

Presentation of 9M 2015 Results

————— 30 October 2015 —————



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9M 2015 Results at a Glance*

Delivering growth

- **Net Interest income +21% y/y**
- **Total income +10% y/y** (Trading income from Govies -45% y/y)
- **Net Income +22% y/y**
- **ROAE 35%**, including the €37.5m raised in the IPO

Good commercial performance

- **Factoring 9M 2015 Turnover +20% y/y, with 92% of the €876m Turnover being recurring business**
- **CQS outstanding reached €83m** (€13m year-end 2014)
- **SMEs financing outstanding reached €73m** (€19m year-end 2014)

Balance Sheet strength

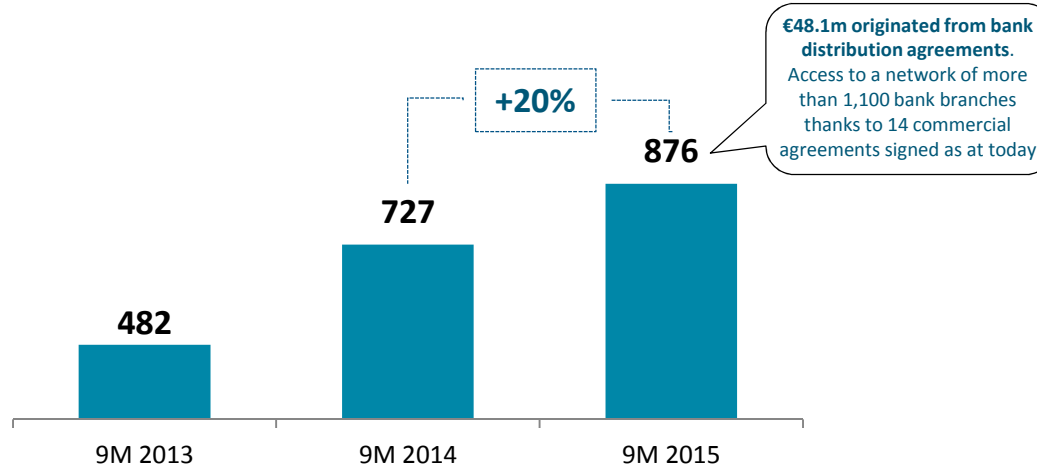
- **Retail funding** represented **41%** of Total funding
- **Retail funding costs** down to **~240bps** vs ~320bps in 9M 2014 (with a 15.9 months average outstanding maturity of the term deposits)
- **CET1** and **Total Capital Ratio** reached respectively **16.2%** and **20.0%**^(**)
- Conservative **Leverage Ratio** at **4.6%**

Notes: (*) 9M 2015 P&L results and related ratios do not include non-recurring items; (**) Including 3Q 2015 net income.

Update on factoring trends in the first 9M of 2015

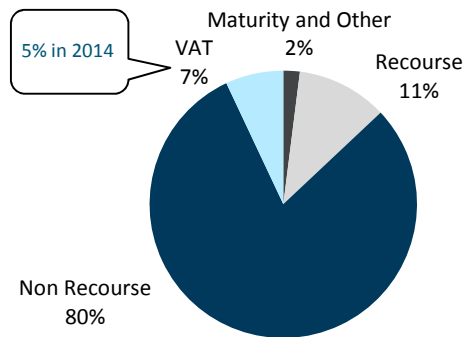
Factoring Turnover Evolution

€m



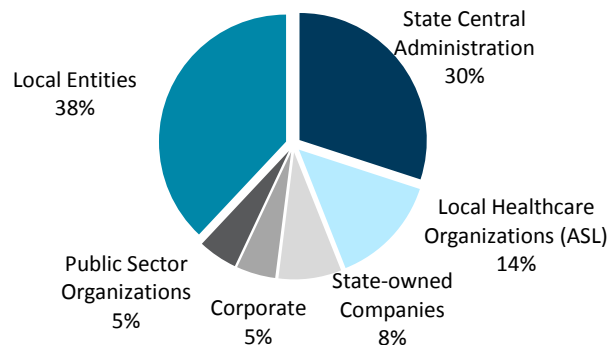
Factoring Outstanding Breakdown (9M 2015) - €922m

