BANCA
SISTEMA
CONTEMPORARY BANK

STAR Conference 2015

5&6 October 2015



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Agenda

I. Overview of Banca Sistema

II. Focus on Factoring

III. Conclusions

Appendix

- 1H 2015 Results

I. Overview of Banca Sistema

Banca Sistema – Recent Events

On 2 July 2015, almost exactly 4 years after the creation of the bank, we were listed on the Star Segment of the Italian Stock Exchange

We are a diversified Italian Bank who deals primarily with the Public Administration

Between 2012 and 2014 our total income has grown by a CAGR of 65.6% and PBT has demonstrated a CAGR of 171.4% over the same period



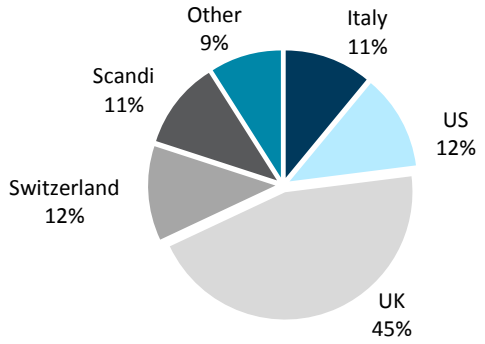
Notwithstanding the Greek Crisis, which reached its peak during our roadshow, we were delighted at the reception the market gave to our business with the offer being well over-subscribed

Our offer also included €37.5m of new equity which we will use to develop our business

Excluding the primary component of the Offer, ~50% of the share capital of the Bank was sold at the IPO

- Total Offer of €160m (at the IPO price of €3.75 per share)
- The Over-Allotment option entirely exercised

- Demand from 70 Institutional Investors
- 5% of the Offer allocated to Retail investors



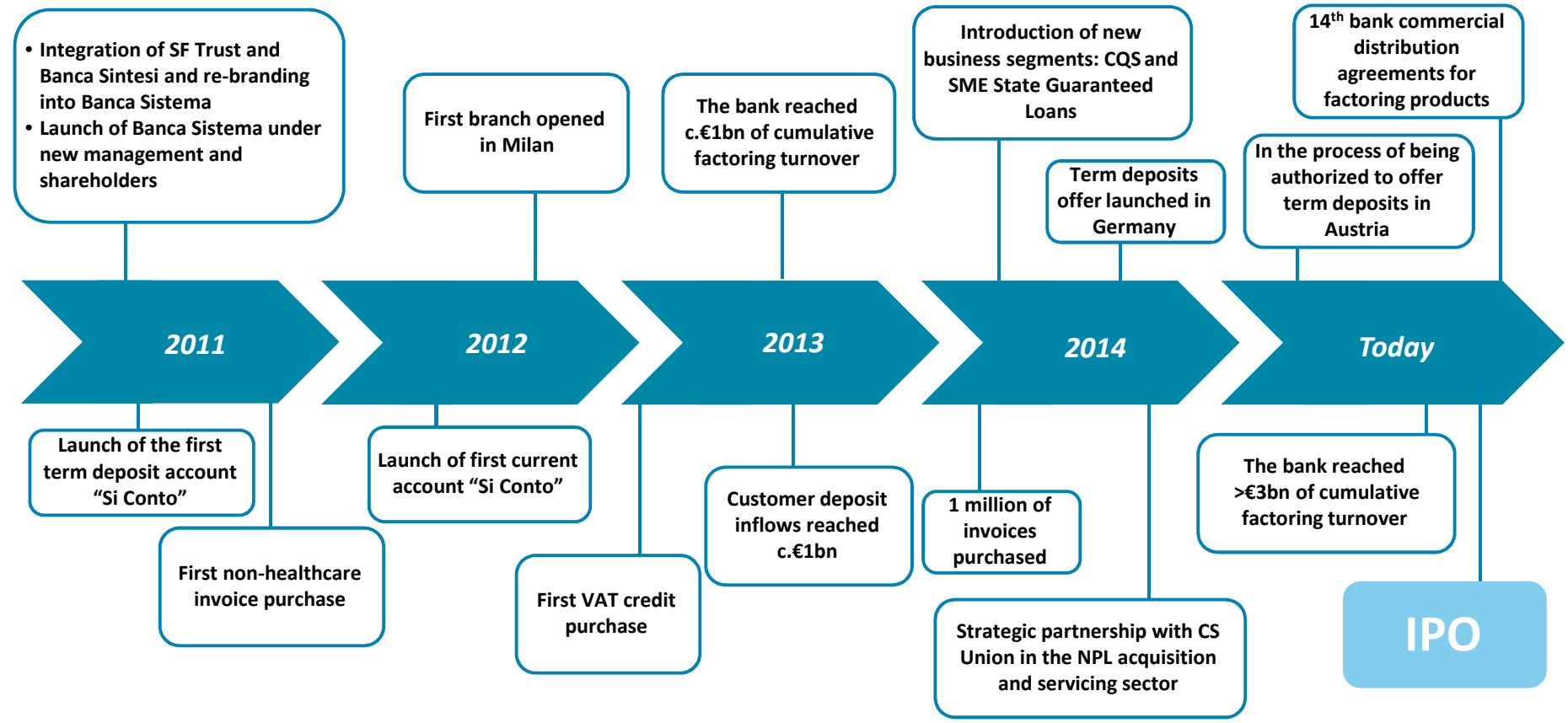
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Banca Sistema: A Successful Growth Story

Vision and Mission	• Vision to become the leading independent specialty finance player in Italy and the pre-eminent public sector factoring provider • Mission to support corporate entities in their business dealings with the Public Administration
A Large and Underpenetrated Market: ***A Sustainable Growth Opportunity***	• The Italian Factoring Market is the 3rd largest in Europe by Turnover and 2nd largest as a percentage of GDP(1) • As we operate with a focus on Public Administration ("PA") receivables, our reference market is the Italian Public Spending, a large and underpenetrated market with significant growth potential
What We Do: ***Key Core Expertise in Public Administration Receivables Factoring***	• We specialize in the purchase at a discount to face value of healthcare, commercial and VAT receivables owed by Italian Public Administration to our clients • Receivable payments from Public Administrations in Italy have consistently experienced long delays, despite the introduction of the EU directive on late payments • We deploy data and analytics as well as sophisticated collection services to create a valuable proposition for all parties: us, our customers and PA obligors
Our Strategy and Business Model: ***A Clearly Defined Strategy Relying n a Stable Business Model***	• We focus on building strong relationships with clients and PA obligors, adopting a non-confrontational and non-litigation focused approach to collections • We do not rely on active collection of late payment interest ("LPI") from Public Administrations

Note: (1) Source: Factors Chain International.

