

PRESS RELEASE

BANCA SISTEMA: ACQUISITION OF THE GOLD/JEWELRY-BACKED LOANS BUSINESS LINE OF GRUPPO INTESA SANPAOLO

Milan, 18 November 2019

Banca Sistema has signed today a binding agreement for the acquisition of the gold/jewelry-backed loans line of business of Intesa Sanpaolo S.p.A. Group.

The business unit generates profits, comprises about 60 million euro in loans and six branches (Turin, Naples, Florence, Mestre, Parma and Civitavecchia). The loans, stable in the last two years, have generated a total income of about 9 million euro.

Banca Sistema Group is active in the market of gold/ jewelry-backed loans through the subsidiary ProntoPegno S.p.A., which to date has 10 million euro in loans. The network of ProntoPegno is made up of six branches (Rome, Milan, Naples, Rimini, Palermo and Pisa).

Gold/jewelry-backed lending is a highly profitable business, with a low capital absorption thanks to the collateral assets mainly represented by gold. While maintaining its focus on assets featuring a high return/low risk profile, this acquisition allowed the Group to make a considerable stride forward within this business and to strengthen its market positioning. The six branches coming with the business unit will combine with those of ProntoPegno, thus achieving a greater geographical diversification.

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The transaction, valued 34 million euro, includes a goodwill, will be carried out by the subsidiary ProntoPegno, which is going to be adequately capitalized.

Some banking Foundations, once obtained the approval from their boards, will acquire a stake in ProntoPegno, without affecting Banca Sistema's control over the company.

To date the estimated impact of the acquisition on the CET1 ratio comes at about -170/180 bps relative to the regulatory figure at 30 September 2019 and has not been included in the 2018-2020 Business Plan. As communicated on 30 October 2019 (see the press release for more details on the regulatory capital), the pro-forma CET1 ratio at 30 September 2019 was 13.4%.

Post-acquisition, the gold/jewelry-backed lending business will generate a net income/RWA above 5% higher than the current level of Banca Sistema Group.

The deal is subject to prior authorization by the competent authorities. Further details will be communicated later.

Gianluca Garbi, CEO of Banca Sistema, remarked: *“This acquisition is in tune with the Group’s growth strategy and with our constant strive to seize market opportunities, employing our excess capital to the best advantage and, since the parent company is a bank, a low cost of funding. The deal, which does not forestall the growth of our other core businesses, positions ProntoPegno as a leading player in the gold/jewelry-backed loans business in Italy and will allow us to consolidated the investments we made up to now in this sector, unleashing the value of the resources we acquired and generating a double-digit RoAE.”* He then added: *“I am particularly glad that some Foundations intend to seize the opportunity provided by this investment, which, in addition to being profitable, is by its own nature consistent with the purposes they pursue. First recorded in the Middle Ages, pledges and collateral loans represent the origin of banks, of which today the Foundations – once Monti di Pietà – are shareholders. Today, given the current economic crisis, this historic source of credit is as modern as ever.”*

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Banca Sistema

Banca Sistema, founded in 2011 and listed in 2015 on Borsa Italiana’s Star segment, is a financial institution specialized in purchasing trade receivables owed by the Italian Public Administrations and tax receivables, and engages in consumer credit through salary- and pension-backed loans and gold/jewelry-backed loans. The Bank engages in the salary- and pension backed loans business by purchasing loan pools and through the direct origination of the QuintoPuoi product. The gold/jewelry-backed lending business is carried out via the fully-owned company ProntoPegno S.p.A. The bank offers also deposit products to a base of about 35 thousand customers, with an offering that includes current accounts, deposit accounts and securities accounts, in addition to other services as credit management and recovery, bank guarantees and security bonds, PA receivables certification and e-billing. With head offices in Milan and Rome, Banca Sistema is also present in Bologna, Pisa, Naples, Palermo and Rimini, has 210 employees and relies on a multichannel structure.