By Type of Product

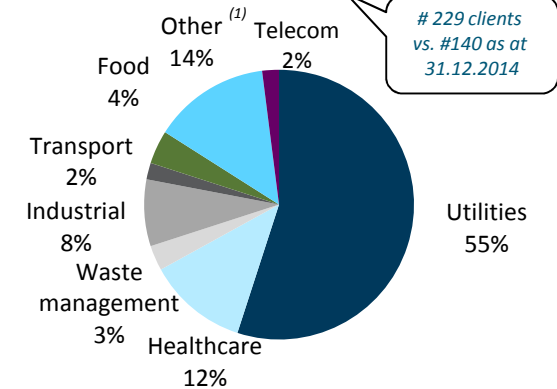


By Obligor

PA accounts for 95%



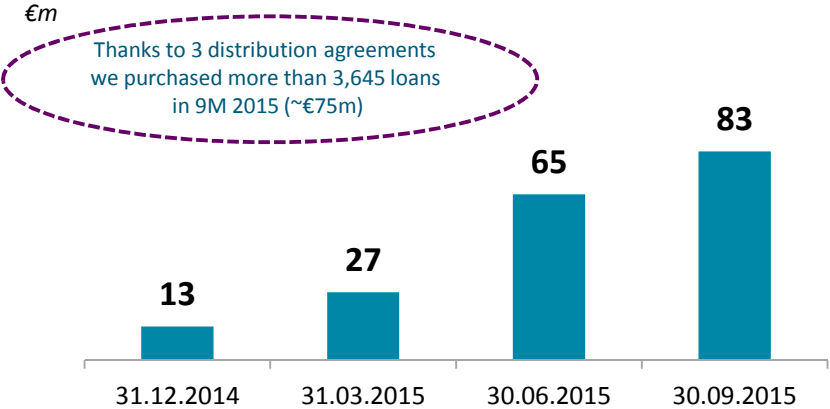
By Client



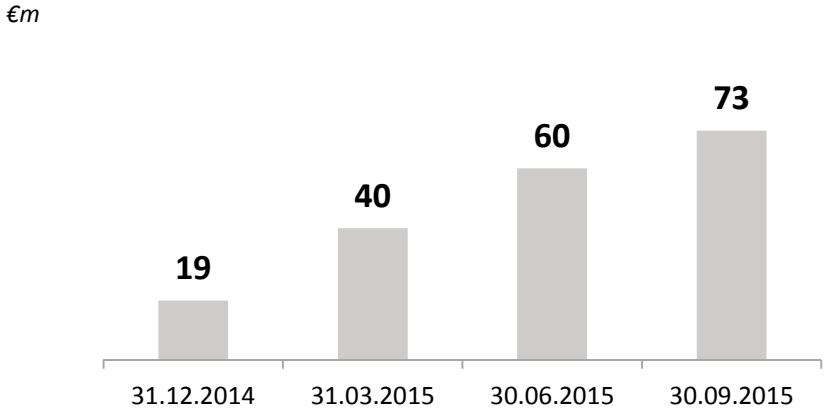
Note: 1. Including services, entertainment, agriculture and IT, among others.