Key Stages of Banca Sistema's Development



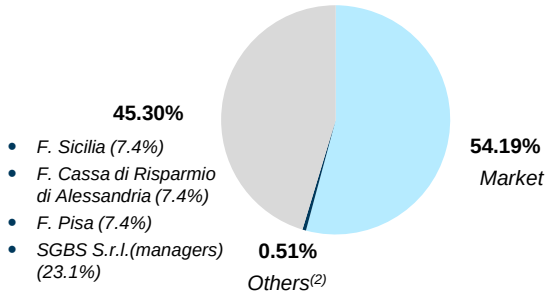
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Snapshot of Banca Sistema Today

1H 2015 Results[1]

Factoring Turnover	**€0.6bn (+36% y/y)**
PBT	**€19.4m (+27% y/y)**
Cost Income	**42%**
Leverage Ratio	**4.4%**
Total Capital Ratio	**22.2%**
ROAE	**38%**

Post IPO Shareholding Structure



- *Shareholder agreement between the three Banking Foundations and SGBS*
- *3 year lock up period for the remaining core shareholders post IPO*

Our Key Strengths

Strong analytical capabilities

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

Compelling collection strategy with excellence in collections

- **Non-litigation focused approach to collections,** building **strong relationships and partnerships** with both **Public Administration obligors** and our **clients**
- Strong performance due to **excellence in collection versus suppliers,** generating **high margins through accelerated recovery periods**

Low risk counterparty exposure

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

A Winning Business Model

- *Providing **liquidity solutions** and **sophisticated collection services** to our clients **at an attractive cost** compared to the outsourcing of the collection or internal management of the receivables*
- ***Clients benefit** from an **improvement of their financial position** and from **cash flow optimization***
- ***Our extra margin from accelerated collections** is **not considered an additional cost by our clients***

Note: 1. 1H 2015 P&L results and related ratios do not include non-recurring items; 2. Garbifin S.r.l. holding 0.51% stake (also subject to lock up).

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What We Do

Business Segments Overview

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Core business

Receivables Factoring

- Public Administration and private clients
- Healthcare, Commercial, VAT receivables and VAT from insolvency proceedings
- Total turnover of €1.2bn as of 2014 (€0.6bn in 1H 2015)

Complementary businesses built on core expertise

Specialised Financing

CQS

- CQS / CQP (Salary and Pension Guaranteed Loans) through several agreements with third parties
- Total outstanding of €65m as at 30.06.2015

SME State Guaranteed Loans

- Loans to SMEs with State Guarantee (covering up to 80%)
- Total outstanding of €60m as at 30.06.2015

Debt Collection and Credit Management Services

- For third party Public Administration receivables

NPL Acquisitions and Servicing

- Strategic partnership through a minority stake in CS Union Spa

Funding

Segments providing funding for core activities

Retail Banking & Other Corporate / Institutional Clients

- Current accounts and term deposits with c.14k customers for a total of €870m stock as at 30.06.2015
- Providing a stable funding base for the Bank's core business activities

Treasury Activities

- ALM / Liquidity
- €0.9bn of the securities portfolio comprised entirely of Italian T-bills

Receivables Factoring

A Strong Network of Relationships with Clients and PA Obligors

Recurring business with a strong network of multinational and corporate clients, and established relationships with all types of Public Administration entities

PA Suppliers (Banca Sistema Clients)	PA Obligors
Leading multinationals and corporates Main Sectors: • Utilities • Telecom • Healthcare • Services • Transportation	**Local Entities (regions and municipalities)** **National Health System ("ASLs")** **Central Administrations**

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Bridge between private and public sector

- **Multinationals and corporate clients:**
  - ✓ Benefit from certainty of payment times
  - ✓ Benefit from collection specialism and expertise at an attractive effective rate
  - ✓ Outsource the collection service without jeopardizing relationships with PA clients
  - ✓ Optimize working capital and improve balance sheet positions
  - ✓ Access liquidity
  - ✓ Free up resources to be reallocated to the business

- **Public Administration:**
  - ✓ Benefit from dealing with a specialized player with PA knowledge "speaking the same language"
  - ✓ Single point of contact for multiple suppliers
  - ✓ Banca Sistema does not seek to proactively collect Late Payment Interest as opposed to other PA factoring players

Factoring Business

Overview of Key Dates for Pricing and Collection

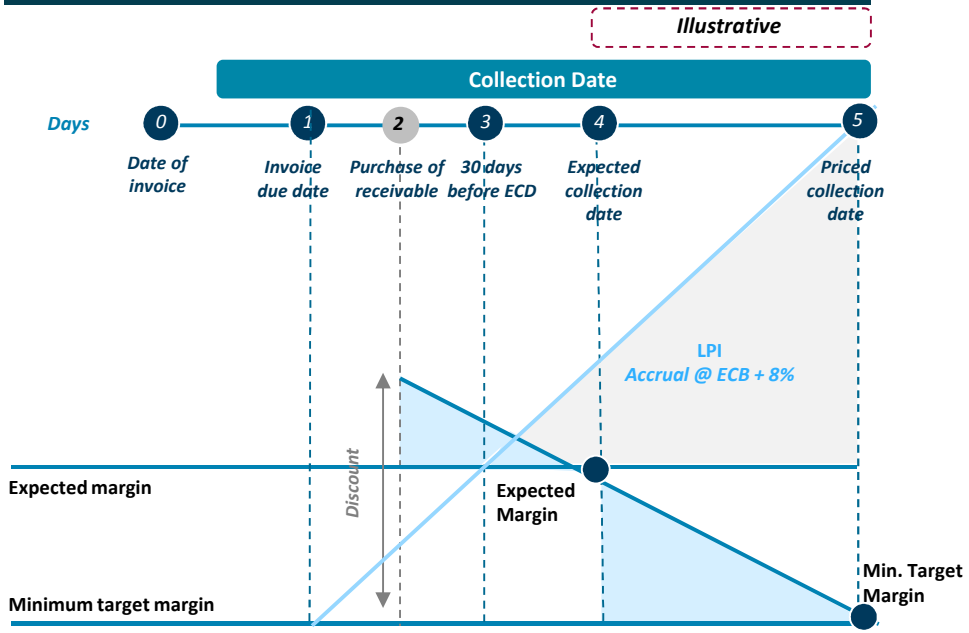
Banca Sistema's experience and capabilities allow to accurately forecast the expected collection date for each receivable, thus allowing for precise pricing decisions

Receivables Factoring - Key Dates

Days Sales Outstanding (DSO) of the receivable

0	Date of Invoice	• Date of original invoice
1	Invoice Due Date	• 30/60 days after invoice[1]
2	Purchase of receivable	• Start of ordinary collection activities
3	30 days before Expected Collection Date	• Start of accelerated collection activities
4	Expected Collection Date (ECD)	• Number of collection days estimated for each specific debtor based on company's proprietary tools, analysis and experience
5	Priced Collection Date (PCD)	• **Estimated conservative date of payment on which the pricing to the client and underwriting is based**; estimated for each debtor based on company proprietary tools and analysis

Collection Dates and Contribution Margin Overview



Interest Margin – Illustrative

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

- **High profitability resulting from (i) accelerated recovery period due to excellence in collection practice and (ii) disciplined underwriting process and pricing of receivables acquired**
- **Strong collection performance resulting from deep analytical capabilities and PA expertise**
- **Since 2011 the vast majority of the total collections occurred both before the expected collection date and before the priced collection date**
- The residual portion of receivables collected after the priced collection date, is collected using legal actions which include claim of LPI

Note: 1. 60 days for healthcare related receivables.

