



**S P A X S**

**Strategic Plan 2018 - 2023**

**Corrado Passera**

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Chief Executive Officer

## A strong team...

Corrado  
Passera



CEO

Andrea  
Clamer



NPL Division

Enrico  
Fagioli Marzocchi



SME Division

Francesco  
Mele



CFO & Central  
Functions

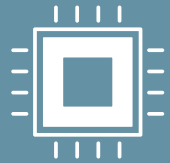
Carlo  
Panella



Direct Bank Division  
and Digital & Ops

...fully committed to building a specialised new paradigm bank

# Four major forces are reshaping the banking industry



New digital technologies



Powerful new entrants



New stricter regulations



Monetary policy

Banking industry



## Losers

Small, mid-sized "generic" banks



## Possible winners

Large banking groups



## Winners

- Specialised banks
- New paradigm banks



# We are building a specialised bank focused on three large and underserved markets

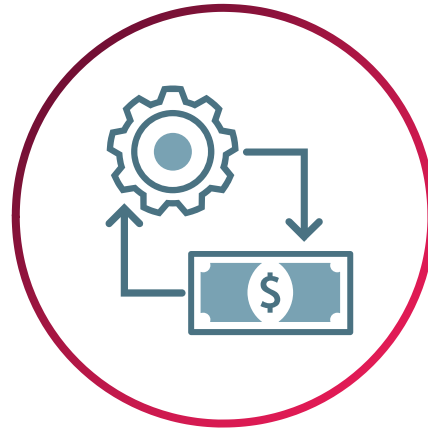
## Small and Medium-sized Enterprises (SMEs)



**~€350bn<sup>1</sup>**

Crossover financing  
Invoice financing  
Unlikely-to-Pay loans

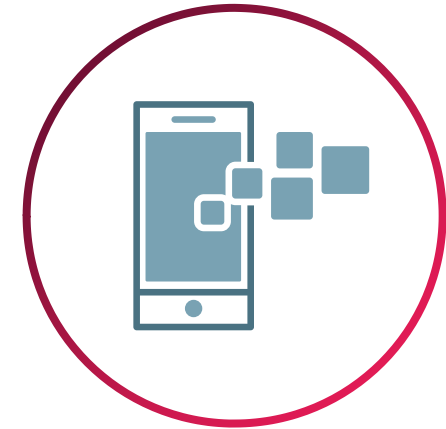
## Non Performing Loans (NPLs)



