BANCA SISTEMA

1Q 2025 RESULTS

May 9th, 2025

EXECUTIVE SUMMARY

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P&L	▪ **Total income: +60% y/y** (+21% y/y net of LPI's accrual on receivables with positive ECHR's ruling) ▪ **Adjusted interest income: +106% y/y** (+42% net of accrual on receivables with positive ECHR's ruling) driven by **widening in asset spread**, **higher contribution from financial portfolio and lower cost of funding** ▪ **Operating costs: +9% y/y due to higher FTE's and administrative costs** ▪ **Pretax profit: €19mn vs €7mn in 1Q24** despite higher CoR (57bps vs 17bps) ▪ **Net profit: €11.6m vs €4.1m in 1Q24; all divisions** sharply **improved profits: factoring (€13.1m) +64% y/y, pawn broking (€1.4m) +250% y/y , CQ (from €-4.2m to -€2.8m)**
Balance Sheet	▪ **Total assets: -4% q/q** due to **lower financial portfolio** and **a reduction in customer loans. Factoring (-3% q/q)** due to lower exposure to NHS sector and shorter duration of private sector trade receivables, **CQ (-4% q/q)** due to much lower new production and backbook decalage, **pawn broking (+7% q/q)** thanks also to the acquisition of a loan portfolio carried out at the beginning of 2025 ▪ **Retail funding represents 75% of total funding, term deposit +2% q/q**
Asset Quality - Capital ratios	▪ **Gross NPEs: +75% q/q (from €333m to €581m)** mainly due to the new classification of **past due loans (from €101m to €333m)** in accordance with Bank of Italy compliance findings related to "mitigant" adopted by the Bank to reduce the effects of DoD. Actual numbers in line with the forecast communicated on March 21st (€333m vs €337m) ▪ **CET1 ratio phased-in at 12.4% (-87bps q/q), TC ratio at 14.9% (-115bps q/q) due to higher RWA q/q** (from €1,632m to 1,826m) due mainly to new classification of some loans as past due ▪ **Capital buffers vs SREP at 200 on average** (2024 SREP: CET1 ratio 9.9% / TCR 13.4%) ▪ **LCR and NSFR ratio well above minimum requirements**

FACTORING COMMERCIAL PERFORMANCE

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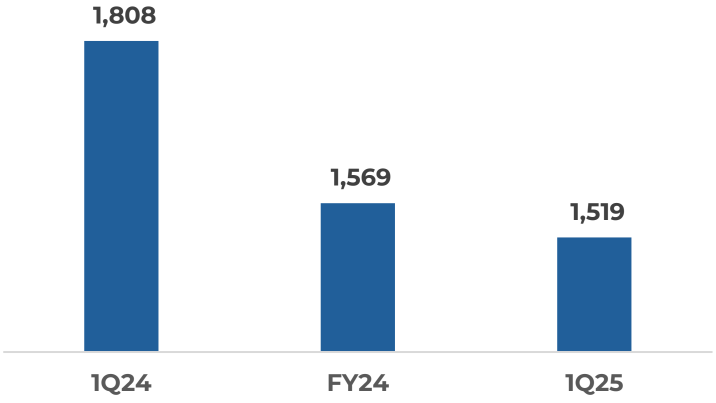
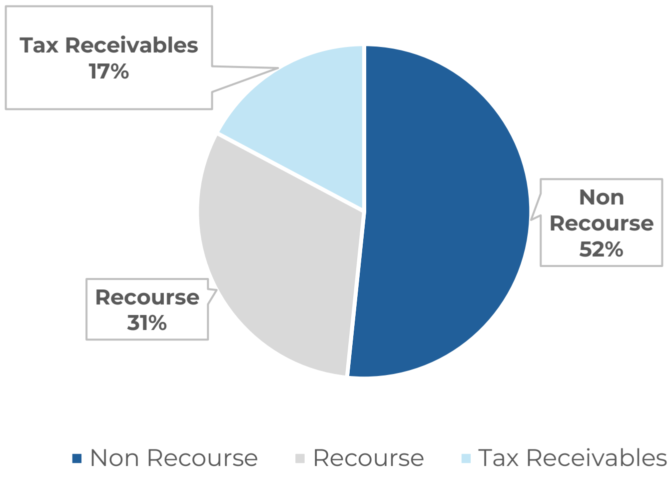
Outstanding breakdown (31.03.2025)[2]

€1,625m

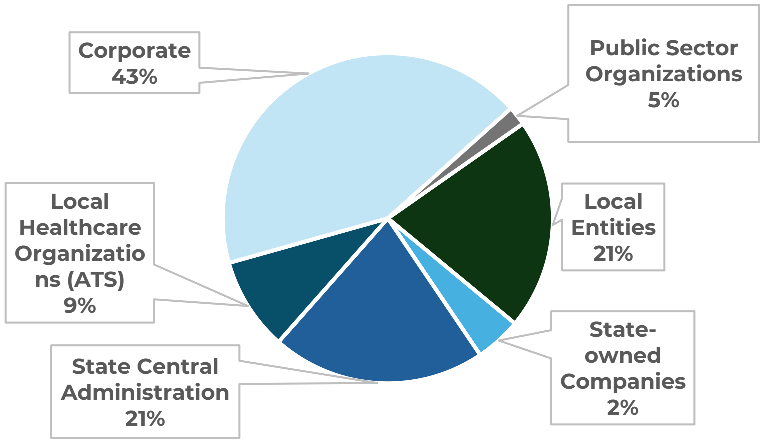
Factoring Loans Outstanding[1]
€ m



By Type of Product
%



By Obligor (%)
PA accounts for 57%



Note: (1) Figures exclude Superbonus tax credits, accounted for in other assets and amounting to €390million as of 1Q25; (2) Factoring outstanding management account. Factoring customer loans, item of the Balance Sheet (slide 5) differ from management account for the following elements: Recourse factoring non-financed portion; Provisions; LPI; deferred income.

CQ AND PAWN LOANS COMMERCIAL PERFORMANCE

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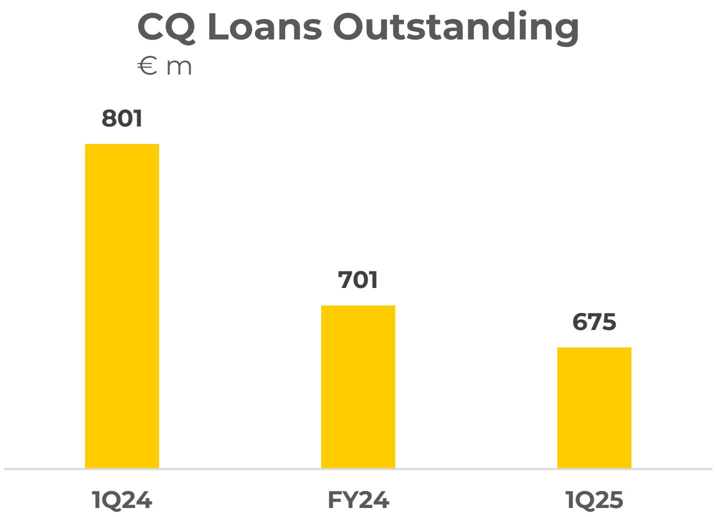