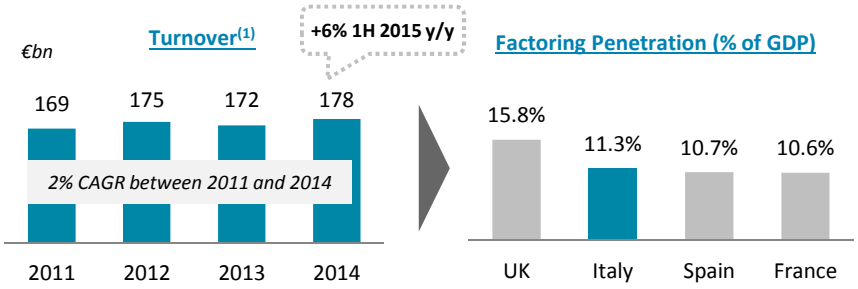
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II. Focus on Factoring

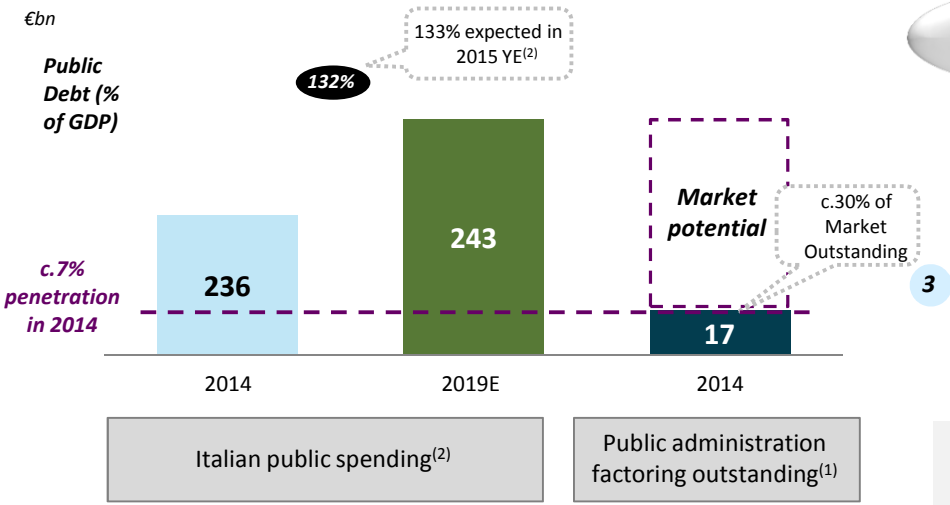
An Attractive Market Opportunity

Large and still underpenetrated market with significant growth potential..

The Italian factoring market is the 3rd largest in Europe, (2nd largest compared to GDP) with a clear growth trajectory

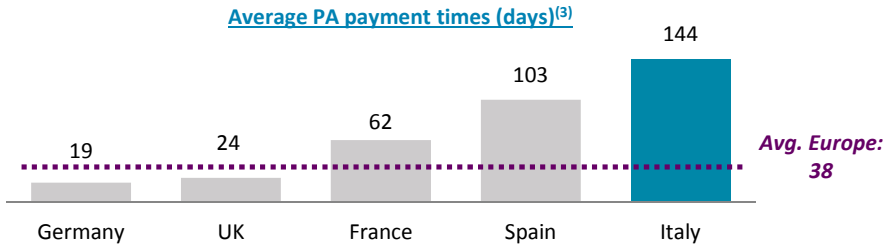


As of 2014, Italy's annual public spending amounts to c.€216bn and is expected to grow to c.€227bn by 2018(1)

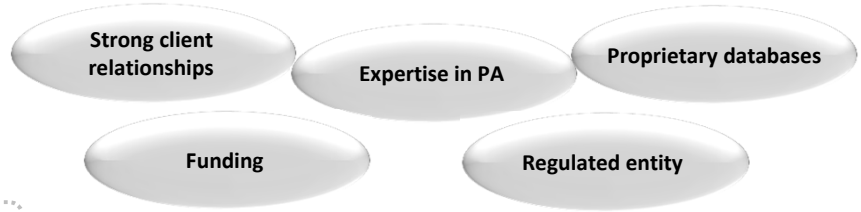


..With key market features highlighting a unique opportunity

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



2 **High barriers to entry and limited number of players able to compete in the market**



3 **Low risk business with credit exposure primarily towards public entities**

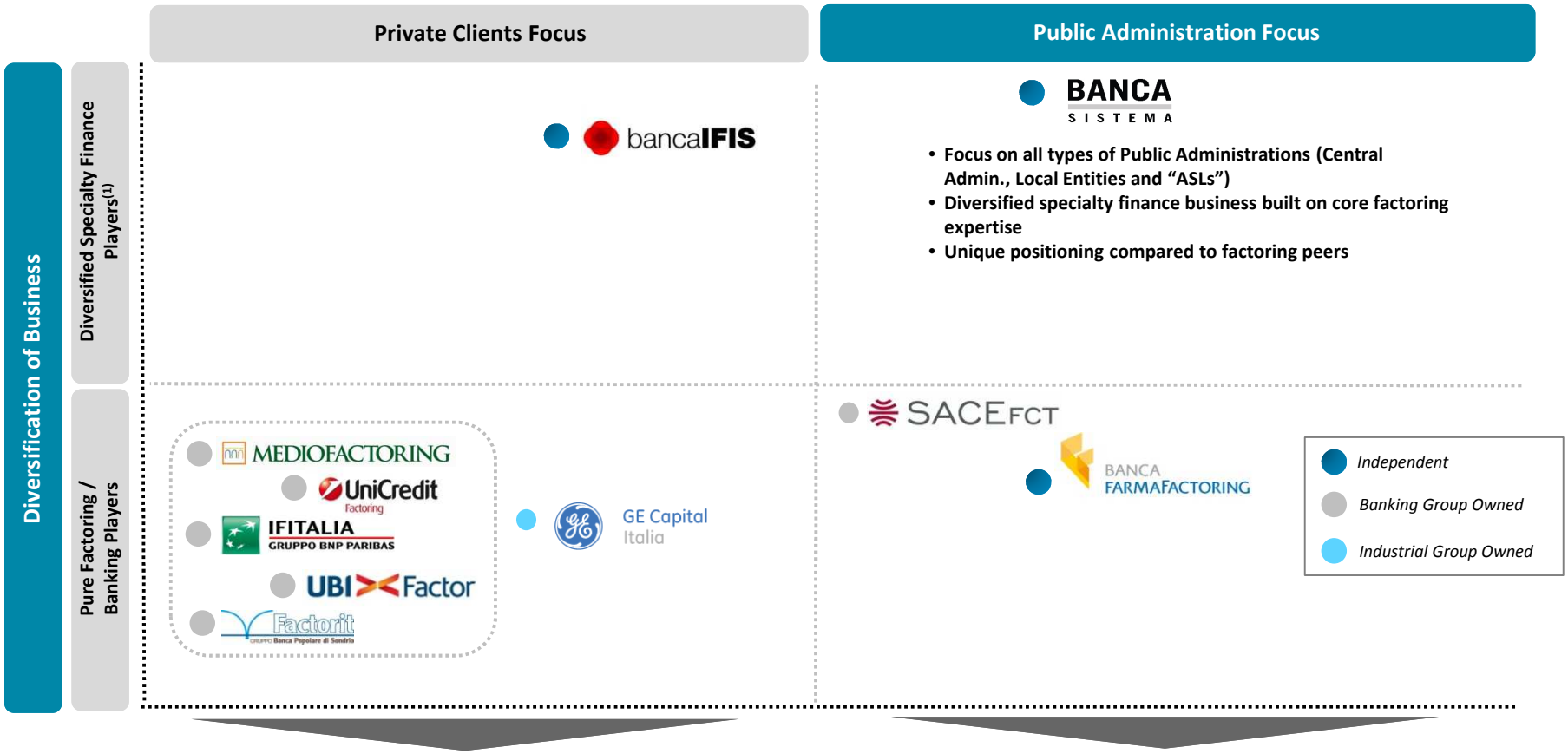
Unique opportunity to exploit the potential of a large and under-penetrated market