Increased contribution from new business lines

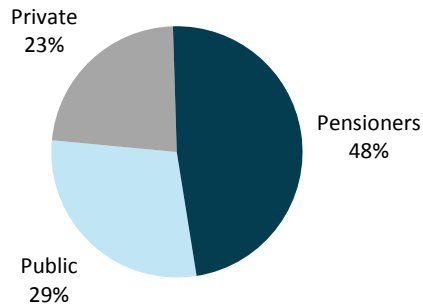
CQS/CQP outstanding



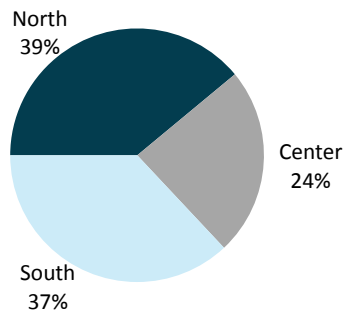
SME State Guaranteed Loans outstanding



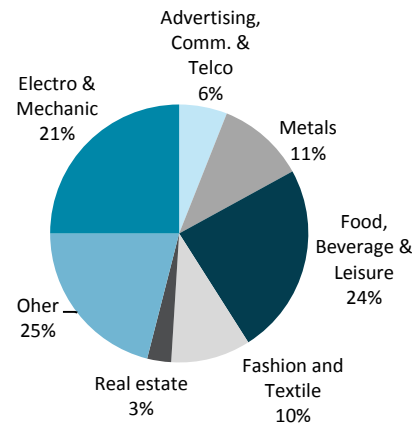
Split by Type



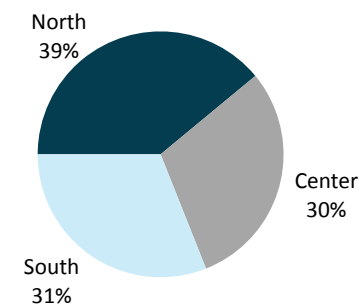
Split by Geography



Split by Industry



Split by Geography



Outstanding as at 30.09.2015

9M 2015 – Income Statement*

Income Statement - €/000	9M 2015	9M 2014	Change
Net Interest income	42,994	35,680	20.5%
Net commission income	8,308	8,608	-3.5%
Dividends	33	33	nm
Trading income	2,450	4,489	-45.4%
Total income	53,785	48,810	10.2%
Loan loss provisions	(3,921)	(2,344)	67.3%
Operating income	49,864	46,466	7.3%
Personnel expenses	(9,708)	(9,023)	7.6%
Other administrative expenses	(13,592)	(13,564)	0.2%
Net provisions for risk and charges	(60)	(369)	-83.7%
Amortization and depreciation	(234)	(150)	56.0%
Operating costs	(23,594)	(23,106)	2.1%
Income before taxes from continuing operations	26,270	23,360	12.5%
Profits on equity investments	341	-	nm
Profit before taxes	26,611	23,360	13.9%
Tax on income from continuing operations	(8,264)	(8,358)	-1.1%
Normalized Net income	18,347	15,002	22.3%
Net non recurring items - IPO costs	(4,854)		
Net income	13,493		

- **NII increase (+21%)** driven by higher factoring volumes, lower cost of funding and higher contribution from CQS/CQP and SMEs loans that more than compensated stable factoring margin
- Lower contribution from our short term Italian Government **bond portfolio (-45%)**
- **Personnel expenses**, excluding the non-recurring items, are in line considering the higher headcount **(+21 average FTEs y/y)**
- **Other admin.** stabilizing
- **€0.3m** profits on equity investments derive from stake in CS Union S.p.A.

Note: (*) 9M 2015 P&L results do not include non-recurring items.

9M 2015 – Balance Sheet

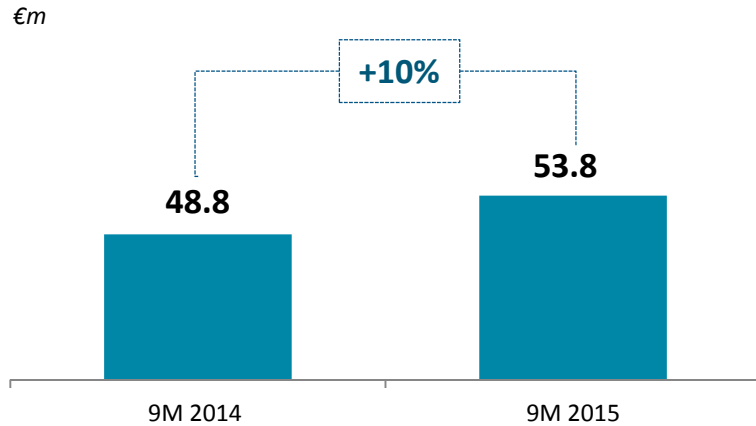
Balance Sheet - €/000	30/09/2015	31/12/2014	Change
Financial assets	922,230	858,070	7.5%
Due from banks	9,372	16,682	-43.8%
Customer loans	1,337,314	1,193,754	12.0%
<i>Factoring</i>	866,513	851,856	1.7%
<i>CQS/CQP loans</i>	82,862	13,228	526.4%
<i>SME State Guaranteed loans</i>	72,929	18,664	290.7%
<i>Repos</i>	292,800	290,316	0.9%
<i>Other</i>	22,210	19,690	12.8%
Equity investments	2,656	2,448	8.5%
Property and Equipment	3,004	3,105	-3.3%
<i>Goodwill</i>	1,786	1,786	nm
Other assets	12,763	7,194	77.4%
Total Assets	2,287,339	2,081,253	9.9%
Due to banks	271,707	821,404	-66.9%
<i>Central banks</i>	75,000	730,020	-89.7%
<i>Banks</i>	196,707	91,384	115.3%
Due to customers	1,861,552	1,153,797	61.3%
<i>Term deposits</i>	534,838	569,410	-6.1%
<i>Repos</i>	989,047	238,807	314.2%
<i>Cash accounts</i>	307,803	311,751	-1.3%
<i>Other</i>	29,864	33,829	-11.7%
Debt securities	20,410	20,109	1.5%
Other liabilities	44,680	44,892	-0.5%
Shareholders' Equity	88,990	41,051	116.8%
Total Liabilities	2,287,339	2,081,253	9.9%