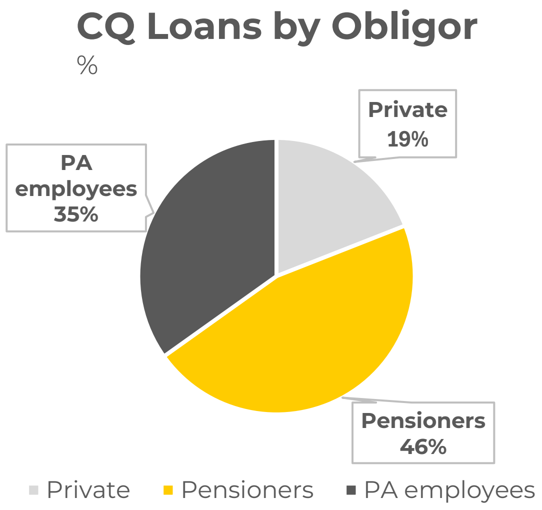

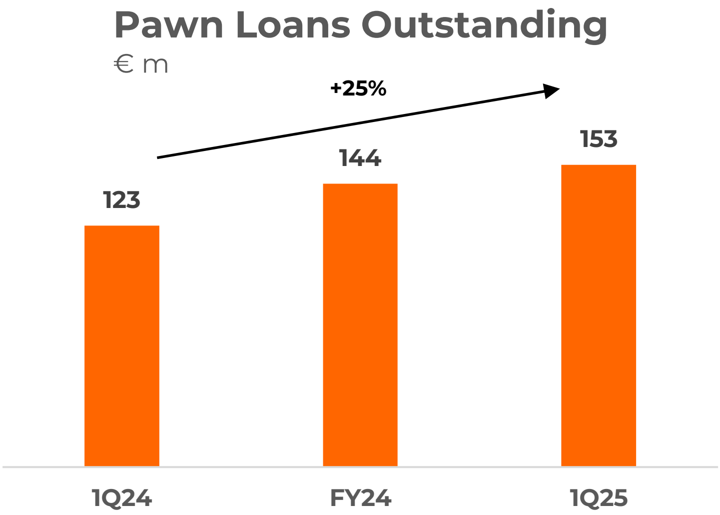

- **€29m turnover in 1Q25 (€56m in 1Q24)**

- **~82k contracts (Italy only) (+16% y/y)**
- **Total turnover in 1Q25 (including renewals): €73.9m (+34% y/y))**
- **#19 auctions in 1Q25, with > 99% of the offers through the APP KrusoK Aste**

1Q25 – BALANCE SHEET

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Figures in millions of Euro

	31.12.2024	31.03.2025	Change in % 31.03.2025 vs 31.12.2024
ASSETS			
Cash and cash equivalents	93	166	77%
Financial assets at fair value through Other Comprehensive Income **[Held to Collect and Sell]**	1,147	1,036	-10%
Loans at amortized cost	**2,811**	**2,701**	**-4%**
Factoring	***1,569***	***1,519***	***-3%***
CQ	***701***	***675***	***-4%***
Pawn loans	***144***	***153***	***7%***
SMEs State Guaranteed loans	*224*	*210*	*-6%*
Other (1)	*172*	*144*	*-17%*
Securities at amortized cost **[Held to Collect]**	62	62	0%
Tangible and Intangible assets	101	102	2%
Goodwill	*45*	*45*	*0%*
Equity investments	1	1	-4%
Other assets(2)	488	447	-8%
Total assets	**4,703**	**4,515**	**-4%**
LIABILITIES AND EQUITY			
Due to banks	**127**	**110**	**-14%**
Due to customers	**3,761**	**3,640**	**-3%**
of which term deposits	*2,565*	*2,618*	*2%*
of which current accounts	*288*	*285*	*-1%*
Debt securities issued	221	171	-22%
Other liabilities	279	266	-5%
Shareholders Equity	**315**	**329**	**5%**
Total liabilities and equity	**4,703**	**4,515**	**-4%**

- **Govies' portfolio decreased ytd (nominal value €1073m vs €1178m as of YE24)** with an average duration of 20 months (16 months as at 31.12.2024), exclusively Italian Government bonds:
  - €1012m 'Held to Collect and Sell', -€105m q/q , with an average duration of 19.8 months (15.2 months as at 31.12.2024).
  - €61m 'Held to Collect', flat q/q, with an average duration of 28.9 months.
- **Loans at amortized cost** €2,701m (**-4% q/q**):
  - **Factoring receivables** at €1.52bn, **-3% q/q** due to the natural decrease in new Superbonus receivables, higher collections and some disposals.
  - **CQ loans -4% q/q**, due to maturities, repayments and lower new production (-48% y/y). Loans were originated only through the Direct Channel (€29m).
  - **Pawn Loans +7% q/q** thanks also to the acquisition of a loan portfolio in January for €8.9m.
- **Due to banks -14% q/q**, due to slightly lower interbank funding and REPOs..
- **Due to customers -3% q/q**, driven by lower Repos from clientele (-170m q/q) linked to lower government bond portfolio q/q; positive contribution from term deposits ("Conto Deposito") for +€52m q/q while current accounts were pretty stable q/q. .
- **Debt securities -22**% **q/q**, driven by lower structured funding with both factoring and CQ receivables collateral.

Note: (1) The item include "Loans to banks" respectively as at 31.03.2024, 31.12.2024 and 31.03.2025 equal respectively to €1.1m, €23.0m and €14.0. (2) Tax credits for 'superbonuses' €290m and €435m and €390m respectively as at 31.03.2024, 31.12.2024 and 31.03.2025.

TOTAL GROSS INCOME AND ADJUSTED INCOME MARGIN EVOLUTION

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1Q25 Total gross income up +10% y/y, with a higher contribution from **factoring (€ 46.4m** or **+€4.5m y/y), pawn loans (€9.5m** or **+2.9m y/y), CQ loans €5.0m** or **+0.4m y/y)** and **decreasing** trend **in SMEs State guaranteed loans (€3.7m** or **-1.9m y/y).**

Higher revenues y/y from **factoring**, mainly due to:

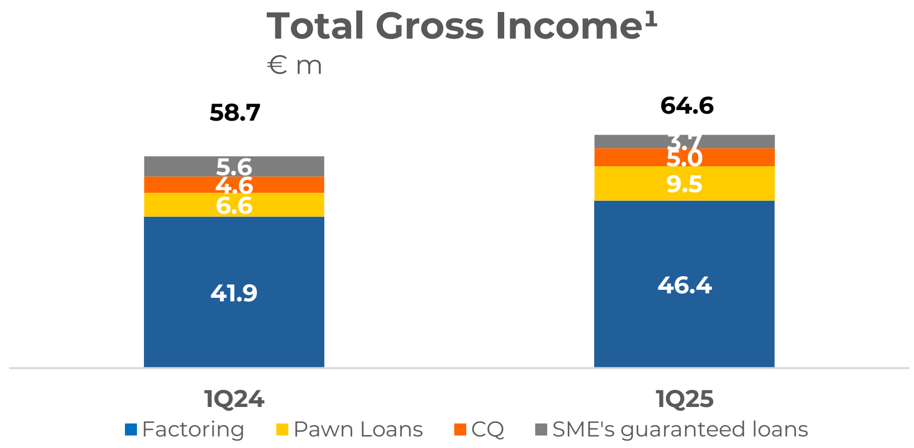
a) higher **commercial loans tax credit & Superbonus** contribution (€28.5m vs 27.2m).