Note: 1. Source: Assifact; 2. Source: MEF (Documento di Economia e Finanze 2015 – Analisi e tendenze della finanza pubblica). Including spending for goods and services and gross fixed capital formation; 3. Intrum Justitia as of 2015.

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Key Players' Positioning in the Italian Factoring Market

Uniquely positioned to thrive in the factoring market



Source: Assifact. Note: 1. Operating in other segments apart from factoring and traditional retail deposits gathering.

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Factoring business leverage on a well balanced network

Sales Team Members

- **13 Origination resources**
- **5 Relationship Managers**



Distribution also through ~1,100 branches of the bank's partners branch network

Offices

Diversified Distribution Channels

- **The origination team consists of 18 dedicated sales resources which have multiple years of experience** in factoring and origination at both Banca Sistema and leading factoring institutions

Direct Marketing

- The Bank uses its own knowledge and relationships to originate business

Banks Distribution

- We have signed commercial agreements to provide factoring products to third party banks
- **14 Commercial agreements** in place
- Partner selection criteria based on potential to grow the strength and depth of commercial relationships

Non Financial Intermediaries

- We only work with supervised intermediaries on OAM ("Organismo agenti e mediatori") and with top accounting firms in Italy to originate VAT deals

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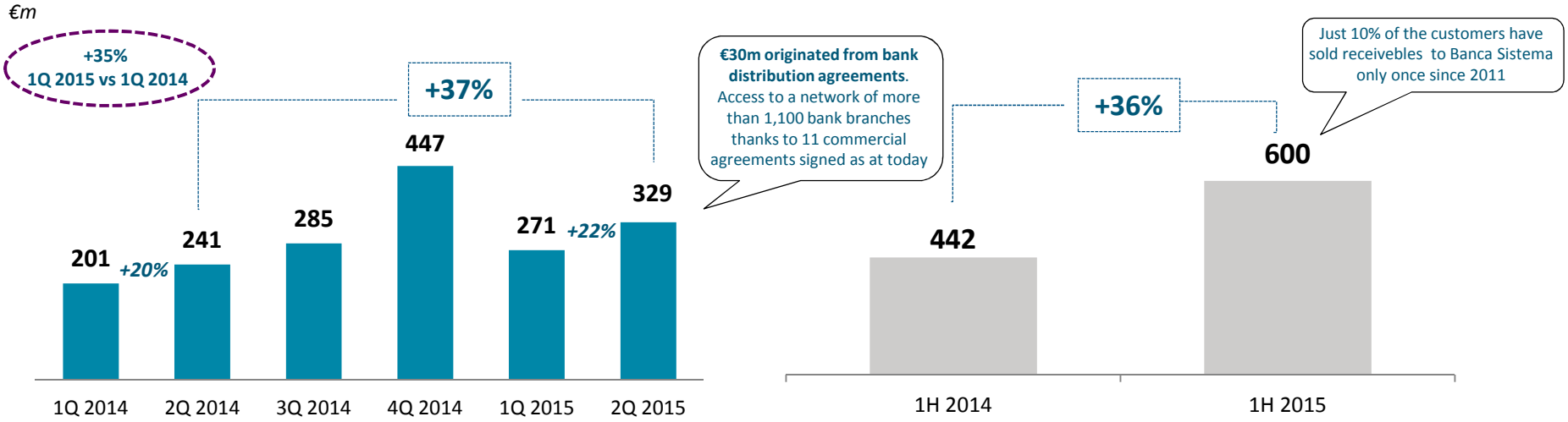
Barriers to Entry

High barriers to entry limit competition and new entrants in Banca Sistema core market

Track Record, Experience and Network of Relationships	• We have built a **strong track record** over the years as our core factoring business has been operational since 2007 (from 2007 to 2011, under the name "SF Trust") • **We have established relationships** with more than **2,400** PA entities and more than **200** corporate clients
Analytical Capabilities	• **We have a proprietary database tracking more than 2,400 debtors payment times which dates back to 2002, constantly updated and improved** through information we receive from our clients when acquiring receivables
Banks Might Have Internal Limits to Public Administration Exposure	• **Italian Banks might have internal limits on the amount of exposure they might have towards the Public Administration**/ Public Sector, as such, expected competition by other banks is limited as they might exceed their target exposure • Additionally, some of the leading Italian Banks perform treasury activities for the PA, thus embedding an internal conflict of interest vis-a-vis the collection / factoring activities • **Loans and other financing products** (which might be a substitute of the factoring of PA receivables), **granted by Italian banks, are subject to a more penalizing risk weighting vis-a-vis the direct purchase of PA receivables**. Italian banks might be forced to reduce the financing of PA receivables, in order to minimise capital absorption
Banking License	• **Strong preference by factoring clients to deal with a banking entity** • A **banking license is necessary to access the funding sources at sustainable prices (Retail Deposits and Interbank / ECB) required** for the acquisition of factoring receivables • **Obtaining a banking license in Italy is a lengthy process limiting potential initiatives for new entrants**
Collection Network	• **We currently have 10 employees fully dedicated to the collection of receivables, with team members having more than 20 years of experience in the field** • **We have built a nationwide network of 14 external collectors which are tied to us through commercial agreements**

