,000)	30.06.2015	31.12.2014	DELTA €
Cash and cash equivalents	86	66	20
Financial assets held for trading	-	63	(63)
Financial assets available for sale	922,230	858,007	64,223
Due from banks	9,372	16,682	(7,310)
Loans to customers	1,337,314	1,193,754	143,560
Equity investments	2,656	2,448	208
Property and equipment	1,118	1,201	(83)
Intangible assets	1,886	1,904	(18)
of which: goodwill	1,786	1,786	-
Tax assets	4,145	2,752	1,393
Other assets	8,532	4,376	4,156
Total assets	**2,287,339**	**2,081,253**	**206,086**

The third quarter of 2015 ended with total assets of approximately € 2.3 billion, up by 9.9% compared to 31 December 2014. The Bank's securities portfolio is primarily composed of Italian government bonds with an average duration of about 7.3 months as at 30 September 2015 (the average duration at the end of 2014 was 8.5 months), in line with the Group's investment policies to keep securities with durations of less than 12 months. The valuation reserve was € 69 thousand as at 30 September. In July, the Bank purchased 200 stakes of the Bank of Italy for € 5 million. These stakes have been classified to the AFS portfolio.

LOANS TO CUSTOMERS (€ ,000)	30.09.2015	31.12.2014	DELTA	%
Factoring	866,513	851,856	14,657	1.7%
Reverse repurchase agreements	292,800	290,316	2,484	0.9%
Loans to SME	72,929	18,664	54,265	290.7%
Salary/pension-backed loans (CQS/CQP)	82,862	13,228	69,634	526.4%
Current accounts	12,971	15,876	(2,905)	-18.3%
Compensation and Guarantee Fund	8,889	3,556	5,333	150.0%
Other receivables	350	258	92	35.7%
Total	**1,337,314**	**1,193,754**	**143,560**	**12.0%**

The 'Loans to customers' item is mainly composed of outstanding loans in the factoring receivables portfolio, totalling € 867 million, or 65% of the line item. On the other hand, government-backed loans to SMEs are rising sharply, along with salary- and pension-backed loans, due to the significant increase in disbursements during the year. The carrying amount of factoring receivables as at 30 September was due to the turnover performance in 2015 and collections during the period. Factoring receivables turnover in the first nine months of 2015 was € 875.8 million, up by 20% compared to the first nine months of 2014, when it stood at € 727.4 million. This amount includes tax receivables of € 66.8 million (€ 53 million as at 31 December 2014 and € 34.4 million as at 30 September 2014), nearly twice the level of the previous year. Government-backed loans to SMEs disbursed as at 30 September 2015 totalled € 72.9 million (€ 46.5 million as at 30 June 2015 and € 20.8 million as at 31 December 2014), while the volume of the salary- and pension-backed loans acquired was € 82.9 million (€ 53.6 million as at 30 June 2015 and € 13 million as at 31 December 2014).

The following table shows the quality of the credit in the 'loans to customers' item, without considering the amount relating to reverse REPO.

LOANS TO CUSTOMERS		30.09.2015	30.06.2015	31.03.2015	31.12.2014
Gross exposure	Non-performing	21,724	22,266	16,401	11,439
	Unlikely to pay	3,708	1,521	1,572	190
	Past due	71,656	31,143	48,220	30,568
	Doubtful	**97,088**	**54,930**	**66,193**	**42,197**
	Performing (excluding REPO)	956,276	943,940	822,202	866,171
	Total	**1,053,364**	**998,870**	**888,395**	**908,368**
Individual adjustments		6,379	4,566	3,963	2,472
Collective adjustments		2,471	2,455	1,910	2,457
Total adjustments		**8,850**	**7,021**	**5,873**	**4,929**
Net exposure		**1,044,514**	**991,849**	**882,522**	**903,439**

Net doubtful loans increased from 3.5% of the total outstanding portfolio as at 31 December 2014 to 9% as at 30 September 2015, primarily due to the increase in past-due positions.

This increase, due to the application of a more conservative internal classification method, did not in itself entail a deterioration of credit quality, inasmuch as it relates to a natural change in the Bank's business. It should also be recalled that end debtors are always entities or companies attributable to the Public Administration.

The NPL ratio (calculated as the ratio of net non-performing loans to the total of loans to customers, net of reverse REPO) changed from 1.82% as at 30 June 2015 to 1.54%, even though it remained at reasonable levels.

Loans to customers also include temporary investments in reverse repurchase agreements of € 293 million (€ 335 million in the first half of 2015). The amounts of the cash used in the Compensation and Guarantee Fund for finance transactions in repurchase agreements with bank customers rose in accordance with the greater number of REPO operations. Equity investments include the Bank's equity stake of 25.80% in CS Union S.p.A. (a company created from the merger between the companies Candia S.p.A. and St.Ing. S.p.A.), operating on the non-performing financial and commercial loans management market, as well as in the management and recovery of receivables between individuals.

The increase of € 207 thousand represents the pro-quota result for the period.

Comments on the main aggregates on the liability side of the statement of financial position are shown below.

LIABILITIES AND SHAREHOLDERS' EQUITY (€ ,000)	30.09.2015	31.12.2014	DELTA
Due to banks	271,707	821,404	(549,697)
Due to customers	1,861,552	1,153,797	707,755
Securities issued	20,410	20,109	301
Tax liabilities	2,722	6,248	(3,526)
Other liabilities	40,052	36,441	3,611
Employee termination indemnities	1,472	1,173	299
Provisions for risks and charges	434	1,030	(596)
Valuation reserves	(19)	2	(21)
Reserves	65,865	13,059	52,806
Share capital	9,651	8,451	1,200
Profit for the period/year	13,493	19,539	(6,046)
Total liabilities and shareholders' equity	**2,287,339**	**2,081,253**	**206,086**

Wholesale funding represents about 59% of the total (54% as at 31 December 2014), and mainly comprises repurchase agreements traded through the MTS platform (classified under 'due to customers' since there is no direct balancing entry with banks) and, to a lesser extent, refinancing operations with the ECB and funding from other banks through term deposits.

There is only residual funding from bond loans, amounting to about 2% of the total.

Retail customer deposits, primarily linked to the SI Conto! Deposito product, were down slightly compared to the previous year.