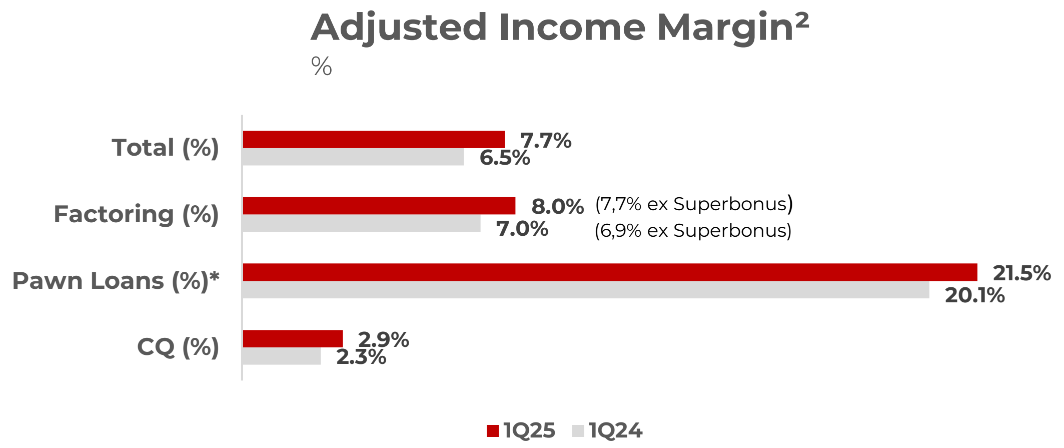
b) lower **factoring LPIs from legal action** equal to €10.7m (€13.3 as of 1Q24):
- of which accrual €7.2m (€10.0m as of 1Q24)
- of which “extra collection” €3.5m (€3.3m as of 1Q24).

c) higher **factoring extra judicial off BS LPI** equal to €7.2m (€1.3m as of 1Q24).

Factoring gross income and adjusted income margin include **€9.1m** revenues from **Superbonus** of which €8.8m from Trading Superbonus.

Adjusted income margin shows a pronounced **improvement y/y (+120bps y/y)** in factoring and pawn loans divisions and it’s worth to highlight a **rebound in profitability also in CQ division**.

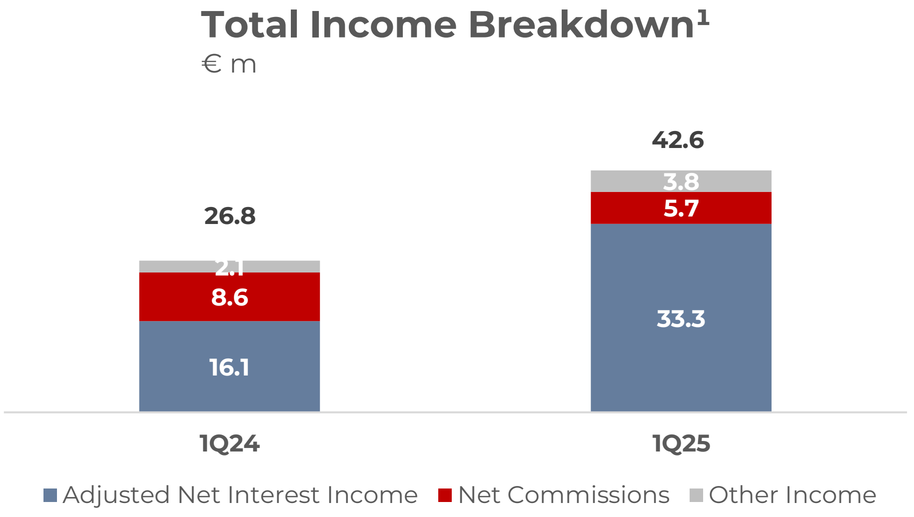


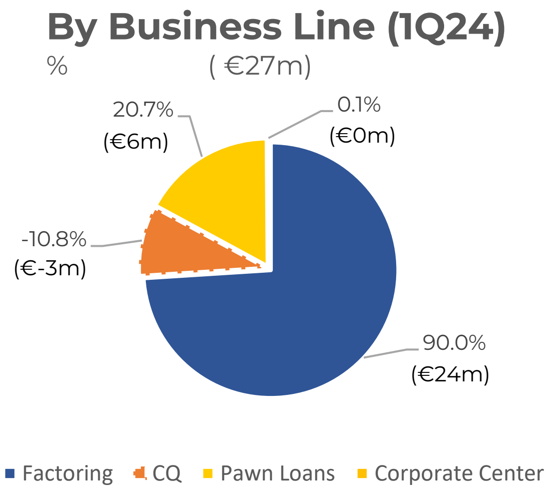


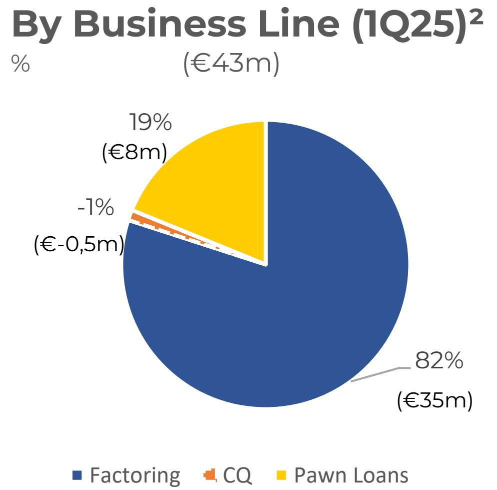
*Note: (1)Total gross income calculated as Period Interest Income + Commission Income + Gain for asset disposals + trading Superbonus - excluding the contribution from securities portfolio, PPA, credit due from banks and Repo (Balance Sheet and Financial Statement figures); (2) Calculated as [Period Interest Income + Commission Income + Gain for asset disposals + trading Superbonus] / [Average net customer loans at the end of the period] - excluding the contribution from securities portfolio, PPA, credit due from banks and Repo (Balance Sheet and Financial Statement figures); / * Adjusted income margin calculated ex auction fees.*