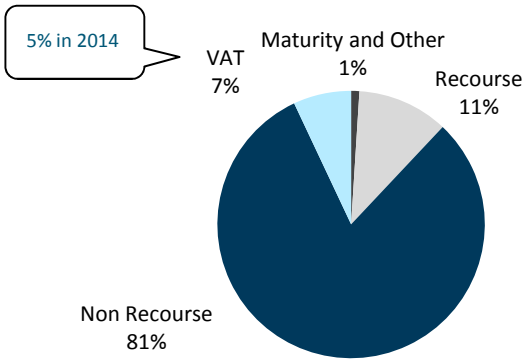
Factoring growth in line with Q1 2015

Factoring Turnover Evolution



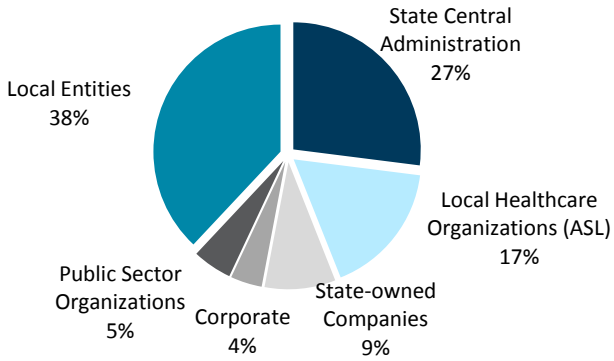
Factoring Outstanding Breakdown (1H 2015) - €898m

By Type of Product

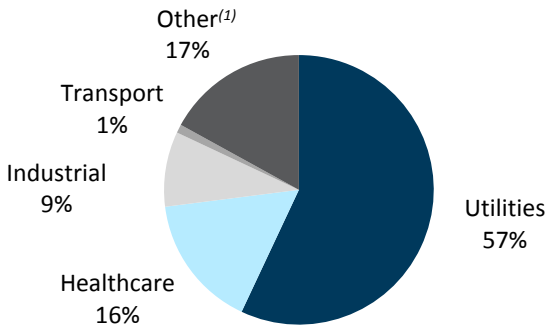


By Obligor

PA accounts for 96%



By Client



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

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III. Conclusions

Conclusions

We continue to see consistent growth across the Bank, underpinned by the strength of our core business and supplemented by the development of our new business lines.

We have built a stable and diversified funding base, focussed on optimising our cost of funds.

We have demonstrated 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.

Appendix

1H 2015 Results at a Glance*

High quality earnings

- **Net Interest income +20% y/y**, equal to **€29.0m,** due to a continued increase of factoring Turnover, additional contribution from the newly launched business lines and decreasing cost of funding
- **Cost income** down at **42%** vs. 49% at the end of 2014
- **Profit before taxes +27% y/y**

Business performance well on track

- **Factoring** 1H 2015 Turnover **+36% y/y** and 2Q 2015 **+37% y/y**, with 90% of the **€600m** Turnover being recurring business (94% in 2014)
- **CQS** outstanding reaching **€65m** (€13m year-end 2014)
- **SMEs financing** outstanding reaching **€60m** (€19m year-end 2014)

Diversified funding base

- **Retail funding** representing **41%** of Total funding
- **Retail funding cost** down at **~240bps** vs ~310bps FY 2014 (Take on rate on term deposits in June 2015: 1.1%)
- **LCR** and **NSFR** respectively, **121%** and **114%,** well above B3 2018 targets

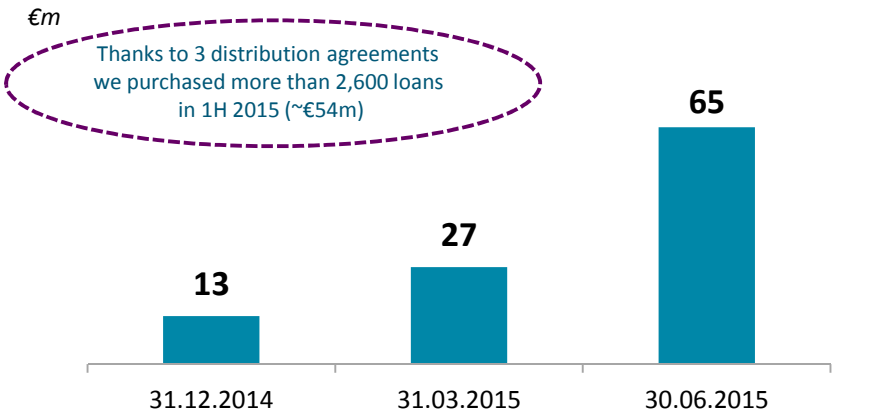
Strong Balance Sheet

- **CET1** and **Total Capital Ratio** reached respectively **17.9%** and **22.2%** due to 1H 2015 results and the primary component of the IPO
- Conservative **Leverage Ratio** at **4.4%**, well above regulatory threshold
- **ROAE 38%**, including €37.5m of the IPO primary component

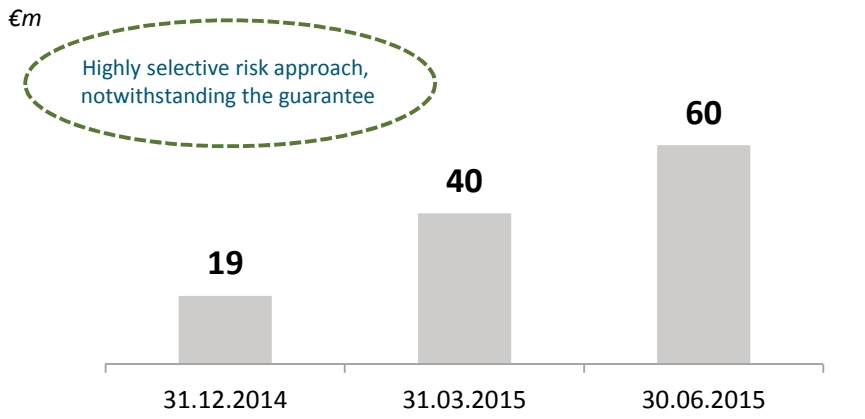
Note: (*) 1H 2015 P&L results and related ratios do not include non-recurring items.