**€135bn<sup>1</sup>**

Corporate NPL  
transactions 2018-2023

## Direct Banking



**24 million<sup>2</sup>**

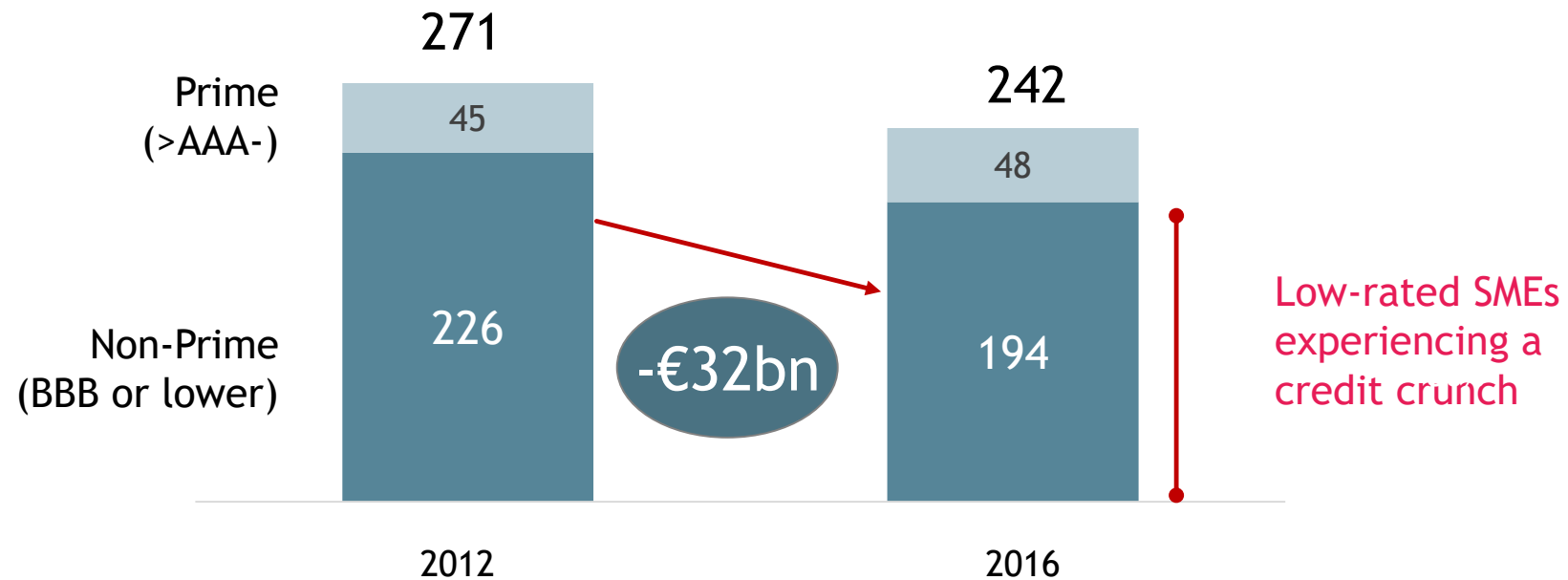
Retail and Corporate  
digital bank users

1. Market estimates based on various sources (e.g. Banca d'Italia, Cerved, Assifact) 2. CheBanca! Digital Banking Index 2017, Banca d'Italia.  
Note: see Disclaimer attached at the end of this document

# Credit to SMEs has dried up



Evolution of customer loans to Italian SMEs<sup>1</sup> by credit rating (€bn)



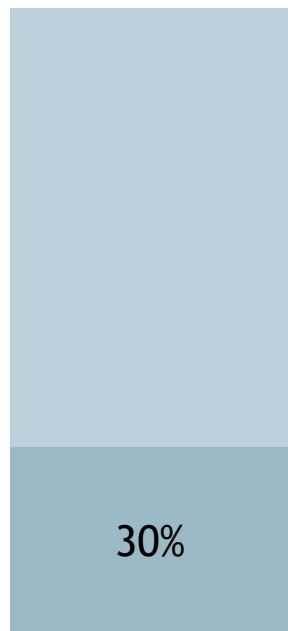
1. The analysis excludes large enterprises (Turnover over 50+ €M) and micro business (turnover below 2 €M)  
Source: elaboration on Cerved data, see Disclaimer attached at the end of this document