DUE TO BANKS (€ ,000)	30.09.2015	31.12.2014	DELTA	%
Due to Central banks	75,000	730,020	(655,020)	-89.7%
Due to banks	196,707	91,384	105,323	115.3%
Current accounts and demand deposits	*5,157*	*36,364*	(31,177)	-85.8%
Term deposits	*191,550*	*55,050*	136,500	248.0%
Total	**271,707**	**821,404**	**(549,697)**	**-66.9%**

The item decreased compared to 31 December 2014 due to a decrease in funding from the ECB, as a result of an increase in funding through repurchase agreements, which during the period proved more convenient than the central bank's rates.

As at 30 September, there was an increase in funding on the interbank market in the form of term deposits.

DUE TO CUSTOMERS (€ ,000)	30.09.2015	31.12.2014	DELTA	%
Term deposits	534,838	569,410	(34,572)	-6,1%
Funding (repurchase agreements)	989,047	238,807	750,240	314,2%
Current accounts and demand deposits	307,803	311,751	(3,948)	-1,3%
Other amounts due	29,864	33,829	(3,965)	-11,7%
Total	**1,861,552**	**1,153,797**	**707,755**	**61,3%**

The shift described above into funding through repurchase agreements resulted in a sharp increase in the item compared to 31 December 2014.

The period-end stock of term deposits showed a decline compared with the end of 2014, as a result of negative deposits of € 35 million; gross deposits during the first nine months were € 303 million, against withdrawals caused mainly by non-renewals totalling € 338 million (net deposits for the whole of 2014 were positive and amounted to € 35 million).

Other amounts due include payables related to receivables acquired but not funded.

The composition of the securities issued is the same as at 31 December 2014 and is as follows:

- TIER 2 subordinated loan totalling € 12 million,
- TIER 1 subordinated loan totalling € 8 million.

The main changes in the provision for risks and charges were as follows:

- release of € 300 thousand following the elimination of a potential risk connected to the collection of a tax credit acquired without recourse;
- release of the allowance made over the previous financial years for the residual part of the long-term incentive plan;
- allowance of € 360 thousand for the new bank resolution provision described below.

‘Other liabilities’ mainly include payments received after the end of the period by the assigned debtors and which were still being assigned and items being processed during the days following period-end, as well as trade payables and tax liabilities.

The following shows the changes in shareholders' equity since 31 December 2014:

SHAREHOLDERS' EQUITY (€ ,000)	31.12.2014	ALLOCATION OF PROFIT		OTHER CHANGES	NET RESULT FOR THE PERIOD	30.09.2015
		Dividends	**Reserves**			
Share capital	8,451			1,200		9,651
Share premium reserve	4,325			35,254		39,579
Reserves	8,734		17,552			26,286
Valuation reserves	2		(21)			(19)
Profit (Loss) for the year/ period	19,539	(1,972)	(17,567)		13,493	13,493
Total	**41,051**	**(1,972)**	**(36)**	**36,454**	**13,493**	**88,990**

The other shareholders' equity reserves include the amount collected during the placement for the new shares issued during the listing phase (10 million shares at the unit price of € 3,75) less the listing costs of € 1,5 million, net of deferred tax assets of € 0,5 million deductible over five years.

In accordance with the international accounting standards, all incremental costs strictly linked to the listing process were capitalised (mainly placement commissions for the new shares and consultancy costs) in proportion to the number of new shares issued compared with the total number of new shares.

The following table provides a summary of the changes in reserves:

(€ ,000)	SHARE CAPITAL	SHARE PREMIUM RESERVE	TOTAL
IPO funding	1,200	36,300	**37,500**
Capitalised listing costs		(1,525)	**(1,525)**
Deferred tax assets		479	**479**
Total	**1,200**	**35,254**	**36,454**

The share capital increase from € 8,4 million to € 9,7 million was recorded on 2 July after the entry in the Companies' Register records; the remainder of the cash deposited was allocated to the share premium reserve. The reconciliation between the net result and shareholders' equity of the parent company and the figures from the consolidated financial statements is shown below.

(€ ,000)	NET RESULT	SHAREHOLDERS' EQUITY
Banca Sistema's balances as at 30.09.2015	**13,647**	**89,792**
Assumption of value of investments	-	-
Profit (loss)/shareholders' equity - subsidiaries	(154)	(802)
Banca Sistema's consolidated balances as at 30.09.2015	**13,493**	**88,990**

CAPITAL ADEQUACY

By means of a letter dated 05 May 2014, the Parent Company informed the Bank of Italy of its desire to exercise its option to be exempt from filing consolidated reports (an option laid down in paragraph 1,4 of circular 115 'Instructions for preparing banks' supervisory reports on a consolidated basis').

Provisional information concerning the regulatory capital and capital adequacy of Banca Sistema is show below.

OWN FUNDS (€ ,000) AND CAPITAL RATIOS	30.09.2015	30.06.2015	31.12.2014
Book equity	89,792	84,126	41,699
- dividends	-1,638	-1,056	-1,939
Equity post dividend distribution	**88,154**	**83,070**	**39,759**
Other deductions	-1,893	-1,032	-1,910
Common Equity Tier 1 (CET1)	**86,262**	**82,038**	**37,849**
TIER1	8,000	8,000	8,000
Additional Tier 1 capital (AT1)	**94,262**	**90,038**	**45,849**
TIER2	12,000	12,000	12,000
Total Own Funds (TC)	**106,262**	**102,038**	**57,849**
Total risk weighted assets	**530,951**	**458,869**	**363,771**
of which, credit risk	465,995	393,913	298,803
of which, operational risk	64,956	64,956	64,953
of which, CVA (credit value adj, on derivatives)	0	0	15
Ratio - CET1	16.2%	17.9%	10.4%
Ratio - AT1	17.8%	19.6%	12.6%
Ratio - TCR	**20.0%**	**22.2%**	**15.9%**

(*) calculated including the profit accrued for the third quarter in own funds.

Total pro-forma own funds were € 106 million as at 30 September 2015 and include the interim profit for the period ended 30 September 2015. Failing a formal dividend policy, for the sole purpose of calculating own funds as at 30 September 2015, profit for the period was considered net of the amount of dividends, as calculated on the basis of the average pay-out for the past three years (12%), in accordance with European Commission Delegated Regulation (EU) No. 241/2014, supplementing Regulation (EU) No. 575/2013 of the European Parliament.

