

PRESS RELEASE

BANCA SISTEMA: POSSIBLE ADVANCE OF THE APPLICATION OF A LOWER RISK WEIGHTING FOR SALARY- AND PENSION-BACKED LOANS

Milan, 28 April 2020

Among the various proposed measures to mitigate the economic impact of the Covid-19 across the European Union, the European Commission has presented today an amendment to Regulation EU 876/2019 ("CRR 2") intended to advance the coming into effect of the regulation on the risk-weighting reduction for salary- and pension-backed loans (originally due on 28 June 2021).

The Commission counts on the full cooperation of the European Parliament and the Council, due to discuss these measures, and has recommended they deal with these initiatives as a matter of urgency and adopt them already in June.

As already communicated in the past, the change involved a reduction of the risk weighting for loans secured by one fifth of salary and pension payments to 35% from the current 75%.

At 31 December 2019 (as communicated on 7.2.2020), after factoring in the estimated impact from the risk-weighting reduction for salary- and pension-backed loans, the Group's capital ratios came in as follows:

- pro-forma CET1 ratio 13.9%¹;
- pro-forma TIER 1 ratio 14.6%;
- pro-forma Total Capital ratio 17.8%.

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As communicated on 9 March 2020, based on the results of the Supervisory Review and Evaluation Process (SREP), the Group's consolidated capital requirements to be complied with in 2020, based on phase-in criteria, are:

- CET1 ratio 7.75%;
- Tier 1 ratio 9.55%;
- Total Capital ratio 11.90%.

¹ The regulatory CET1 ratio at the same date was 11.7%.

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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 QuintoPuo 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 215 employees and relies on a multichannel structure.