TOTAL INCOME BREAKDOWN

- **1Q25 Total Income up 60% y/y**, thanks to **positive trend y/y in all the divisions, positive contribution from the financial portfolio** and **lower cost of funding y/y.**
- **Adj NII** (NII + trading on Superbonus) increased by 106% y/y thanks to factoring + Superbonus (+23% y/y), Pawn loans (+43% y/y), CQ (+9% y/y) and higher income from financial portfolio (€9.2m vs €0.7m) backed by lower interest expenses (cost of funding equal to 3.16% vs 3.62% in 1Q24).
- **Fees down -34% y/y** due to tough comparison vis a vis last year when few big tickets in the factoring division acquired in 4Q23 generated positive fees in 1H24. In details factoring (-66% y/y), CQ (-47% y/y), Pawn division (+46% y/y).
- **Other Income increased y/y** and includes ca. €0.9m gain from govies portfolio (€1.1m as of 1Q24) and €2.9mn gain from the sale of factoring and CQ ptf (€0.9m as of 1Q24).
- Total income breakdown by divisions: **Factoring** (€35.1m vs €24.1m in 1Q24) **CQ** (€-0.5m vs €-2.9m in 1Q24), **Pawn broking** (€8.3m vs €5.5m in 1Q24
- **Contribution to total net revenues** by factoring division decreased to 82% (90% as of 1Q24), CQ contribution improved almost to zero.







1. Adjusted Net Interest Income = Net interest Income + Trading on Superbonus
2. CQ total income in 1Q25 was negative and equivalent to -1% of total income

COST BASE CONSOLIDATING

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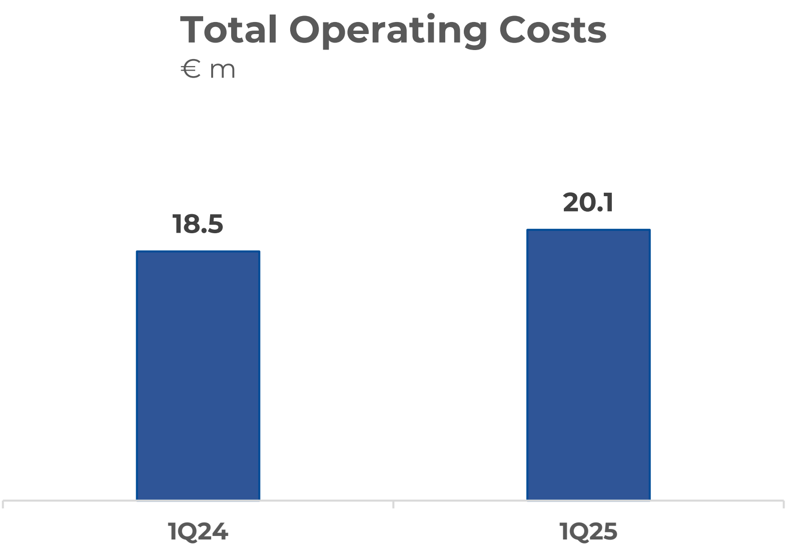
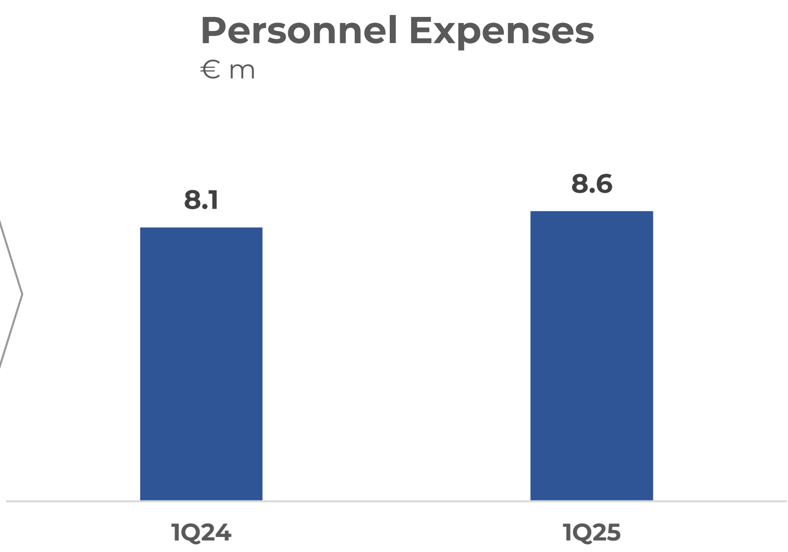
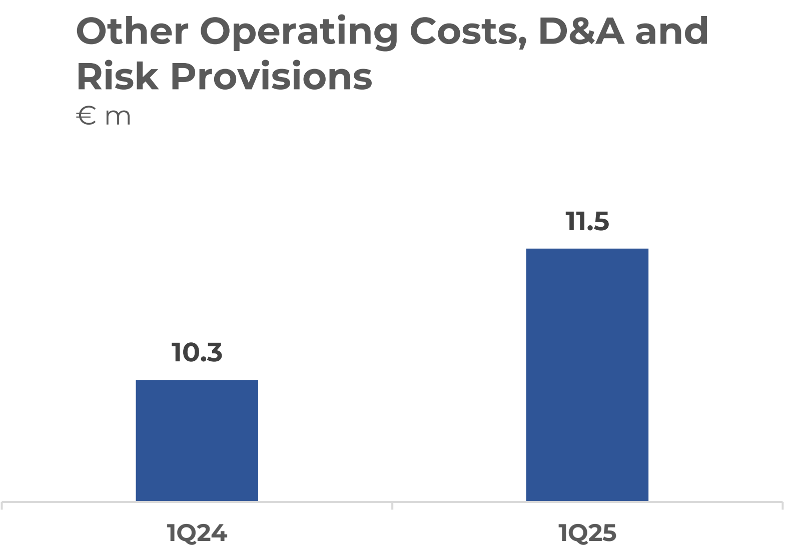
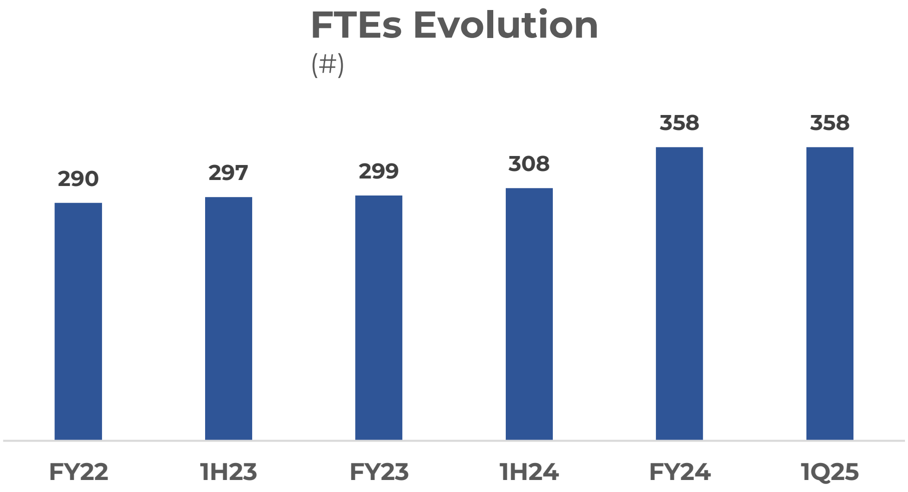