CAPITAL AND SHARES

Capital and ownership structure

The share capital of Banca Sistema is divided into 80,421,052 ordinary shares, for total paid-in share capital of € 9,650,526,24. All outstanding shares have regular dividend entitlement from 1 January.

Based on evidence from the Shareholders' Register and more recent information available, as at 2 July 2015, the shareholders with stakes of more than 5%, the threshold above which Italian law (art. 120 of the Consolidated Law on Finance) requires disclosure to the investee company and Consob, were as follows:

SHAREHOLDERS	% HELD
SGBS S.r.l. (Management Company)	23.10%
Fondazione Sicilia	7.40%
Fondazione Cassa di Risparmio di Alessandria	7.40%
Fondazione Pisa	7.40%
Schroders Group	6.73%
Market	47.97%

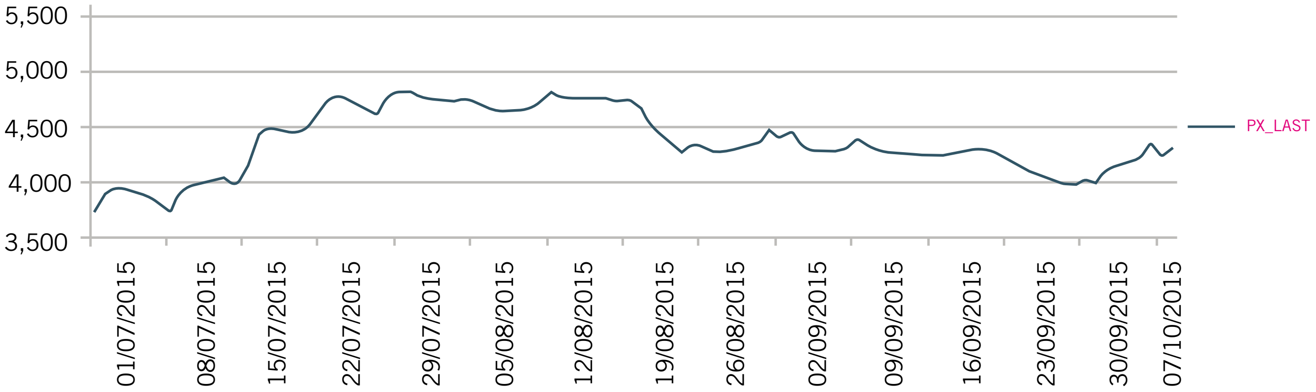
Share performance

Shares of Banca Sistema are traded on the Mercato Telematico Azionario - Italian Equities Market (MTA) of the Italian Stock Exchange, STAR segment, Banca Sistema stock is included in the following Italian Stock Exchange indices:

- FTSE Italia All-Share;
- FTSE Italia STAR;
- FTSE Italia Small Cap.

The following table presents share performance from the first day of listing, 2 July 2015, until 8 October 2015.

Share performance



Source: Bloomberg – Most recent price

As a result of the above trends, at the end of September market capitalisation (calculated using the official price) exceeded € 345 million.

Approximately 20 million shares of Banca Sistema, for a total value of over € 80 million, were traded on the Italian Equities Market from 2 July 2015 to 07 October 2015.

ECONOMIC RESULTS

STATEMENT OF PROFIT AND LOSS	30.09.2015 NORMALISED	30.09.2014	DELTA
Interest margin	42,994	35,680	7,314
Net fee and commission income	8,308	8,608	(300)
Dividends and similar income	33	33	-
Profit (Loss) on trading	127	772	(645)
Profit from disposal or repurchase of financial assets	2,323	3,717	(1,394)
Operating income	**53,785**	**48,810**	**4,975**
Net value adjustments due to loan impairment	(3,921)	(2,344)	(1,577)
Net income from banking activities	**49,864**	**46,466**	**3,398**
Personnel expenses	(9,708)	(9,023)	(685)
Other administrative expenses	(13,754)	(13,168)	(586)
Net allowance for risks and charges	(60)	(369)	309
Net value adjustments to property and equipment/intangible assets	(234)	(150)	(84)
Other operating income (expenses)	162	(396)	558
Operating expenses	**(23,594)**	**(23,104)**	**(488)**
Profit (loss) from equity investments	341	-	(341)
Profit from current operations before taxes	**26,611**	**23,360**	**3,251**
Income taxes for the period	(8,264)	(8,358)	94
Profit (loss) for the period	**18,347**	**15,002**	**3,345**

The economic results as at 30 September 2015, represented and commented on below, have been normalised in order to eliminate non-recurring costs pertaining to the listing process; these costs are mainly attributable - as described in detail in the final part of the paragraph - to placement and consultancy costs and management incentives related to the listing.

INTEREST MARGIN (€ ,000)	30.09.2015	30.09.2014	DELTA €	DELTA %
Interest and similar income				
Credit portfolios	58,445	52,461	5,984	11,4%
Securities portfolio	733	2,710	(1,977)	-73,0%
Other	365	1,371	(1,006)	-73,4%
Total interest income	**59,543**	**56,542**	**3,001**	**5,3%**
Interest expense and similar charges				
Due to banks	(808)	(1,455)	647	-44,5%
Due to customers	(14,818)	(18,096)	3,278	-18,1%
Securities issued	(923)	(1,311)	388	-29,6%
Total interest expense	**(16,549)**	**(20,862)**	**4,313**	**-20,7%**
Interest margin	**42,994**	**35,680**	**7,314**	**20,5%**

The interest margin improved by 21% compared to the same period of the previous year due to the decline in funding interest rates, only partially reflected in a lower return on investment during the period.

Total interest income is mainly composed of revenue generated by the factoring receivables portfolio (up by 3.6% compared with the third quarter of 2014), representing 91% of total interest income. The increase in the margin was also driven by the marked growth in interest on the salary-backed and SME portfolios, which collectively rose from € 252 thousand to € 4,345 (for contributions to the interest on the receivables portfolio of 2.6% and 4.7%, respectively). Compared to the period ended 30 September 2014, however, the interest margin also shows less dependence on interest from securities, which fell by € 2 million due to a reduction in government bond yields during the period. Moreover, there was a smaller contribution from Other interest income chiefly caused by a decrease in income generated by revenue from investments in hot money transactions and reverse repurchase agreements with institutional clients.