- **Stable Govies AFS portfolio** with an average duration of 7.3 months (9.3 as at 30.06.2015)
- **Factoring receivables** in line with the end of 2014 and cyclical trends
- **CQS/CQP and SME loans** represented 6% of total customer loans
- Reduced exposure to ECB and increased funding from **Repo market** due to lower financing cost
- **Lower retail term deposits and current accounts**, also thanks to higher liquidity buffer from Interbanking
- **Total own funds at €106.3m (TCR 20.0%*) and CET1 at €86.3m (ratio 16.2%*)**

Note: (*) Including 3Q 2015 net income.

Strong revenues supporting earnings growth

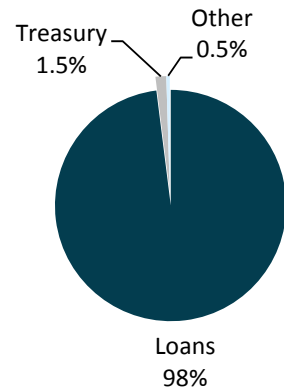
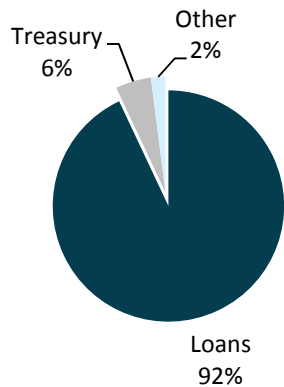
Total income



