

Investor Presentation

Milan, 20 July 2018

Carlo Panella – Direct Bank Division Speech

Slide 1

Good morning, and thanks to Corrado for his introduction. In the next slides, I will take you through Direct Banking and Digital & Ops division strategy and objectives

Slide 2

Our Direct Banking Division represent the direct presence of the New Bank on the market.

It will act with two different roles:

- Full direct bank for retail customers
- Direct channel for SME's working with us for credit

Its competitive arena will be customer experience rather than products: that's the reason why customers will choose the new bank. Coherently with this positioning, the goals will be:

- Ease customer's life for everyday financial needs
- Provide an excellent customer experience and being recognized for it
- Last, but not least, collect stable deposits to fund SME and NPL businesses

Slide 3

To achieve the above mentioned goals, the bank will have three objectives:

- **Business:** gain 2.1 billion euros in deposit, stable deposit
- **Service:** Top of market direct banking services for SME and Retail
- **Asset value:** create a brand recognized on the market as best in class in its competitive arena. This is a value that will be included in company value

Slide 4 - Offering

Going to products, the new Direct Bank will cover 4 areas:

- Savings
- Payments
- Digital CFO
- Retail landing and insurance

The common denominator will be simplicity

Slide 5 – Saving

Deposits will be both sight and term for retail and SME. Average duration will be around 3 years. Rates will be linked also to cross selling and to customer profile.

Differentiation will be through:

- Competitive rates
- Configurability of products

Slide 6 - Payment Hub

The new bank will provide to Retail Customers all main payment systems:

- Current account
- Debit and credit card
- IBAN card

There will be also all mobile payments: apple pay, Samsung pay and so on. But this is quite common. The difference will be in how we will put together all these tools in one hub that will make the difference.

It will make extensive use of technology to create a unique customer experience transforming transactions into conversations and will lever on new PSD2 rules to put all customer's accounts in one single place. It will have different features:

- PFM and budgeting
- Online payments
- Advisory for payments using AI and ML to anticipate needs and expenses

Slide 7 – Digital CFO

Going to SME specific services, the new bank will provide a "Digital CFO section in its direct channel. It will be the trait d'union between the Company, The new bank and the tutor. It will provide a new way to interact between the bank and the company enabled by the integration with ERP systems. It will take all the information that will allow The Bank to provide a better credit and service in general and it will give back value in terms of:

- Reporting systems using templates
- Business planning features
- Electronic billing
- Invoice financing

We are in the design phase, and we have involved several customers to design the Digital CFO together with potential users

Slide 8

To complete service offering for retail customers, the Bank will provide also retail lending and insurance product. To be simple and not to use deposit for low margin retail lending, the bank will distribute third party products. Product providers will be chosen among those who allow online selling with excellent customer experience, simple product structure and convenient pricing

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As in other areas, technology will drive experience, but technology won't let customer alone when facing The Bank.

On one hand we will use Machine Learning to automate process, Artificial Intelligence to anticipate behaviours and other technologies to enhance contacts. On the other side, our bank will be human. A powerful, innovative contact center will always be there when the customer needs support or advisory for the products.

The contact center will be based within the bank because we want it integrated with other colleagues in order to be "part" of the bank, and not an external service provider.

Slide 10

Let's now describe how we will get results, and which are the main objectives in terms of figures. As Direct Bank needs advertising to acquire customers, we put 50 million of euros in communication along the 5 years plan. Of these, 37 million will be directly linked to customer acquisition and will be variable. We have put in the business plan a 10% YoY efficiency in acquisition cost per customer. 13 million are planned to be spent on branding and marketing activities, as part of the value of new bank will be in the brand itself.

With these resources we plan to get 200k customers split by those coming from deposits and those coming for the payment systems

The final result in term of total asset will be 2.1 billion euros

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Looking to main figures and KPI we will disclose periodically, it is important to highlight that direct bank has the main objective to collect deposits and cover communication costs. It is an enabler for other division's businesses.

The Direct bank division will go to break-even within business plan period, having 5 million of gross profit and covering also all communication costs.

Slide 12

Also for Direct Banking, we already started activities and we have set the basis to start very fast. Ideas are clear in term of products, channels and communication. Some key managers have been identified and some commercial agreements are in the pipeline

Slide 13

Our road map ahead: by H218 we will have completed the design offering, defined the marketing plan and campaign and hired 15 resources. By H119 we aim to launch a new brand on retail market, a new digital product offering and the first acquisition campaign. By H219 we will have completed the third-party product offering