Compared to the previous period, the increase in the interest on the factoring portfolio was accompanied not only by greater average volumes than in 2014, but also an increase in late payment interest collected during the period. Late payment interest remains a means of encouraging certain debtors to improve their payment times, as well as a suitable strategy for the bank to maintain strong profitability on those portfolios.

The cost of funding decreased compared to the same period of the previous year due to a general reduction of market rates, which had a positive impact on wholesale funding, accompanied by a decline in deposit and current account rates.

Interest due to banks is mainly attributable to the cost of funding from the ECB, which was reduced mainly through a limited use of this form of financing.

Interest payable on bond loans issued benefits from loans which expired during 2014.

Funding through REPOs, as a result of the current interbank rates and ECB policies, has not generated overall expenses.

COMMISSION MARGIN (€ ,000)	30.09.2015	30.09.2014	DELTA €	DELTA %
Fee and commission income				
Collection activities	804	915	(111)	-12.1%
Factoring activities	8,255	7,969	286	3.6%
Other	543	402	141	35.0%
Total fee and commission income	**9,594**	**9,286**	**308**	**3.3%**
Fee and commission expense				
Placement	(885)	(470)	(415)	88.3%
Other	(401)	(208)	(193)	92.8%
Total fee and commission expense	**(1,286)**	**(678)**	**(608)**	**89.7%**
Commission margin	**8,308**	**8,608**	**(300)**	**-3.5%**

Net fees and commissions of € 8.3 million were down by 3.5%, primarily due to greater placement commissions paid to third parties.

Factoring fees and commissions were stable compared to the previous period, whereas fees and commission charged to customers for collection activity declined due to the reduction of third-party invoices managed.

Other fee and commission income mainly includes commissions linked to the placement of insurance sureties, collection and payment services and the holding and management of current accounts.

Fee and commission expense includes, under the placement item, the costs of origination of factoring receivables for € 670 thousand, while the remaining part includes the returns to third party intermediaries for the placement of the SI Conto! Deposito product. The other fee and commission expense includes commissions due for interbank collection and payment services. In 2015, the item also includes € 63 thousand for commissions from the CDS premium taken out at the end of 2014 and € 86 thousand for commissions reversed to Insurance Companies for premiums placed and collected by the Bank.

RESULTS OF THE SECURITIES PORTFOLIO (€ ,000)	30.09.2015	30.09.2014	DELTA €	DELTA %
Profit (Loss) on trading				
Profit (loss) realised on trading portfolio debt securities	127	772	(645)	-83.5%
Total	**127**	**772**	**(645)**	**-83.5%**
Profit (loss) from disposal or repurchase				
Profit (loss) on AFS portfolio debt securities	2,323	3,717	(1,394)	-37.5%
Total	**2,323**	**3,717**	**(1,394)**	**-37.5%**
Total profit (loss) from securities portfolio	**2,450**	**4,489**	**(2,039)**	**-45.4%**

As at 30 September 2015, profits generated by the owned portfolio and from the trading portfolio made a smaller contribution compared with the same period of the previous year, following less favourable market trends and a contraction in the volumes traded on behalf of third parties, respectively.

Adjustments amounted to € 3,9 million as at 30 September 2015, up by € 1,8 million compared to 30 June 2015, essentially due to reclassification of new municipalities in financial difficulty to the non-performing category.

The loss rate was 0,54% at 30 September.

PERSONNEL EXPENSES (€ ,000)	30.09.2015	30.09.2014	DELTA €	DELTA %
Wages and salaries	(7,551)	(7,102)	(449)	6,3%
Social security contributions and other costs	(1,714)	(1,512)	(202)	13,4%
Directors' and statutory auditors' remuneration	(443)	(409)	(34)	8,3%
Total	**(9,708)**	**(9,023)**	**(685)**	**7,6%**

The total increase in personnel expenses of € 685 thousand was essentially due to the higher headcount, which rose from 104 in the first nine months of 2014 to 125 in the same period of 2015.

OTHER ADMINISTRATIVE EXPENSES (€ ,000)	30.09.2015	30.09.2014	DELTA €	DELTA %
AServicing and collection activities	(4,804)	(4,999)	195	-3.9%
Consultancy	(1,591)	(1,540)	(51)	3.3%
Computer expenses	(2,393)	(1,881)	(512)	27.2%
Rent and related fees	(1,281)	(1,110)	(171)	15.4%
Indirect taxes and duties	(1,062)	(1,119)	57	-5.1%
Advertising	(491)	(468)	(23)	4.9%
Auditing fees	(234)	(236)	2	-0.8%
Other	(312)	(443)	131	-29.6%
Car hire and related fees	(443)	(364)	(79)	21.7%
Expense reimbursement and entertainment	(338)	(279)	(59)	21.1%
Membership fees	(212)	(157)	(55)	35.0%
Infoprovider expenses	(173)	(172)	(1)	0.6%
Maintenance of movables and real properties	(172)	(161)	(11)	6.8%
Telephone and postage expenses	(135)	(113)	(22)	19.5%
Stationery and printing	(54)	(59)	5	-8.5%
Insurance	(50)	(53)	3	-5.7%
Discretionary payments	(9)	(14)	5	-35.7%
Total	**(13,754)**	**(13,168)**	**(586)**	**4.5%**

Other administrative expenses of € 14 million remained essentially in line with the same period of the previous year, increasing by 4,5%.

The amounts due to third parties for the collection and servicing of trade receivables are in line with the third quarter of 2014; in particular, payment for third-party servicers has fallen mainly because of the lower volumes managed and a reduction in the percentage cost applied to income.

The rise in computer expenses is linked to the services offered by the outsourcer due to the increased operations carried out by the Group and computer updates related to new products.

Profit (loss) from equity investments reflects the net pro-quota result of the company CS Union S.p.A. for the period ended 30 September 2015.

The allowance to the provision for risks and charges, totalling € 60 thousand, was the result of an allocation made during the first half of 2015 and totalling € 300 thousand, following the elimination of a potential risk connected to the collection of a tax credit acquired without recourse and the simultaneous allowance of € 360 thousand resulting from an estimate of the contribution to the new bank resolution fund.