# Unlikely-To-Pay transactions to grow rapidly



## UTP stock 2017

~ €100bn<sup>1</sup>



Priority targets for our bank<sup>2</sup>

## Key drivers

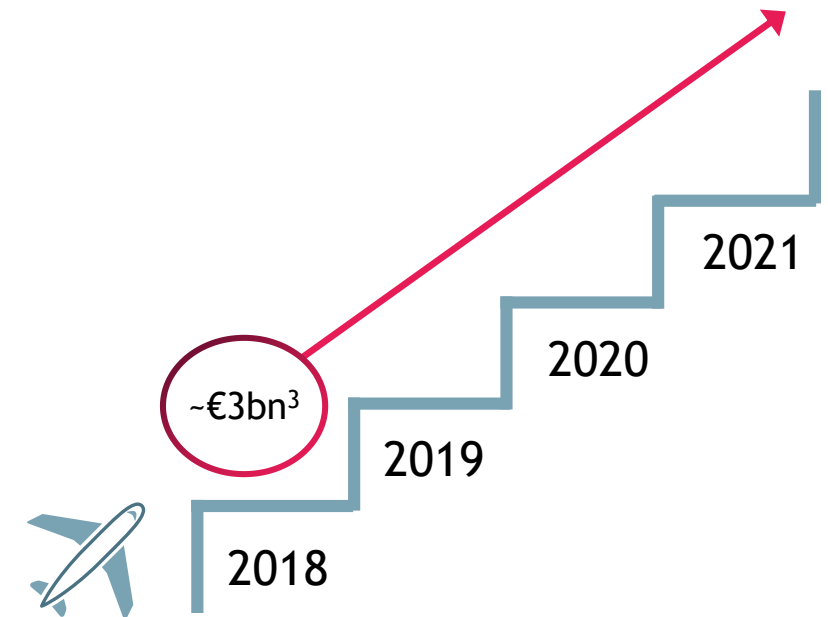
Derisking

Deleveraging

IFRS 9

ECB addendum

## UTP transactions

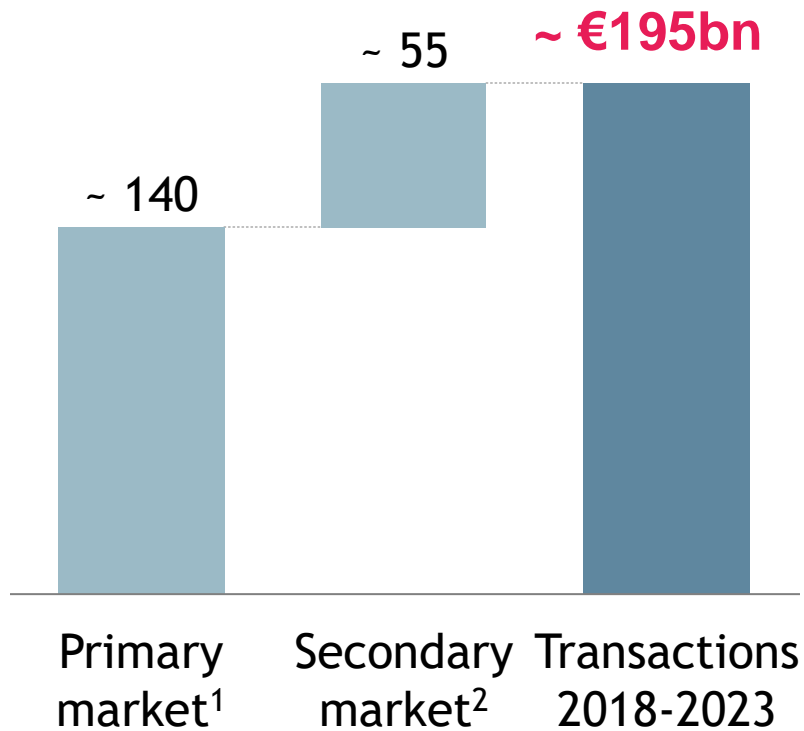


1. Market estimates based on various sources (Bank of Italy, PwC) see Disclaimer attached at the end of this document. Excluding ca €10bn of particularly distressed UTP (~1/4 of the €35-45bn Corporate UTP with EBITDA margin <10%) considered as NPLs. 3. PwC The Italian NPL Market June 2018 (excluding ca. €14bn of large institutional transactions)