Interest income Split

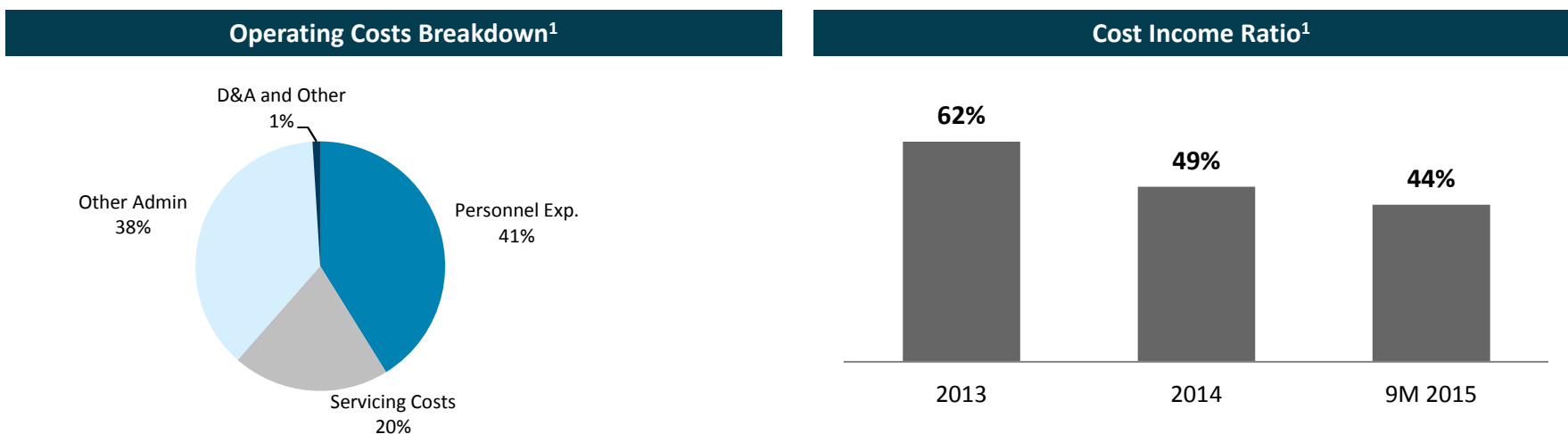
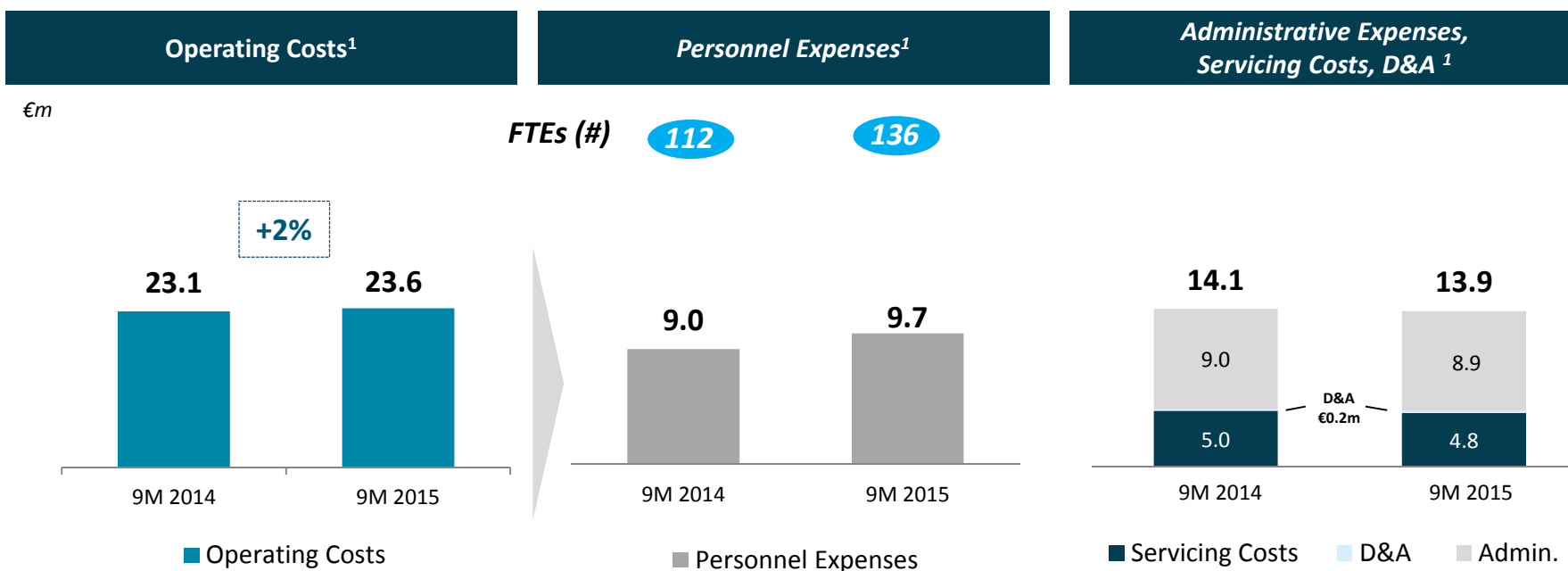
€56.5m 9M 2014

€59.5m – 9M 2015



- Net interest income, represented 80% of the Total Income, up +21% y/y
- Total Income increased from €48.8m in 9M 2014 to €53.8m in 9M 2015 due to:
 - lower interest expenses (Retail funding cost is 80bps lower y/y, from 320bps in 9M 2014 to 240bps in 9M 2015)
 - higher contribution from CQS/CQP and SME loans (+€4.1m 9M 2015 vs. 9M 2014)
- These increases more than compensated for the lower total contribution from our short term Govies portfolio (-€2.6m 9M 2015 vs. 9M 2014), declining both at interest margin level and trading income level
- Increased weight from non factoring products, equal to ~9% of Interest income for the 9M 2015