The following shows the reconciliation of the normalised and statutory statement of profit and loss.

STATEMENT OF PROFIT AND LOSS (€ ,000)	30.09.2015 NORMALISED	IPO COSTS	30.09.2015 STATUTORY
Interest margin	42,994	-	42,994
Net fee and commission income	8,308	-	8,308
Dividends and similar income	33	-	33
Profit (Loss) on trading	127	-	127
Profit from disposal or repurchase of financial assets	2,323	-	2,323
Operating income	**53,785**	-	**53,785**
Net value adjustments due to loan impairment	(3,921)	-	(3,921)
Net income from banking activities	**49,864**	-	**49,864**
Personnel expenses	(9,708)	(4,387)	(14,095)
Other administrative expenses	(13,754)	(2,386)	(16,140)
Net allowance for risks and charges	(60)	-	(60)
Net value adjustments to property and equipment/intangible assets	(234)	-	(234)
Other operating income (expenses)	162	-	162
Operating expenses	**(23,594)**	**(6,773)**	**(30,367)**
Profit (loss) from equity investments	341	-	341
Profit from current operations before taxes	**26,611**	**(6,773)**	**19,838**
Income taxes for the period	(8,264)	1,919	(6,345)
Profit (loss) for the period	**18,347**	**(4,854)**	**13,493**

Personnel expenses include a gross variable component recognised to the management and linked to the Bank's listing.

The other administrative expenses mainly include share placement commissions, consultancy costs and other costs linked to the listing process.

New deposit guarantee and resolution mechanism systems

Directives 2014/49/EU (Deposit Guarantee Schemes Directive – DGS) of 16 April 2014 and 2014/59/EU (Bank Recovery and Resolution Directive - BRRD) of 15 May 2014 were introduced as part of the strategic objective of reinforcing the single market and systemic stability, along with the Single Resolution Mechanism, which was also established by EU Regulation No. 806/2014 of 15 July 2014.

Contribution expenses arising from the Deposit Guarantee Schemes Directive

The new directive calls for Italian banks to switch from an ex-post contribution system to a mixed system, which provides for funds to be paid ex-ante until reaching, within 10 years from the entry into force of the directive (before 03 July 2024), a minimum target level, amounting to 0.8% of covered deposits. The contributions of each entity are calculated according to the ratio of the amount of their own deposits to the overall amount of the Country's protected deposits.

As at the date of this Report, the Directive had yet to be transposed into Italian law and the method of determining contributions had yet to be defined. In light of the above, no allocation was made to the statement of profit and loss.

Contribution expenses arising from the Bank Recovery and Resolution Directive

Directive 2014/59/EU defines the new resolution rules, which shall apply from 01 January 2015 to all the European Union banks in the event of financial difficulties, even if only prospective.

To this end, the aforementioned directive calls for national resolution funds to have financial resources which must be provided through compulsory contributions from authorised credit institutions. In this case, too, the financing mechanism is mixed. Amounts must be paid in advance until reaching a minimum target level of 1% of covered deposits by 31 December 2024. The contributions from each entity are calculated according to the ratio of the amount of own liabilities (net of own funds and covered deposits) to the overall amount of liabilities for all the authorised credit institutions across the country. In order to achieve the target level, the financial resources provided by the credit institutions may include payment commitments, up to a maximum of 30%. The allocation of resources from national resolution funds during 2015 will be transferred to the European Single Resolution Fund (SRF) managed by a new European Resolution Authority (Single Resolution Board - SRB), whose establishment is provided for by Regulation No. 806/2014, which introduced the Single Resolution Mechanism (SRM), which will enter into force on 01 January 2016. On the date of drafting of this Interim Report as at 30 September 2015, the regulations for transposing the directive into the national legal system have not yet been issued and unambiguous procedures for recognising expenses have not yet been defined. Against such an uncertain background, the Bank has estimated an allocation of € 360 thousand, taking into account the fact that 30% of the aforementioned contribution may be covered through secured payment commitments.

Legislative Decree No. 83 of 27 June 2015

For the purposes of accelerating the emergence of losses on receivables, aligning Italy with the other EU countries and eliminating the competitive gap that has existed to date, article 16 of the Decree calls for write-downs and losses on receivables due from customers, recognised in the financial statements of banks and insurance companies, to be fully deductible both for IRES and IRAP purposes in the relevant financial year. In an initial phase, however, the deductibility for write-downs and losses on receivables for IRES and IRAP purposes is limited to 75 per cent.

The remaining 25% may be deducted in various percentages up to the 2025 fiscal period (e.g. 5% of the residual amount in 2016, 8% in 2017, 10% in 2018 etc.).

This measure both replicates and reinforces that implemented through the Stability law for 2013, by means of which, from 2013 onwards, the write-downs and losses on receivables due from customers recorded in the financial statements had become 'deductible on a straight-line basis in the financial year during which they are recognised and the four subsequent years'.

RISK MANAGEMENT AND SUPPORT CONTROL METHODS

In order to manage the significant risks to which it is or could be exposed, the Group has set up a risk management system that reflects the characteristics, size and complexity of its operations.

In particular, this system is based on four fundamental principles: appropriate supervision by corporate bodies and departments; adequate risk management policies and procedures (both in terms of exposure to credit risk and the disbursement of credit); suitable methods and adequate tools for risk identification, monitoring and management and adequate measurement techniques; comprehensive internal controls and independent auditing.

The 'Risk Management System' is monitored by the Risk and Compliance Division, which ensures that capital adequacy and the degree of solvency with respect to its business are kept under constant control. In order to reinforce its ability to manage corporate risks, the Group established the Risk Management Committee, which supports the CEO in defining strategies, risk policies and profitability targets.

The Risk Management Committee continuously monitors the relevant risks and any new risks, even if only potential, resulting from changes in the working environment or the planned Group operations.

In accordance with Bank of Italy Circular No. 263/06 as amended, the Parent Company, Banca Sistema S.p.A., has tasked the Internal Control and Risks Committee with the job of coordinating the second and third level Control Departments; to that end, the Committee allows integration and interaction between these Departments, encouraging synergy, reducing any overlaps and supervising operations.