Increased contribution from new business lines

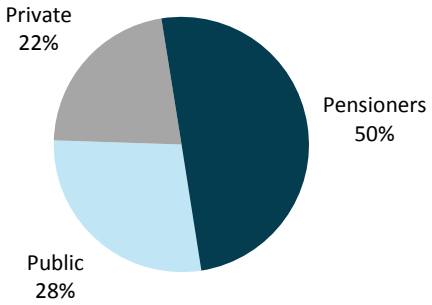
CQS/CQP outstanding



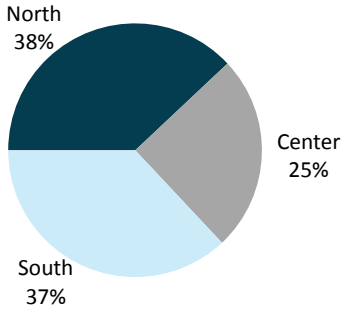
SME State Guaranteed Loans outstanding



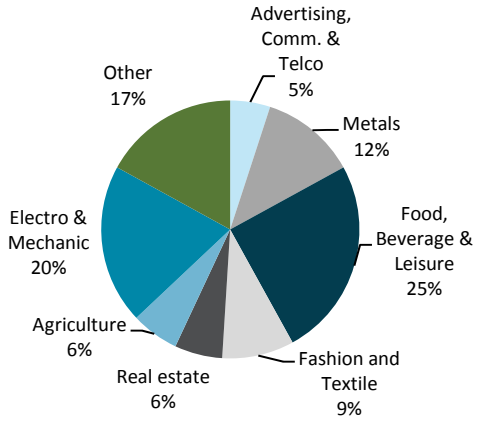
Split by Type



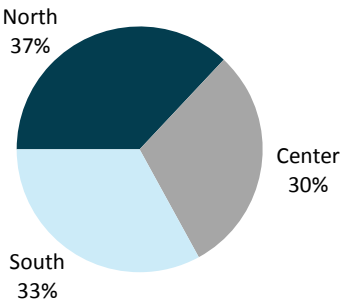
Split by Geography



Split by Industry



Split by Geography



Outstanding as at 30.06.2015

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1H 2015 – Income Statement*

Income Statement - €/000	1H 2015	1H 2014	Change
Net Interest income	28,951	24,057	20.3%
Net commission income	5,853	5,560	5.3%
Dividends	-	33	nm
Trading income	2,060	3,431	-40.0%
Total income	**36,864**	**33,081**	**11.4%**
Loan loss provisions	(2,091)	(2,018)	3.6%
Operating income	**34,773**	**31,063**	**11.9%**
Personnel expenses	(6,528)	(5,983)	9.1%
Other admistrative expenses	(8,914)	(9,440)	-5.6%
Net provisions for risk and charges	(10)	(300)	-96.7%
Amortization and depreciation	(154)	(89)	73.0%
Operating costs	**(15,606)**	**(15,812)**	**-1.3%**
Income before taxes from continuing operations	**19,167**	**15,251**	**25.7%**
Profits on equity investments	221	-	nm
Profit before taxes	**19,388**	**15,251**	**27.1%**
Taxe on income from continuing operations	(6,029)	(5,408)	11.5%
Normalized Net income	**13,359**	**9,843**	**35.7%**
Net non recurring items - IPO costs	**(4,743)**		
Net income	**8,616**		

- **NII increase (+20%)** driven by higher factoring volumes, lower cost of funding and higher contribution from CQS/CQP and SMEs loans
- Lower contribution from our short term Italian Government **bond portfolio (-40%)**
- **Personnel expenses**, excluding the non-recurring items, are in line considering the higher headcount **(+17 average FTEs in 1H 2015 vs 1H 2014)**
- **Other admin.** stabilizing
- **€0.2m** profits on equity investments derive from stake in CS Union S.p.A.
- **1H 2015 Net income represents 69% of FY 2014 Net Income**

Note: (*) 1H 2015 P&L results do not include non-recurring items.

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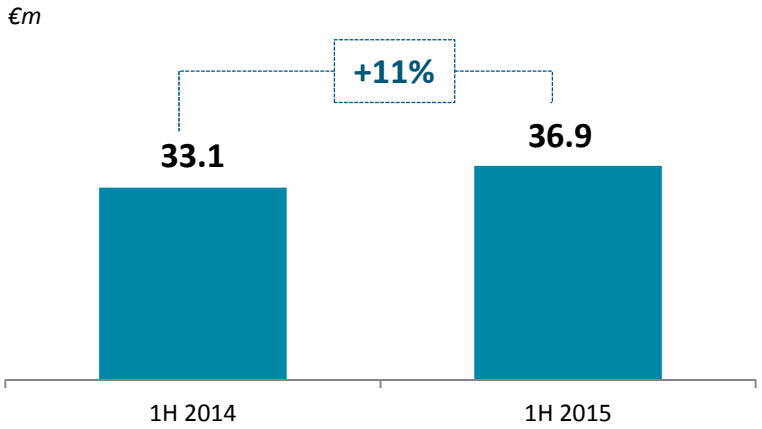
1H 2015 – Balance Sheet

Balance Sheet - €/000	30/06/2015	31/12/2014	Change
Financial assets	917,215	858,070	6.9%
Due from banks	46,013	16,682	175.8%
Customer loans	1,326,403	1,193,754	11.1%
Factoring	***837,687***	***851,856***	***-1.7%***
CQS/CQP loans	***65,367***	***13,228***	***394.2%***
SME State Guaranteed loans	***59,872***	***18,664***	***220.8%***
Repos	*334,554*	*290,316*	*15.2%*
Other	*28,923*	*19,690*	*46.9%*
Equity investments	2,596	2,448	6.0%
Property and Equipment	3,040	3,105	-2.1%
Goodwill	*1,786*	*1,786*	*nm*
Other assets	13,391	7,194	86.1%
Total Assets	**2,308,658**	**2,081,253**	**10.9%**
Due to banks	166,535	821,404	-79.7%
Central banks	*35,000*	*730,020*	*-95.2%*
Banks	*131,535*	*91,384*	*43.9%*
Due to customers	1,991,504	1,153,797	72.6%
Term deposits	*560,195*	*569,410*	*-1.6%*
Repos	*1,093,342*	*238,807*	*357.8%*
Cash accounts	*309,541*	*311,751*	*-0.7%*
Other	*28,426*	*33,829*	*-16.0%*
Debt securities	20,104	20,109	0.0%
Other liabilities	47,224	44,892	5.2%
Shareholders' Equity	83,291	41,051	102.9%
Total Liabilities	**2,308,658**	**2,081,253**	10.9%

- **Stable Govies AFS portfolio with an average duration of 9.3 months**
- **Factoring receivables** in line with the end of 2014, despite faster payments
- Reduced exposure to ECB and increased funding from **Repo market** due to lower financing cost
- Stable **Retail term deposits and cash accounts**
- **Debt securities** comprised of: LT2 subordinated bond (€12m) and AT1 (€8m)
- **Shareholders' equity** including the effect of the €37.5m capital increase
- **Total own funds at €102m (TCR 22.2%) and of the CET1 at €82m (ratio 17.9%)**

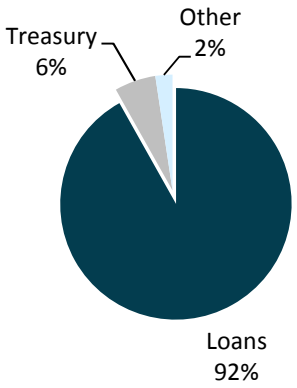
Strong revenues supporting earnings growth