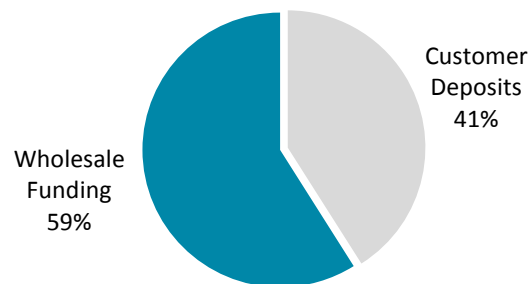
Efficiency and saving enabled by our business Model



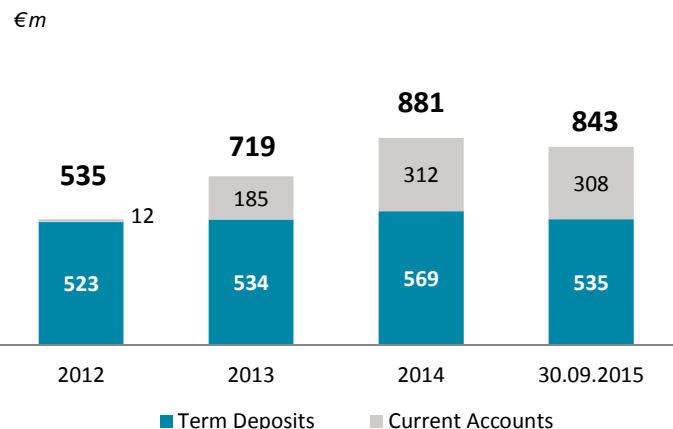
Note: 1. 1H 2015 Costs and related ratios do not include non-recurring items.