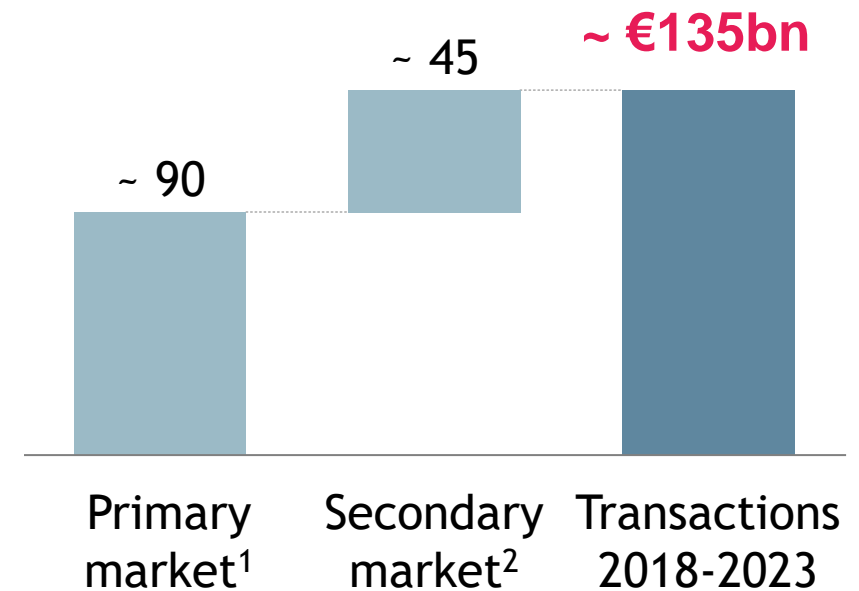
# A dynamic Italian NPL market



Total NPL market transactions



Corporate NPL market transactions

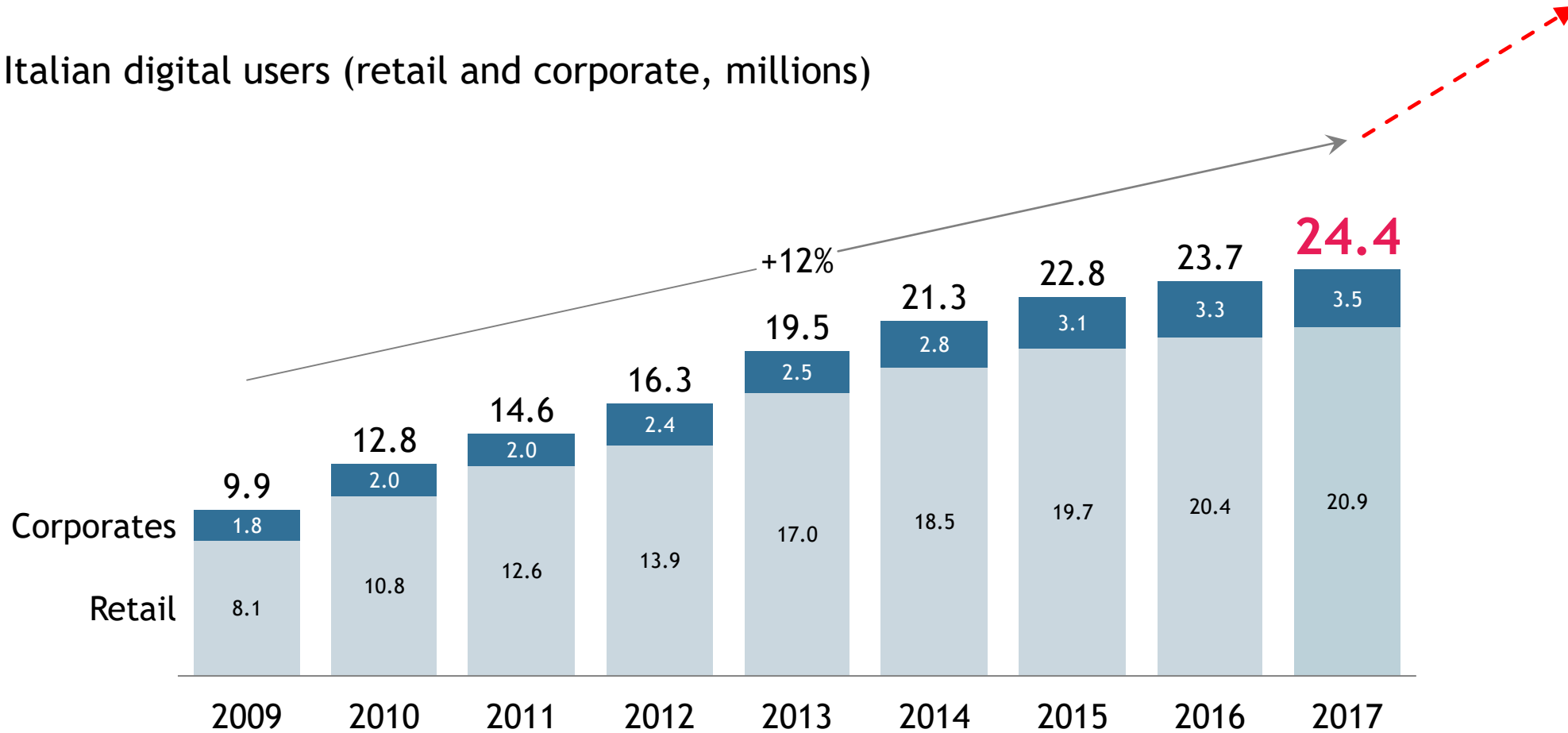


1. Bank of Italy (Statistic report March '18) 2. Secondary market equal to ca. 40% of primary market based on various sources, see Disclaimer attached at the end of this document

# Booming digital banking users



Italian digital users (retail and corporate, millions)



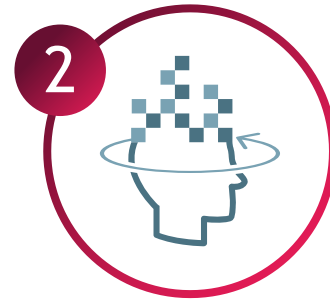




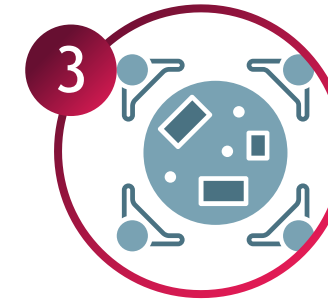
# We are building a new paradigm bank with strong competitive advantages