Total income

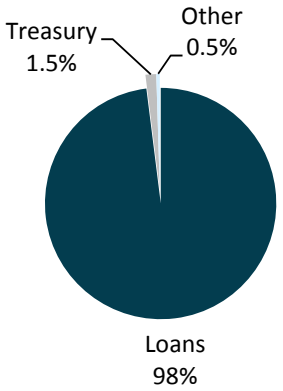


Interest income Split

€38.1m 1H 2014



€40.5m – 1H 2015

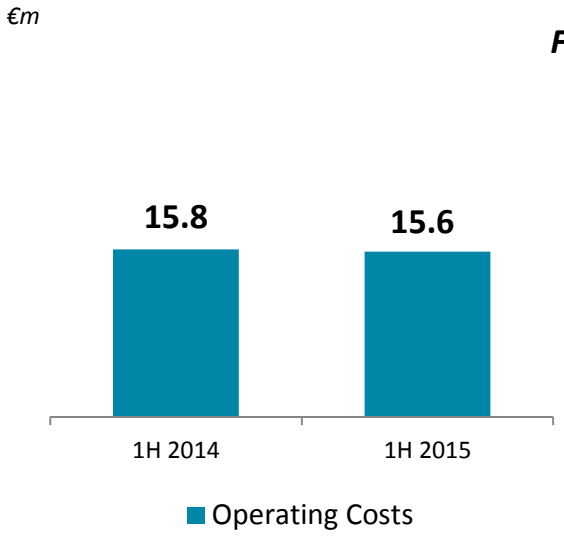


- Net interest income representing 79% of the Total Income up +20% y/y
- Reduced contribution from the carry trade, from €1.5m in 1H 2014 to €0.8m in 1H 2015
- Interest income up y/y across all business lines: factoring; CQS/CQP and SMEs loans. Increased weight from non factoring products: ~6% of Interest income in 1H 2015
- Retail funding cost is 100bps lower y/y, 240bps in 1H 2015 vs 340bps in 1H 2014, despite a conservative liquidity buffer
- Factoring net commissions up 12.0% y/y net of origination fees, from €4.8m to €5.4m, due to higher volumes of fee-based factoring products
- Trading income down from €3.4m to €2.1m respectively in 1H 2014 vs. 1H 2015

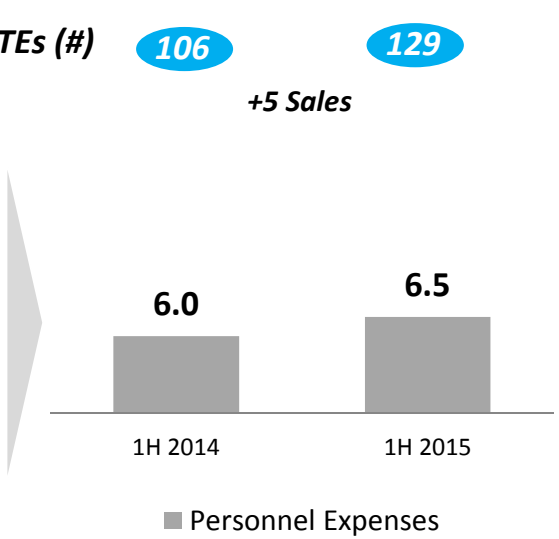
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Scalable platform and IT infrastructure

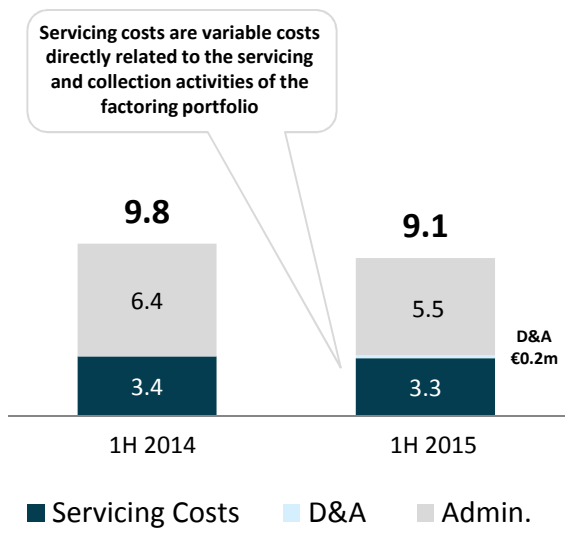
Operating Costs[1]



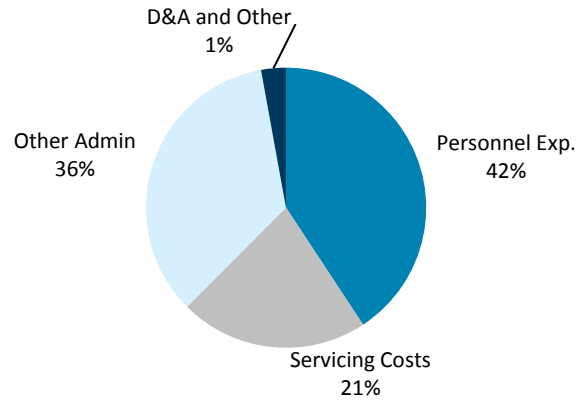
Personnel Expenses[1]



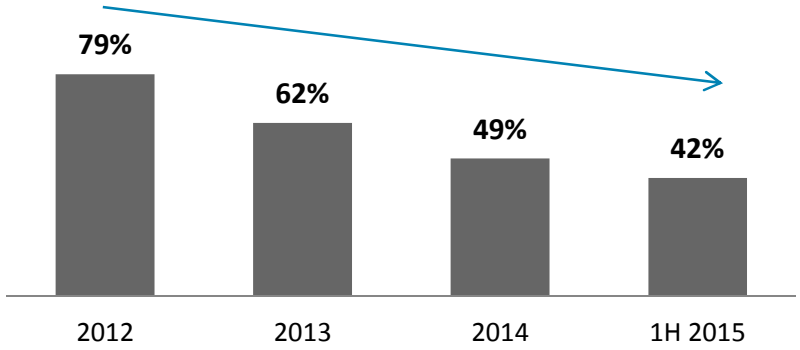
Administrative Expenses, Servicing Costs, D&A [1]



Operating Costs Breakdown[1]



Cost Income Ratio[1]

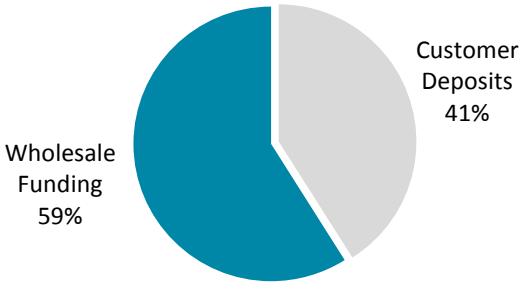


Note: 1. 1H 2015 Costs and related ratios do not include non-recurring items.