Funding Overview

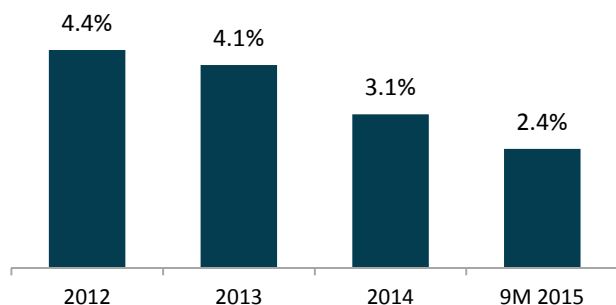
Funding Breakdown



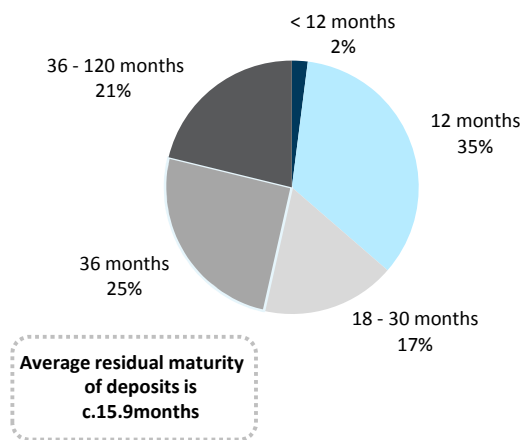
Customer Deposits Evolution



Retail Cost of Funding¹



Term Deposits Maturity Profile

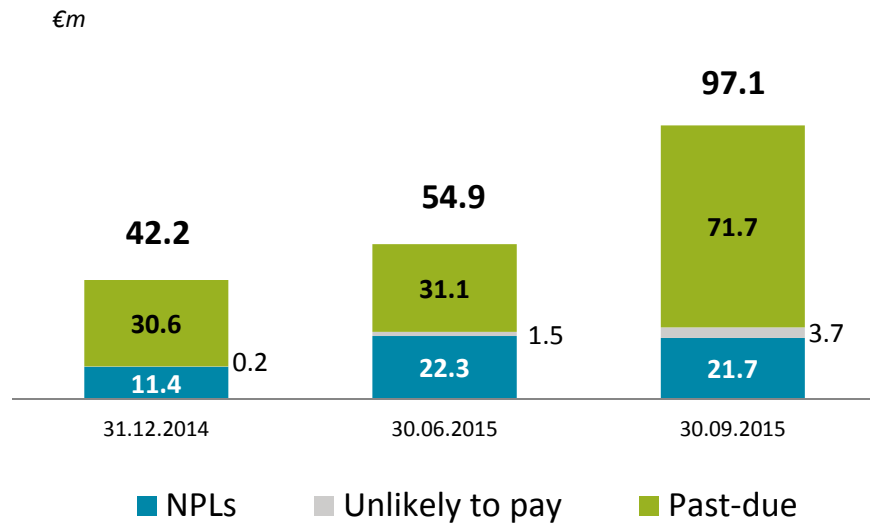


- Funding strategy focused on diversifying financing sources and optimizing cost of funds
- Wholesale funding is composed today primarily by Repos/CC&G (with an average cost < 0) and banks
- Increasing Interbank funding following the IPO (Due to banks equals €197m)
- €0.8bn of customer deposits as of 2014 with a 63%/37% term deposits /current accounts split
- Out of €535m term deposits outstanding, 8% have been originated in Germany

Note: 1. Average cost of funding (current accounts and term deposits)

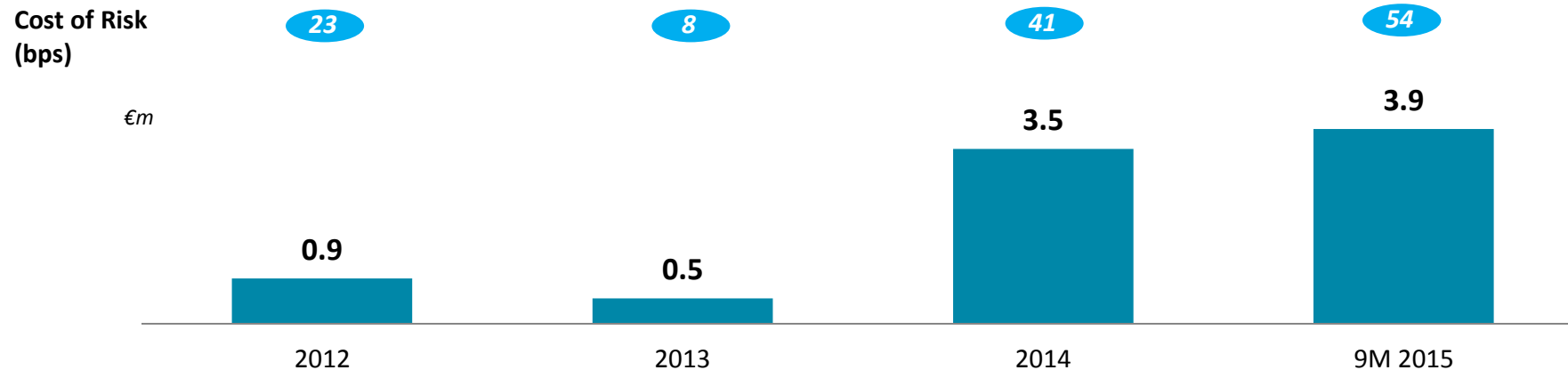
Conservative provisioning policy

Gross Doubtful Loans



- NPL ratio is around 1.5% as at 30.09.2015
- The increase of Doubtful loans is mainly driven by the increase of Past-due loans, following a new, more conservative classification of factoring receivables
- Loan loss provisions, equal to €3.9m, and relative cost of risk are higher than those at 1H 2015, due to entry of new PA entities in “distressed” status

Cost of Risk and Loan Loss Provisions



Conclusions

We continue to see consistent growth across the Bank thanks to new opportunities in all our business segments.

We have built a stable and diversified funding base, focussed on optimising our cost of funds, in line with our financing need.

We continue to demonstrate that our platform is efficient and highly scalable.

We are pleased to be able to deliver a market-leading Return on Equity to our shareholders.

BANCA

S I S T E M A

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