The methods used by the Group to measure, assess and aggregate risks are approved by the Board of Directors, based on proposals from the Risk Division, subject to approval by the Risk Management Committee. In order to measure the 'Pillar 1 risks', the Group has adopted standard methods to calculate the capital requirements for Prudential Regulatory purposes. In order to evaluate non-measurable 'Pillar 2 risks', the Group adopts - where possible - the methods stipulated under Supervisory regulations or those established by trade associations. If there are no such indications, standard market practices by operators that work at a level of complexity and operation comparable to the Group are also assessed.

RESEARCH AND DEVELOPMENT

No research and development activity was carried out in the first nine months of 2015.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties and connected parties, including the relative authorisation and disclosure procedures, are governed by the ‘Procedure governing transactions with associated parties’ approved by the Board of Directors and published on the Internet site of the Parent Company, Banca Sistema S.p.A.. Transactions between the Group companies and related parties or connected parties were carried out in the interests of the Company, including within the scope of ordinary operations; these transactions were carried out in accordance with market conditions and, in any event, on the basis of mutual financial advantage and in compliance with all procedures. With respect to transactions with parties who exercise administration, management and control functions in accordance with article 136 of the Consolidated Law on Banking, they are included in the Executive Committee decision, specifically authorised by the Board of Directors and with the approval of the Statutory auditors, subject to compliance with the obligations provided under the Civil Code with respect to matters relating to the conflict of interest of directors.

ATYPICAL OR UNUSUAL TRANSACTIONS

During the first nine months of 2015, the Group did not carry out atypical or unusual transactions, as defined in Consob Communication No. 6064293 of 28 July 2006.

SIGNIFICANT EVENTS AFTER THE END OF THE REFERENCE PERIOD

There were no additional significant events after the end of the period to be mentioned.

SUBSEQUENT EVENTS AND OUTLOOK AND MAIN RISKS AND UNCERTAINTIES

The fourth quarter of 2015 is expected to see the continuation of the trend towards growth in factoring volumes, loans to small and medium enterprises and salary-backed loans.

The interest margin, based on current market conditions, will continue to benefit from essentially stable funding costs.

In the first nine months of the year, new strategic commercial agreements and framework agreements were concluded, which have enabled the Group to launch a diversification process for the products offered.

The objective is still to broaden the customer base and exploit opportunities presented by the Banca Sistema Group's excellent strategic positioning on the Italian market.

Net income from the listing and consequent bolstering of the Bank's Own Funds will facilitate the achievement of its strategies and, therefore, more accurately, the strengthening and consolidation of the factoring 'core business' as well as the growth of the new business lines introduced in 2014, while promoting the possibility of continuing with the diversification of the business through the identification of new opportunities, including through strategic acquisitions.

Milan, 30 October 2015

The Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Euro

	Assets	30.09.2015	31.12.2014
10.	Cash and cash equivalents	86	66
20.	Financial assets held for trading	-	63
40.	Financial assets available for sale	922,230	858,007
60.	Due from banks	9,372	16,682
70.	Loans to customers	1,337,314	1,193,754
100.	Equity investments	2,656	2,448
120.	Property and equipment	1,118	1,201
130.	Intangible assets	1,886	1,904
	of which goodwill	*1,786*	*1,786*
140.	Tax assets	4,145	2,752
	a) current	*2*	41
	b) deferred	*4,143*	2,711
	of which pursuant to Law 214/2011	*4,073*	2,261
160.	Other assets	8,532	4,376
	Total assets	**2,287,339**	**2,081,253**

Amounts in thousands of Euro

	Liabilities and shareholders' equity	30.09.2015	31.12.2014
10.	Due to banks	271,707	821,404
20.	Due to customers	1,861,552	1,153,797
30.	Securities issued	20,410	20,109
80.	Tax liabilities	2,722	6,248
	a) current	2,696	6,234
	b) deferred	26	14
100.	Other liabilities	40,052	36,441
110.	Employee termination indemnities	1,472	1,173
120.	Provisions for risks and charges	434	1,030
	b) other provisions	*434*	1,030
140.	Valuation reserves	(19)	2
170.	Reserves	26,286	8,734
180.	Share premium reserve	39,579	4,325
190.	Share capital	9,651	8,451
220.	Profit (loss) for the period/year (+/-)	13,493	19,539
	Total liabilities and shareholders' equity	**2,287,339**	**2,081,253**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Amounts in thousands of Euro

	Items	30.09.2015	30.09.2014
10.	Interest and similar income	59,543	56,542
20.	Interest expense and similar charges	(16,549)	(20,862)
30.	**Interest margin**	**42,994**	**35,680**
40.	Fee and commission income	9,594	9,286
50.	Fee and commission expense	(1,286)	(678)
60.	**Net fee and commission income**	**8,308**	**8,608**
70.	Dividends and similar income	33	33
80.	Profit (Loss) on trading	127	772
100.	Profit (loss) from disposal or repurchase of:	2,323	3,717
	a) receivables		
	b) financial assets available for sale	2,323	3,717
	c) financial assets held to maturity	-	
	d) financial liabilities	-	
120.	**Operating income**	**53,785**	**48,810**
130.	Net value adjustments/write-backs due to impairment of:	(3,921)	(2,344)
	a) receivables	(3,921)	(2,344)
140.	**Net income from banking activities**	**49,864**	**46,466**
180.	Administrative expenses:	(30,235)	(22,191)
	a) personnel expenses	(14,095)	(9,023)
	b) other administrative expenses	(16,140)	(13,168)
190.	Net allowance for risks and charges	(60)	(369)
200.	Net adjustments to/recoveries on property and equipment	(188)	(123)
210.	Net adjustments to/recoveries on intangible assets	(46)	(27)
220.	Other operating income (expenses)	162	(396)
230.	**Operating expenses**	**(30,367)**	**(23,106)**
240.	Profit (loss) from equity investments	341	-
270.	Profit (Loss) on disposal of investments	-	-
280.	**Profit (loss) before tax from continuing operations**	**19,838**	**23,360**
290.	Taxes on income from continuing operations	(6,345)	(8,358)
300.	**Profit after tax from continuing operations**	**13,493**	**15,002**
320.	**Profit (loss) for the period**	13,493	15,002
340.	**Parent company profit for the period**	**13,493**	**15,002**