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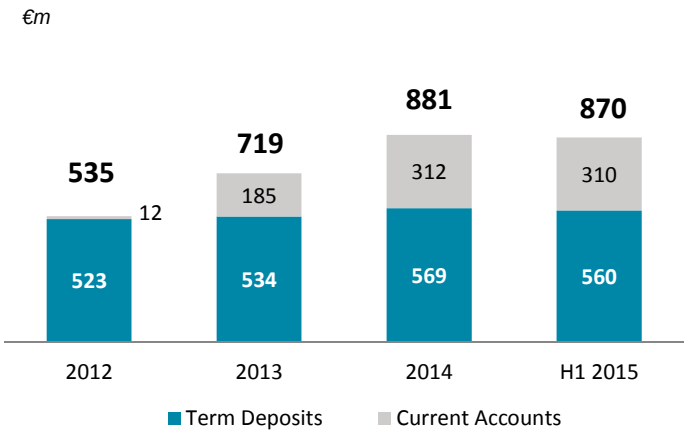
Funding Overview

Funding Breakdown



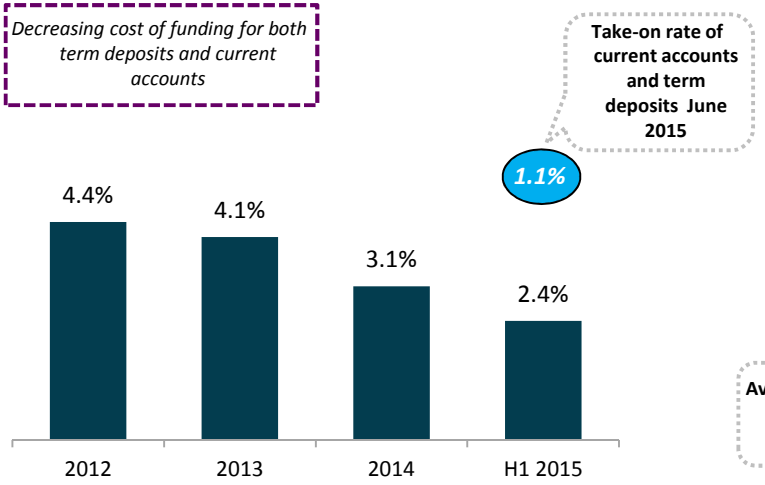
Wholesale funding is composed primarily of funding from Repos/CC&G and ECB with an average cost close to 0%

Customer Deposits Evolution

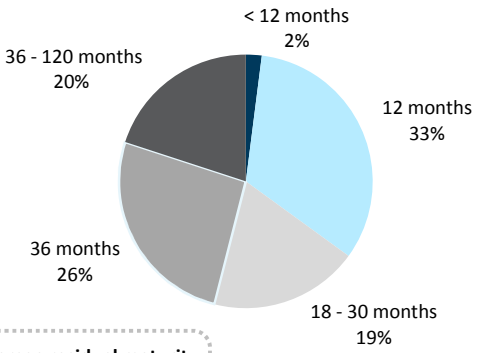


Retail Cost of Funding[1]

Decreasing cost of funding for both term deposits and current accounts



Term Deposits Maturity Profile



Average residual maturity of deposits is c.15.5 months

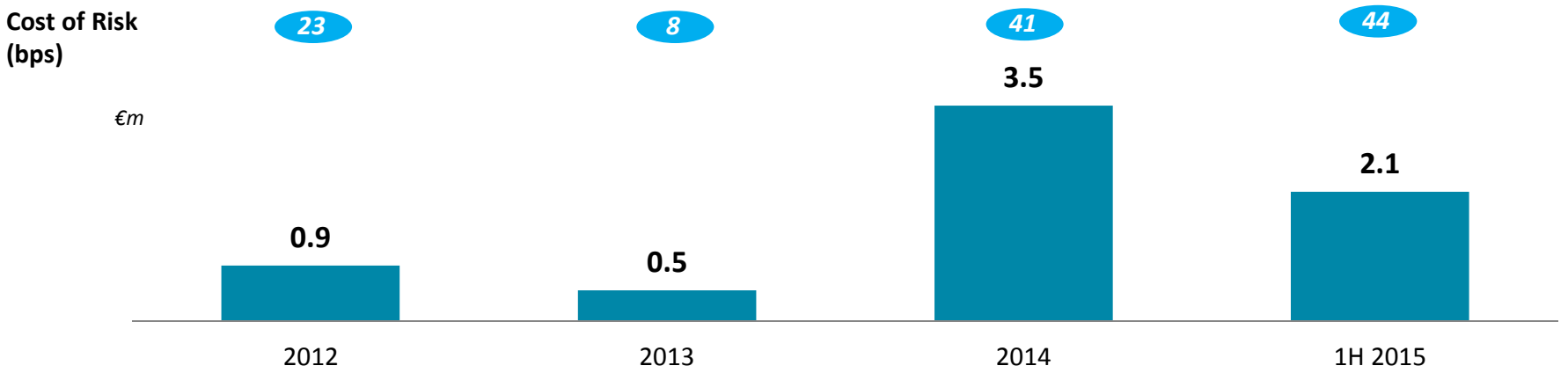
- Funding strategy focused on diversifying financing sources and optimising cost of funds
- Access to wholesale markets including ECB, Interbanking and Repo funding
- €0.8bn of customer deposits as of 2014 with a 64%/36% term deposits /current accounts split
- Long term maturity profile with c.65% of term deposits above 12 months and an average deposit size of €49k

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

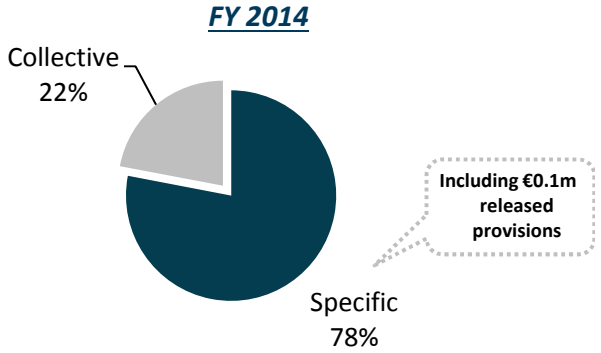
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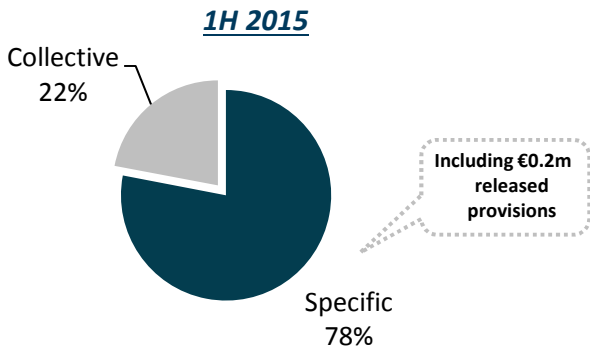
Conservative provisioning policy with no credit losses since 2011

Cost of Risk and Loan Loss Provisions



Loan Loss Provisions Split





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