Zero-legacy  
bank



Fully digital  
bank



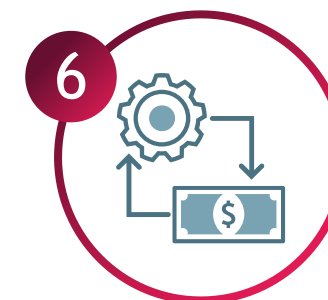
Top integrated  
skills



New customer  
channels



Lean & fast



Clear cost  
advantages



## A zero-legacy bank



### Incumbents

Need for deleveraging and de-risking

Cope with restructuring and cost cutting, whilst adapting their business model

Manage internal conflicts and cannibalisation

Implement IT systems redesign and migrations

### New paradigm bank

No portfolio legacy

Tailored business model from the beginning

No customers or products to cannibalise

A new best-in-class platform



2

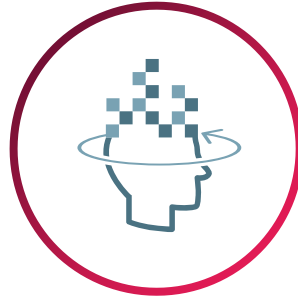
## A fully digital bank



### Open platform

Totally modular:  
no legacy today,  
no legacy in the future

Mix of in-house and third-party products



### Everybody's digital

Line, staff and IT responsibilities fully integrated

Software factory as a shared responsibility



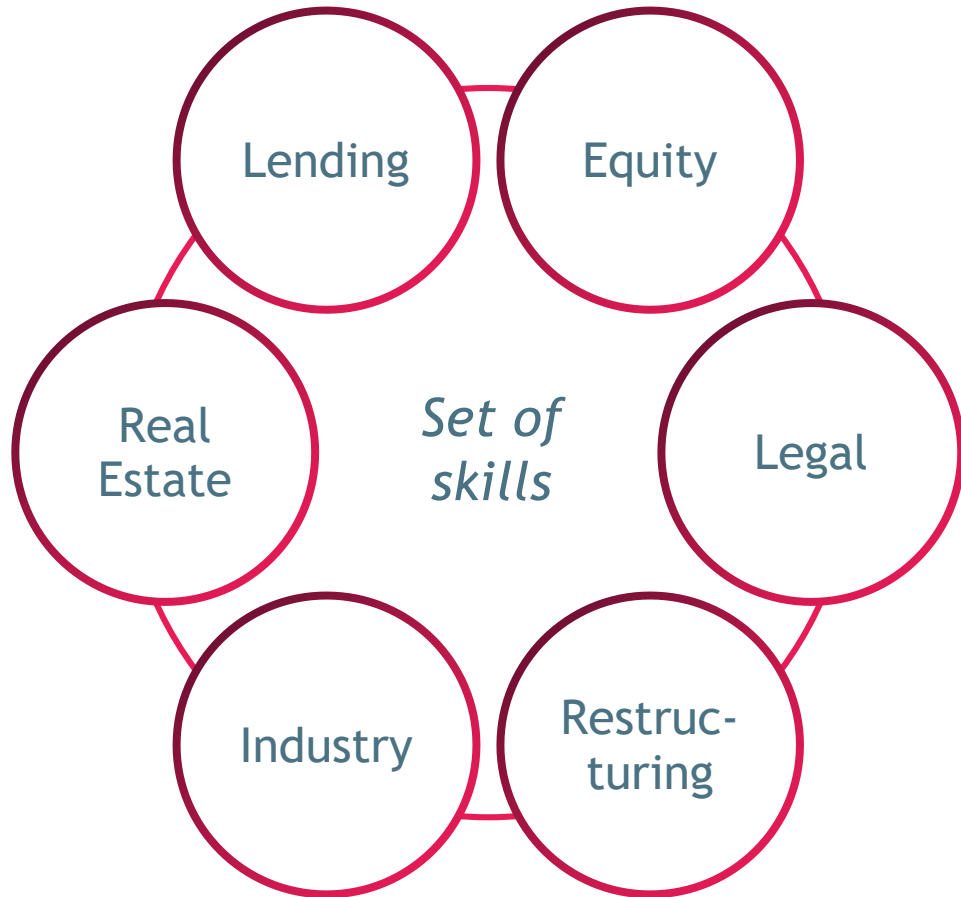
### Data driven organisation

Internal and external sources

Big data/fast data  
Machine learning & AI  
Data analytics



## Top integrated skills to cover diversified yet linked markets



Performing loans



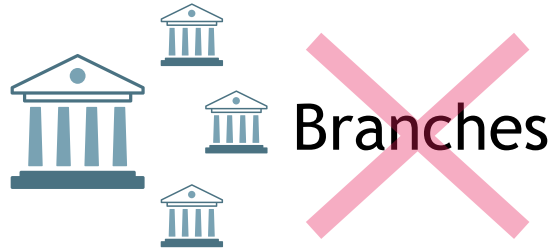
Unlikely To Pay



NPL



## A new way to interact with our customers



~~Branches~~



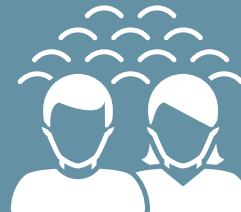
~~Responding machines~~  
~~Low-level call centres~~

### Tutors



- Consolidated experience in specific industries (including as former executives)
- 360° support for SMEs with deep understanding of clients' financial and industrial needs

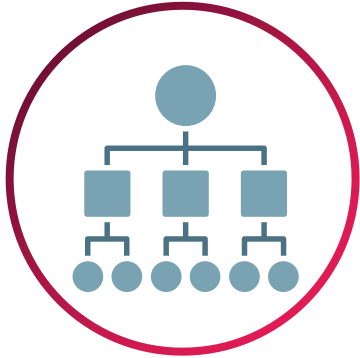
### Customer centre



- Human contact centre
- AI assistance to predict and manage customers' issues and requests



## Lean & Fast



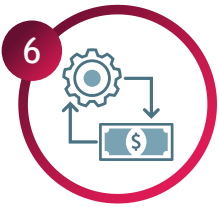
"Flat" organizational charts



Clear responsibilities



Very rapid response time



# Our cost advantages vs. "Old" and "New" competitors



## Our bank

vs.

Lower cost/income  
(below 30%)



Traditional banks

Lower cost of funds







New players  
(non-banks)

Private Equity, Credit Funds, Distress Funds...