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in thousands of Euro

	Items	30.09.2015	30.09.2014
10.	**Profit (Loss) for the period**	**13,493**	**15,002**
	Other income items net of taxes without reversal to the statement of profit and loss		
20.	Property and equipment	-	-
30.	Intangible assets	-	-
40.	Defined benefit plans	44	(22)
50.	Non-current assets held for sale	-	-
60.	Share of valuation reserves connected with investments carried at equity:	-	-
	Other income items net of taxes with reversal to the statement of profit and loss	-	-
70.	**Hedges of foreign investments**	-	-
80.	Foreign exchange differences	-	-
90.	Cash flow hedges	-	-
100.	Financial assets available for sale	(23)	(99)
110.	Non-current assets held for sale	-	-
120.	Share of valuation reserves connected with investments carried at equity:	-	-
130.	**Total other comprehensive income (net of tax)**	21	(121)
140.	**Comprehensive income (Items 10+130)**	**13,514**	**14,881**
150.	**Total consolidated comprehensive income pertaining to minority interests**	-	-
160.	**Total consolidated comprehensive income pertaining to the Parent Company**	**13,514**	**14,881**

STATEMENT CHANGES IN SHAREHOLDERS’ EQUITY OF AS AT 30.09.2015

Amounts in thousands of Euro

				Allocation of net result from previous year		Changes during the year									
							Operations on shareholders’ equity								
	Balance at 31.12.2013	Change in opening balances	Balance at 1.1.2014	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Changes in equity investments	Comprehensive income at 30.09.2015	**Group shareholders’ equity at 30.09.2015**
Share capital:															
a) ordinary shares	**8,451**	-	8,451		-	-	1,200	-	-	-	-	-	-	-	**9,651**
b) other shares	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Share premium reserve	**4,325**	-	4,325	-	-	-	35,254	-	-	-	-	-	-	-	**39,579**
Reserves	**8,734**	-	8,734	17,567	-	(15)	-	-	-	-	-	-	-	-	**26,287**
a) retained earnings	**9,006**	-	9,006	17,567		-	-	-			-	-	-	-	**26,573**
b) other	**(272)**	-	(272)		-	(15)	-	-			-	-	-		**(287)**
Valuation reserves	**2**	-	2	-	-	-	-	-			-	-	-	(21)	**(19)**
Equity instruments	**-**	-	-	-	-	-	-	-			-	-	-	-	**-**
Treasury shares	**-**	-	-	-	-	-	-	-			-	-	-	-	**-**
Profit (loss) for the period	**19,539**	-	19,539	(17,567)	(1,972)	-	-	-			-	-	-	13,493	**13,493**
Shareholders’ equity	**41,051**	-	**41,051**	-	**(1,972)**	**(15)**	**36,454**	-	-	-	-	-	-	**13,472**	**88,990**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31.12.2014

Amounts in thousands of Euro

	Balance at 31.12.2013	Changes in opening balances	Balance at 1.1.2014	Allocation of net result from previous year		Changes during the year									**Group shareholders' at 31.12.2014**
							Operations on shareholders' equity								
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary dividends	Changes in equity instruments	Derivatives on treasury shares	Stock Options	Changes in equity investments	Comprehensive income for 2014	
Share capital:															
a) ordinary shares	**8,451**	-	8,451		-	-	-	-	-	-	-	-	-	-	**8,451**
b) other shares	**-**	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Share premium reserve	**4,325**	-	4,325	-	-	-	-	-	-	-	-	-	-	-	**4,325**
Reserves	**2,456**	-	2,456	6,298	-	(20)	-	-	-	-	-	-	-	-	**8,734**
a) retained earnings	**2,708**	-	2,708	6,298	-	-	-	-			-	-	-	-	**9,006**
b) other	**(252)**	-	(252)		-	(20)	-	-			-	-	-	-	**(272)**
Valuation reserves	**(257)**	-	(257)	-	-	-	-	-			-	-	-	259	**2**
Equity instruments	**-**	-	-	-	-	-	-	-			-	-	-	-	**-**
Treasury shares	**-**	-	-	-	-	-	-	-			-	-	-	-	**-**
Profit (loss) for the period	**7,002**	-	7,002	(6,298)	(704)	-	-	-			-	-	-	19,539	**19,539**
Shareholders' equity	**21,977**	-	**21,977**	-	**(704)**	**(20)**	-	-	-	-	-	-	-	**19,798**	**41,051**

STATEMENT OF CASH FLOWS (DIRECT METHOD)

Amounts in thousands of Euro

	30.09.2015	30.09.2014
A. OPERATING ACTIVITIES		
1. Management	**17,944**	**18,111**
▪ interest income collected	59,543	56,542
▪ interest expense paid	(16,549)	(20,862)
▪ dividends and similar income	-	-
▪ net fees and commissions	8,308	8,608
▪ personnel expenses	(12,634)	(7,562)
▪ net premiums collected	-	-
▪ other insurance income/expenses	-	-
▪ other income	(16,040)	(13,931)
▪ other expenses	-	-
▪ taxes and duties	(4,684)	(4,684)
▪ income/expenses relating to groups of assets held for disposal, net of taxes	-	-
2. Cash flows from (used in) financial assets	**(209,127)**	**374,753**
▪ financial assets held for trading	190	772
▪ financial assets designated at fair value through profit and loss	-	-
▪ financial assets available for sale	(61,921)	(7,752)
▪ receivables due from customers	(147,481)	330,714
▪ due from banks: on demand	7,310	56,341
▪ due from banks: other receivables	-	-
▪ other assets	(7,225)	(5,322)
3. Cash flows generated by/used in financial liabilities	**156,686**	**(389,264)**
▪ due to banks: on demand	(549,697)	(501,180)
▪ due to banks: other payables	-	-
▪ due to customers	707,755	110,739
▪ securities issued	301	(14,805)
▪ financial liabilities held for trading	-	-
▪ financial liabilities designated at fair value through profit and loss	-	-
▪ other liabilities	(1,673)	15,982
Net cash flow from (used in) operating activities	**(34,496)**	**3,600**
B. INVESTMENT ACTIVITIES		
1. Cash flows from	**33**	**33**
▪ sales of equity investments		
▪ dividends collected on equity investments	33	33
▪ sales/reimbursements of financial assets held to maturity	-	-
▪ sales of property and equipment	-	-
▪ sales of intangible assets	-	-
▪ purchases of subsidiaries and business lines	-	-
2. Cash flows used in	**(133)**	**(2,939)**
▪ purchases of equity investments	-	**(2,377)**
▪ purchases of financial assets held to maturity	-	-
▪ purchases of property and equipment	(105)	(504)
▪ purchases of intangible assets	(28)	(58)
▪ purchases of subsidiaries and business lines	-	-
Net cash flow generated by/used in investment activities	(100)	(2,906)
C. FINANCING ACTIVITIES		
▪ issues/purchases of treasury shares	36,588	-
▪ issues/purchases of equity instruments	-	-
▪ dividend distribution and other	(1,972)	(704)
Net cash flow from (used in) financing activities	**34,616**	**(704)**
NET CASH FLOW GENERATED/USED DURING THE YEAR	**20**	**(10)**