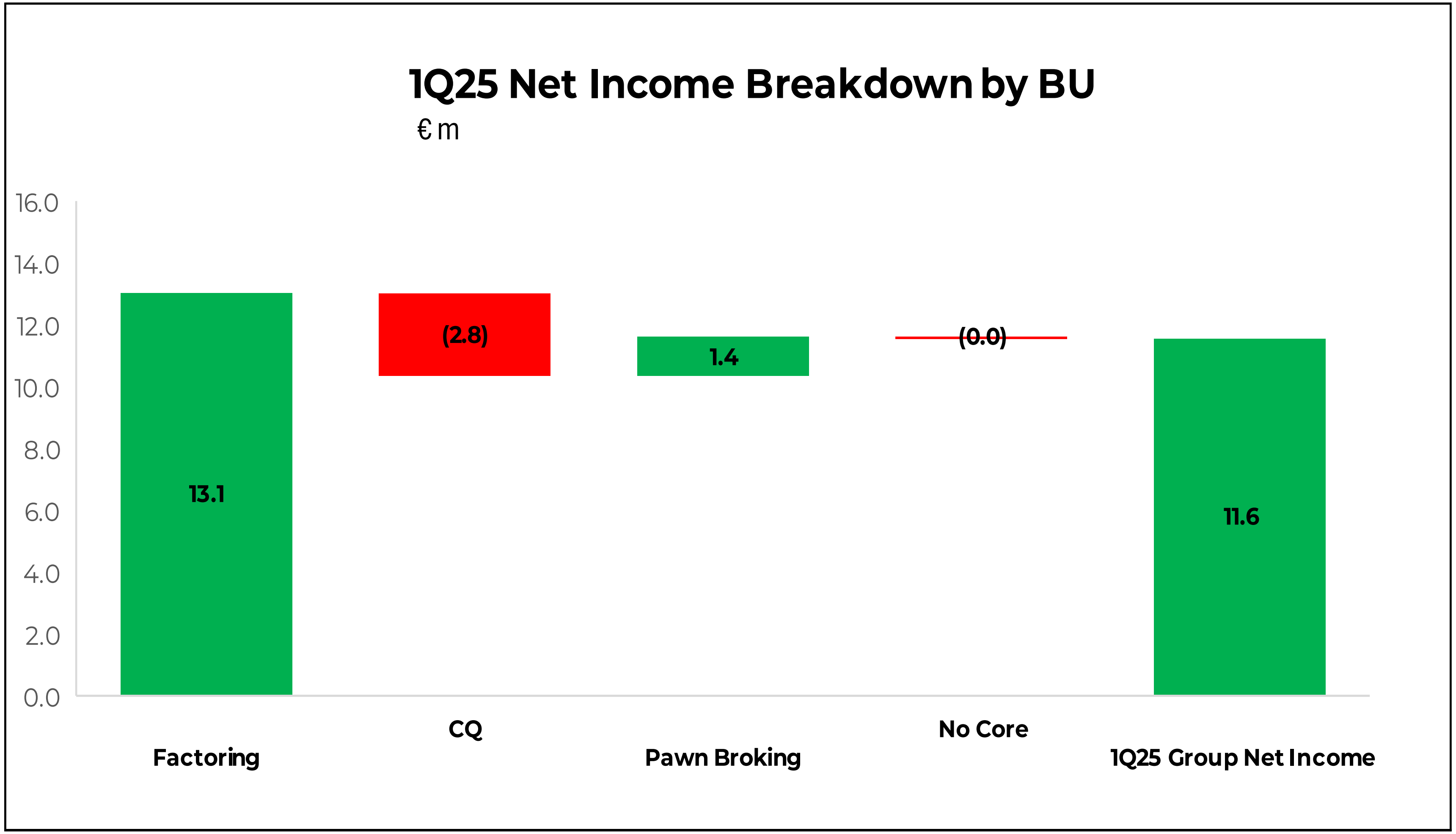




- **Total costs increased by +9% y/y** due to higher personnel costs and higher administrative costs.
- **Personnel Expenses up (+6% y/y)** due to higher FTEs (from 302 to 358) mainly due to the acquisition of the pawn broking business in Portugal (+43 FTEs), the impact of the national labour contract renewal. No variable compensations accrued in the quarter.
- **Administrative costs increased by 16% y/y** and **include** some consultancy costs (i.e. capital plan), some credit-related costs (i.e. origination, collection and insurance), and IT costs to implement new business plan targets.



NET INCOME EVOLUTION BY BUSINESS UNITS



- **Factoring**: the division confirmed the excellent results registered in 2024 posting in 1Q25 €13,1m net income (€8,0m as of 1Q24) or +64% y/y thanks to widening of asset spread, the accounting of part of the LPIs related to claims on which there has been a positive ruling by the ECHR, and despite physiological lower contribution from trading superbonus.

- **CQ:** lower cost of funding and decalage of legacy portfolio helped to reduce the loss of the division (€2,8m vs €4,2m in 1Q24).

- **Pawn Broking**: the division kept growing registering a strong increase in net profit €1,4m vs €0,4m in 1Q24) thanks to the increase of the outstanding and the positive trend in margins thanks to solid repricing.

- **1Q24 Net income** was equal to **€11,6m** (+180% y/y or +13% y/y net of accrual on LPI linked to ECHR rulings).

FUNDING COST DOWN Y/Y AND Q/Q

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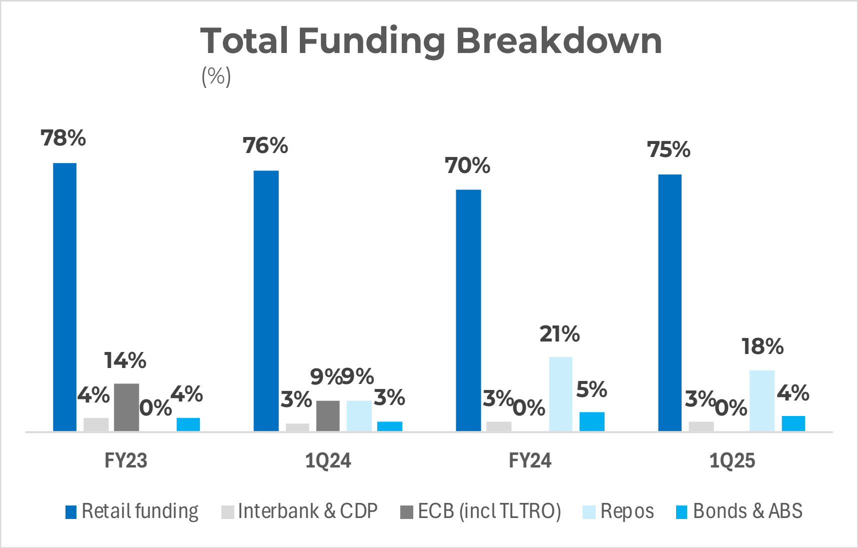