Higher leverage



## Our targets

	2020	2023
 Total Assets	€3.8 - 4.6 bn	~€7 bn
 Net Profit	€40 - 50 m	~€300 m
 ROE	6 - 7 %	~25 %
 CET1 Ratio	>15 %	>15 %





Strong risk  
management



## Solid ALM

maturity matching between assets and liabilities



## Strong liquidity

with LCR >130% and NSFR > 120% across the business plan horizon



## Limited exposure to government bonds

below 10% of total assets, low duration, exposure to single country below 3-4% of total assets



## Sound governance

underwriting committee with independent experts, highly qualified Directors



Investors first



Sponsors will earn on their shares only after **substantial shareholder returns...**

...and will pay also for top **managers' incentives**



**Management variable compensation** represents a high percentage of total...

...and will be **paid only after breakeven at group level**



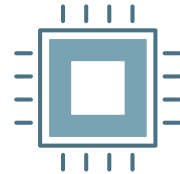
All **employees will be shareholders**



Making this real:  
achievements so far

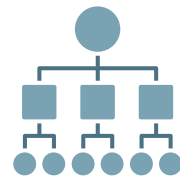


Thanks to acquisition of Banca Interprovinciale **we will be in business immediately** (3Q 2018)



**New IT systems in place in less than 12 months**

- Upgraded BIP IT system (4Q 2018)
- New fully digital bank (2Q 2019)



**Key managers already fully engaged** and organisational charts almost completed



**Market opportunities** already identified

# Thanks to the acquisition of Banca Interprovinciale we will be in business immediately



On 12 April, acquisition of **99.3%** of Banca Interprovinciale



Investment of **€55m**, 80% paid in cash



An **SME-focused bank**, rooted in Emilia-Romagna



A **lean, clean** and **profitable** bank with solid regulatory capital and sound asset quality