RECONCILIATION - ITEMS

Cash and cash equivalents at the beginning of the year	66	71
Total net cash flow generated/used during the year	20	(10)
Cash and cash equivalents: effect of change in exchange rates	-	-
Cash and cash equivalents at balance sheet date	86	61

ACCOUNTING POLICIES

GENERAL BASIS OF PREPARATION

This Consolidated Interim Financial Report as at 30 September 2015 has been prepared in accordance with Art. 154-ter of Legislative Decree No. 58 of 24 February 1998 and Legislative Decree No. 38 of 28 February 2005, according to the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, as established by Regulation (EC) No. 1606 of 19 July 2002, from which there were no derogations.

The specific accounting standards adopted have been applied consistently with regard to the financial statements as at 31 December 2014.

This Consolidated Interim Financial Report has not been audited. The Consolidated Interim Financial Report as at 30 September 2015 comprises the Statement of financial position, Statement of profit and loss, Statement of other comprehensive income, Statement of changes in equity, Statement of cash flows and these Notes and is accompanied by a Directors' Report on management performance, the financial results achieved and the financial position of the Banca Sistema Group.

Pursuant to the provisions of art. 5 of Legislative Decree No. 38/2005, the financial statements use the Euro as the currency for accounting purposes. The amounts in the Accounting statements and Notes to the financial statements are expressed (unless expressly specified) in thousands of Euro.

The financial statements were drafted in accordance with the specific accounting standards endorsed by the European Commission, as well as pursuant to the general assumptions laid down by the Framework for the preparation and presentation of financial statements issued by the IASB.

This Consolidated Interim Financial Report includes Banca Sistema S.p.A. and its direct and indirect subsidiaries or associates. There were no changes in the scope of consolidation compared to the situation as at 31 December 2014.

The accounting policies adopted in drafting the Consolidated Interim Financial Report, with reference to the classification, recording, valuation and derecognition criteria for the various assets and liabilities, as well as the guidelines for recognising costs and revenues, have remained unchanged compared with those adopted in the separate and consolidated financial statements as at 31 December 2014, to which reference is made, except as described below in the paragraph "Regulatory developments", which contains an account of the accounting principles, amendments and interpretations applied from 1 January 2015.

Regulatory developments

As part of the process of revising and harmonising the regulatory framework with the aim of reinforcing the degree of solidity and solvency of banking intermediaries and reducing the extent of discretion in accounting and prudential definitions of various European Union Member States, the European Banking Authority (EBA) has drawn up specific technical standards, known as "Implementing Technical Standards" (ITSs), concerning the definitions of non-performing exposures and forborne exposures.

On 20 January 2015, these new regulatory developments were adopted by the Bank of Italy, which in particular amended Circular 272 "Matrix of accounts" and Circular 262 "Bank financial statements: presentation and compilation rules".

In particular, three classes of non-performing exposures have been defined: past due, unlikely to pay and doubtful. The previous notions of watchlist loans and restructured exposures have therefore been abolished. The definitions of "past-due exposures" and "doubtful exposures" are consistent with previous legislation. Unlikely to pay is an additional new category of non-performing exposures for which the bank believes it to be improbable that the debtor will be able to repay its credit obligations in full (principal and interest), without any need for legal action to protect credit. This assessment is conducted by the bank independently of the presence of any cases of non-payment and it therefore it is not necessary to await express manifestation of signs of difficulty.

The additional class of forborne exposures, transversal to all categories of non-performing and performing loans, has also been introduced. In this Interim Financial Report, exposures previously classified as watchlist and restructured that did not meet the requirements for classification as doubtful have been included in the category in question. For comparative purposes, credit exposures as at 31 December 2014 have been restated. Subjective watchlist positions have been reassigned to the new category of unlikely to pay, whereas objective watchlist positions (i.e., positions in respect of the public administration past due by more than 270 days, for which the Bank does not believe that facts and circumstances support the presumption of default) have been reclassified among past due exposures.

Given the current prevalence of credit exposures to the public administration, no forborne exposures have been identified. Moreover, the provisions of Regulations No. 634/2014 and No. 1361/2014, endorsing the interpretation IFRIC 21 Levies and the Annual Improvements Cycle 2011-2013, were applied with effect from financial year 2015, resulting in the rationalisation of accounting principles, resolution of some inconsistencies between the various principles and clarification of a methodological nature.

Events after the reporting date

No events that would have required the adjustment of the data present in the financial statements have occurred since the date of this Consolidated Interim Financial Report.

Other aspects

On 30 October 2015 the Consolidated Interim Financial Report was approved by the Board of Directors, which authorised its dissemination to the public in accordance with IAS 10.

CERTIFICATION OF THE DESIGNATED MANAGER RESPONSIBLE FOR DRAFTING COMPANY ACCOUNTING DOCUMENTS

The undersigned, Margherita Mapelli, as designated manager responsible for drafting the company accounting documents of Banca Sistema S.p.A., in accordance with paragraph 2 of Art. 154-bis of Legislative Decree No. 58 of 24 February 1998, hereby certifies that the accounting information presented in this Consolidated Interim Financial Report as at 30 September 2015 matches accounting documents, books and records.

Milan, 30 October 2015

Margherita Mapelli

Designated manager responsible
for drafting company accounting documents

CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2015

BANCA
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