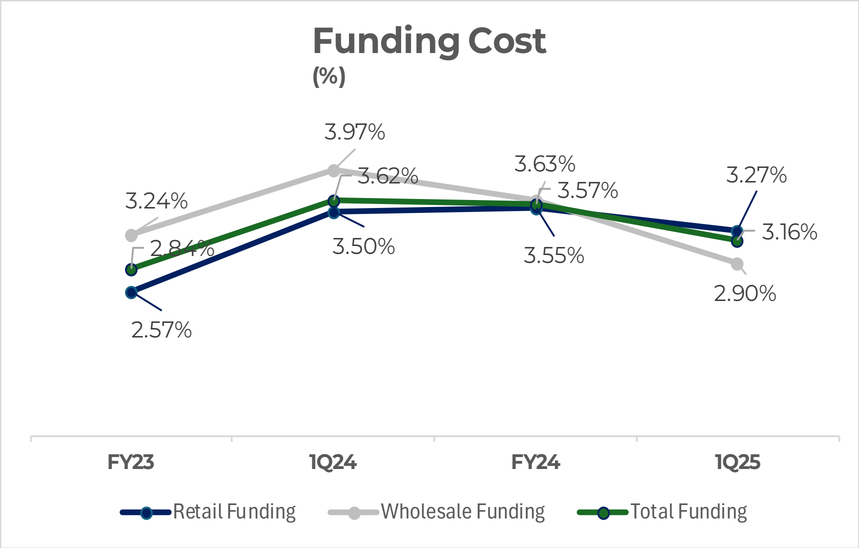

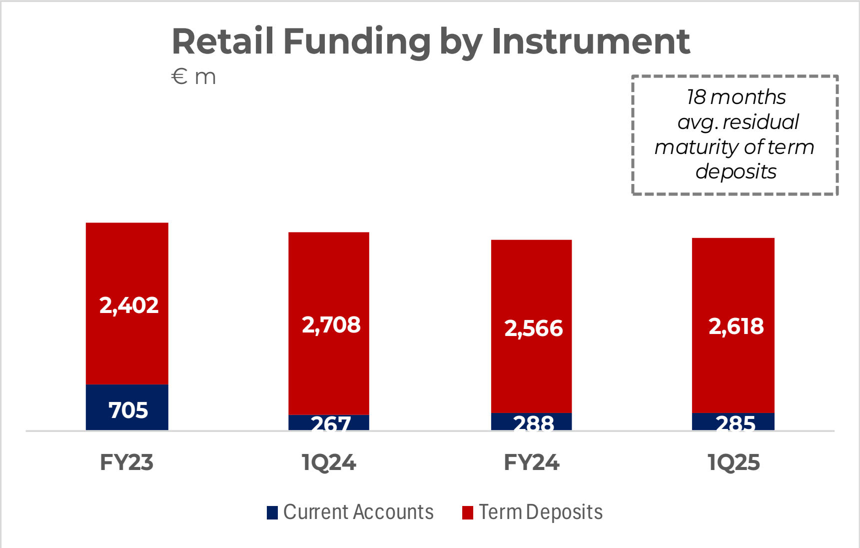

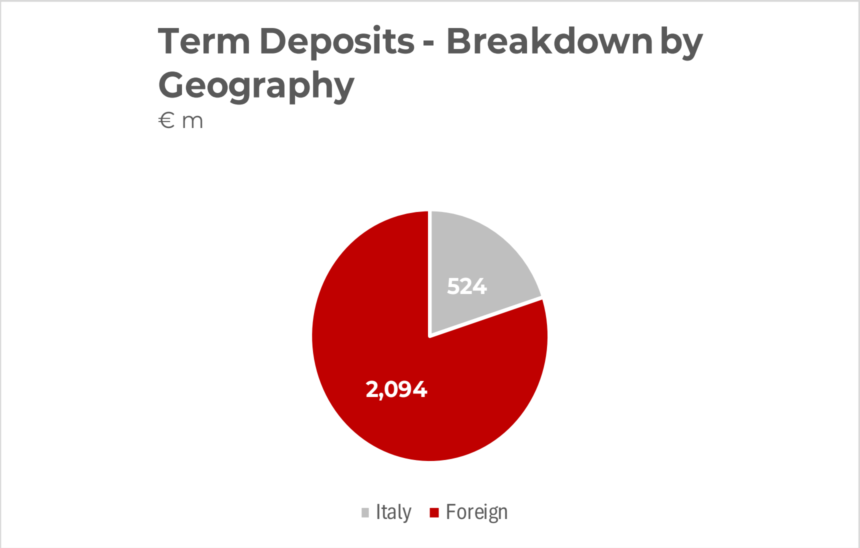

- **Retail Funding** represents **75% of total funding as of 1Q25.**
- **Term deposits decreased by 3.3% y/y but +2% q/q, Retail funding decreased by 2% y/y (+1.7% q/q). Average residual maturity of term deposits equal to 18 months (16 months as of FY24).**
- **Term deposits breakdown by geography:** 80% from abroad, 20% from Italy.
- **Net inflows in term deposits from abroad** (+€72m in 1Q25) more than offset some outflows from Italy (-€17m).
- **REPOs were down y/y and q/q**.
- **Cost of funding** down y/y (-46bps) and q/q (-34bps). **Cost of wholesale funding (2.90%)** now **lower than retail funding (3.27%).**

ASSET QUALITY: NPE’S INCREASE DUE TO PAST DUE NEW CLASSIFICATION

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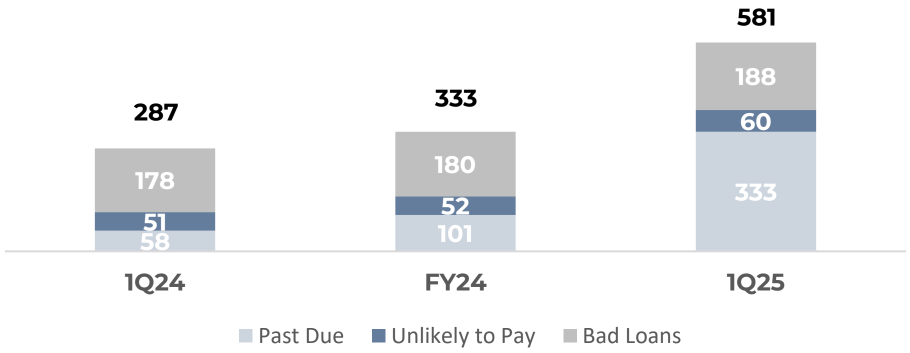
Gross Non Performing Exposure