€326m

Customer loans

51%

Cost/Income ratio

€529m

Customer funding

3.1%

Net NPE ratio

€60m

Net Equity

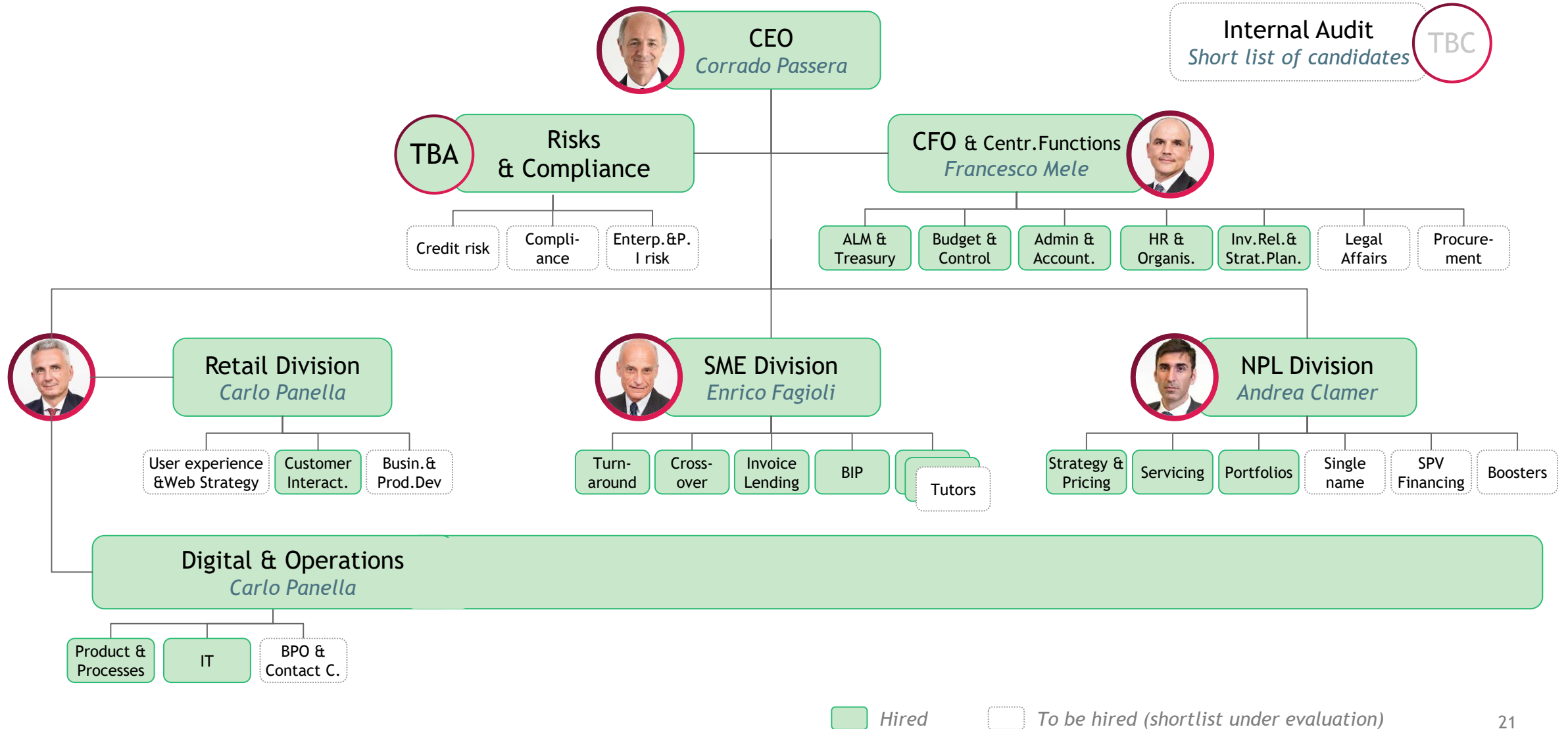
17.3%

CET1 ratio

~6%

ROE

# Key managers already full engaged



# Investment case

## Our bank in 2023

Total Assets (€bn)	7.0
Net Income (€m)	300
Equity (€bn)	1.2
RoE	~25%

### A top web bank with best customer experience

Active customers	200,000
Retail deposits	€2.1 bn

### A leader in SME specialist lending

Invoice Lending Annual turnover	€4.2 bn
UTP Cum. Acquired GBV	€4.4 bn
Cross over Cum. origination	€2.4 bn

### A leader in corporate NPL purchase and servicing

Cum. NPL Purchase(NBV)	€3.0 bn
Serviced AuM (GBV)	€11.8 bn

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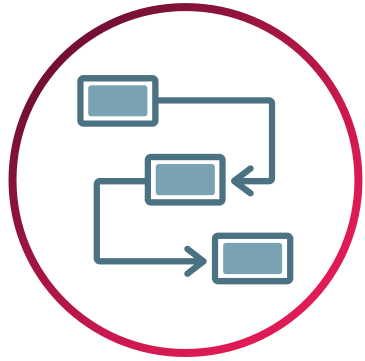
**Corrado Passera**

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Closing remarks



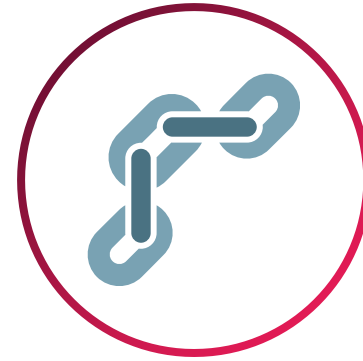
## Closing remarks



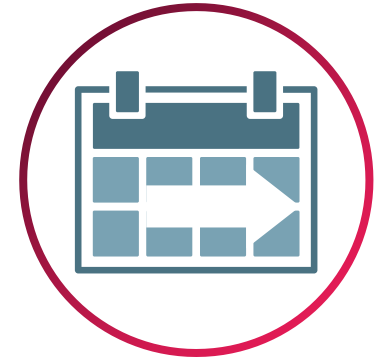
Low execution  
risk



Rapid  
deployment  
of capital



Resilient  
business  
model



Ahead of  
schedule

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