€ m



Net Non Performing Exposure

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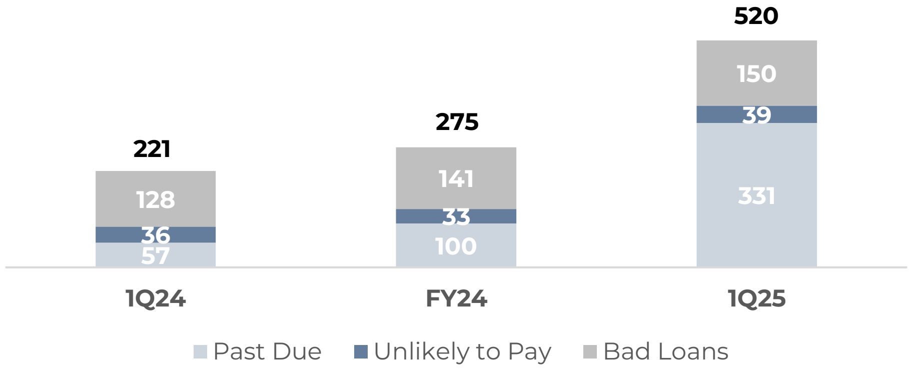
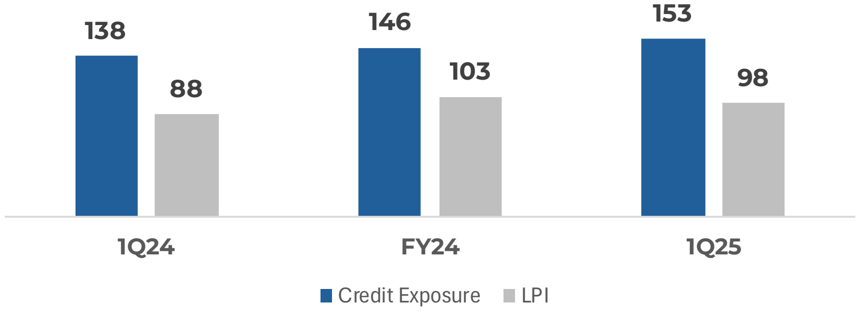


Exposure to Municipality in Conservatorship & LPI off BS

€ m



- **Gross Non Performing Exposures** increased by **+75% q/q** mainly due to the new classification of past due loans in accordance with Bank of Italy compliance findings related to rules and practices (“mitigant”) adopted by the Bank to mitigate the effects of the EBA guidelines on the application of the Definition of Default.
- **Gross Past due loans** increased from €101m to €333m in line with what forecasted on March 21st (€337m) (see press release published on March 21st, 2025), 92% of the past due loans portfolio of the Bank (excl Kruso Kapital) consists of exposure to Public Administration, with limited credit risk exposure.
- The recent **ruling of the European Court of Human Rights (ECHR)**, which imposed the Italian Government to **pay in full the principal plus LPIs**, is related to few positions, the biggest one is classified as **Municipality under Conservatorship** and currently **still classified as bad loan** (**€61m out of €188m total bad loans**). The amount of LPIs off balance sheet linked to Municipality in conservatorship was slightly down q/q as €6.7m have been accrued through P&L in the quarter.
- **Cost of credit** was equal to **57bps** (17bps in 1Q24).

REGULATORY CAPITAL ABOVE MINIMUM REQUIREMENTS

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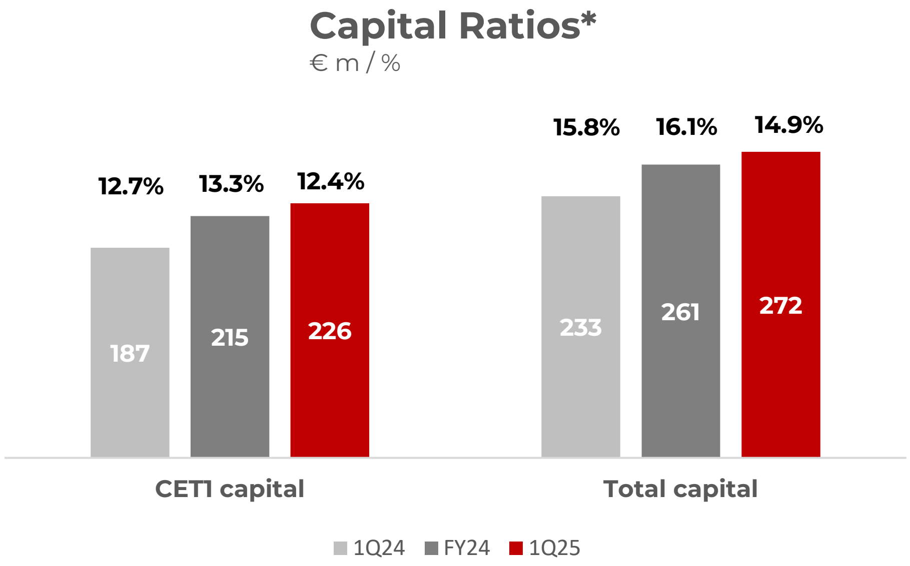
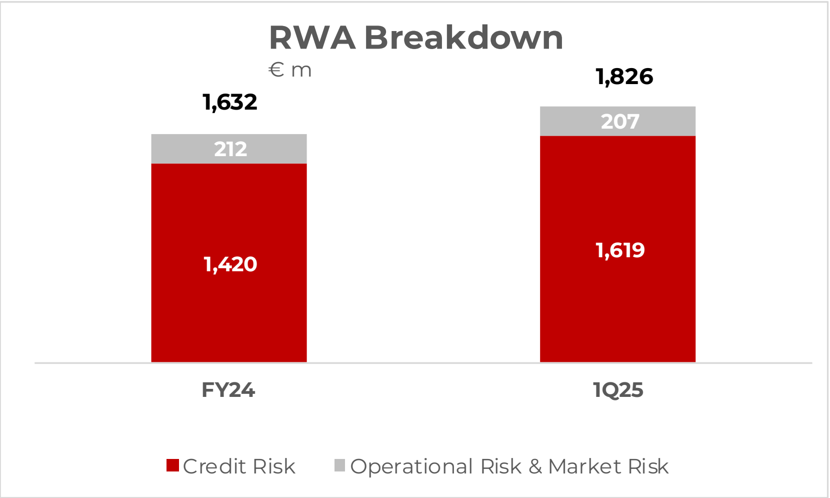
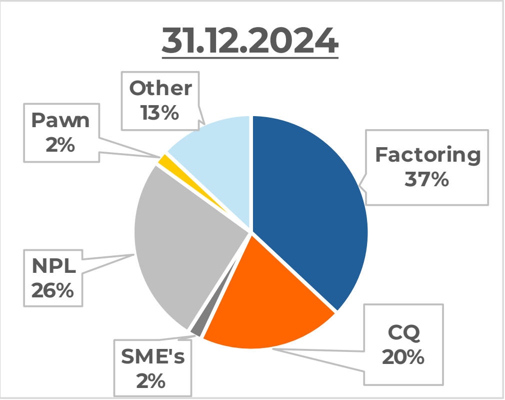
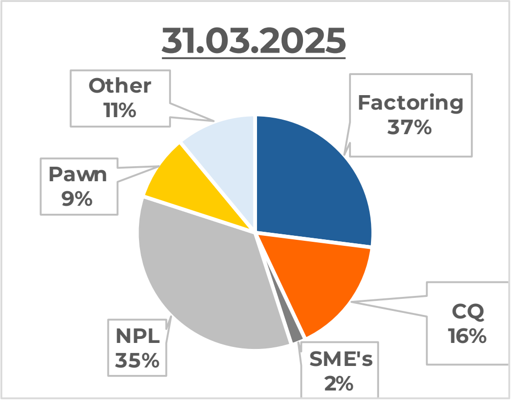




- **CET1 and Total Capital** as at 31.03.2025 were equal to **12.4%** and **14.9%, equivalent to a reduction of -87bps and -115bps q/q respectively.**
- The **decrease** of the **ratios** was due to **the increase of RWA (+€194m q/q) linked mainly to the reclassification of factoring and pawn broking loans as past due in accordance with Bank of Italy findings.**
- **Positive earnings evolution in the quarter helped to mitigate RWA inflation.**
- **Ratios do not include dividends' accrual in line with Bank of Italy requests and do not include €+0.6m positive HTCS reserve.**
- **Capital buffers at 200/300bps** (**2024 SREP**: **CET1 ratio 9.9%** / **TCR 13.4%**)

RWA – Credit Risk





*Note: *Ratios as of 1Q25 are calculated applying the prudential filter reintroduced by article 468 CRR which neutralizes securities MTM in the HTCS category.*

ANNEXES

FACTORING: BREAKDOWN BY TYPE AND CUSTOMERS

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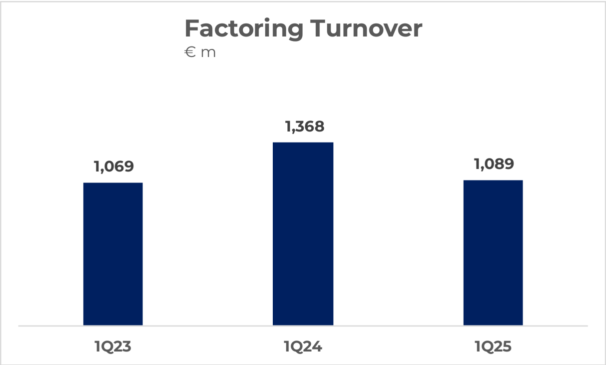


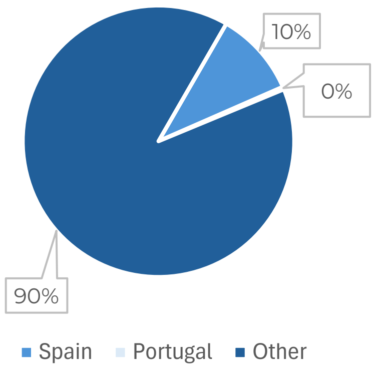
-20% y/y
due lower receivables from Superbonus and Private sector

Turnover generated by agreements with Italian Retail banks: 11% in 1Q25

1Q25 Factoring Turnover breakdown

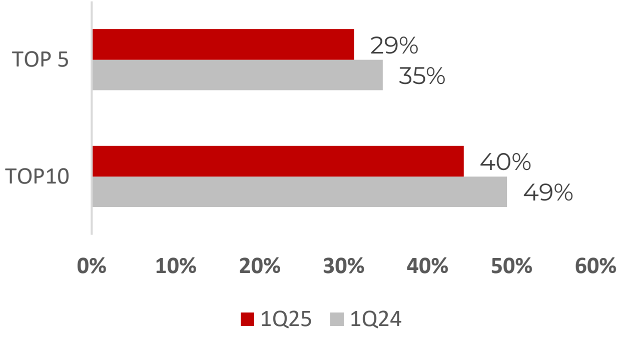
By Geography (1Q25)

%



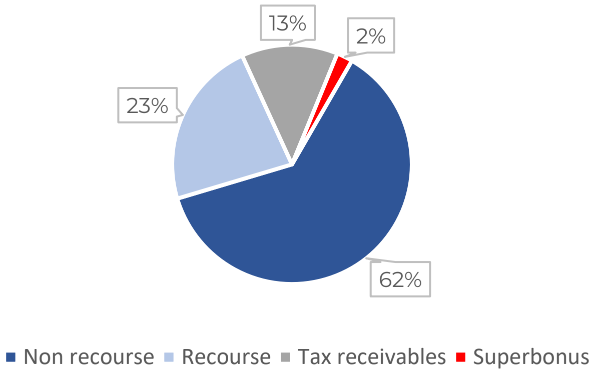
Customer Concentration

%



By Type (1Q25)

%



LATE PAYMENT INTEREST

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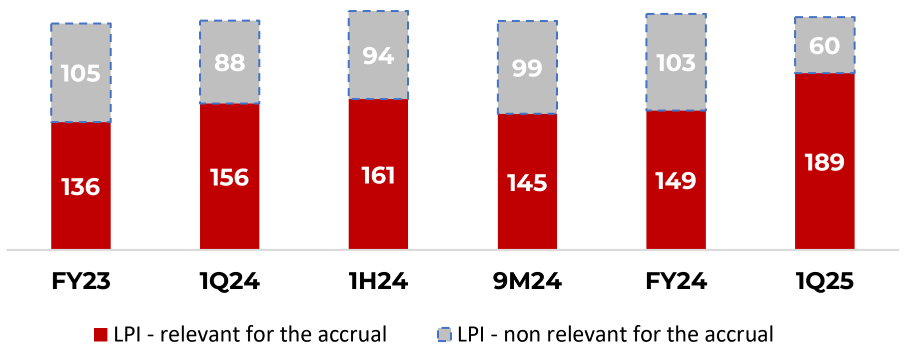
Due LPI Stock - Assets in Legal Action

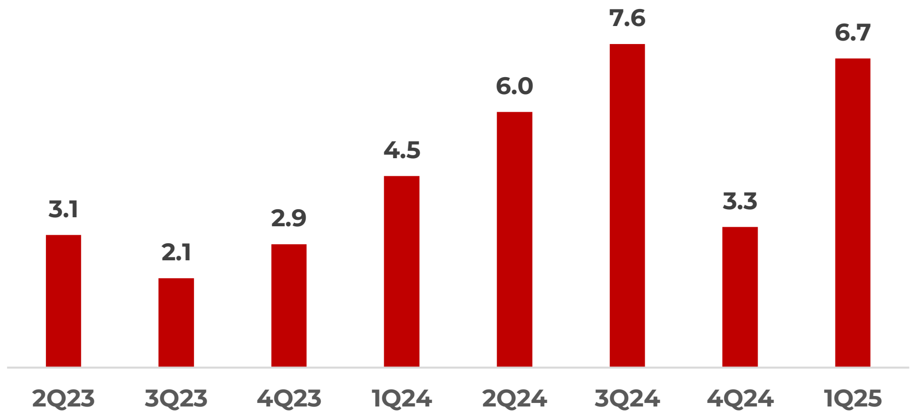
€ m



€95.5m accrual booked through P&L

Total Collected Cashed-in LPI

€ m



1Q25 – INCOME STATEMENT

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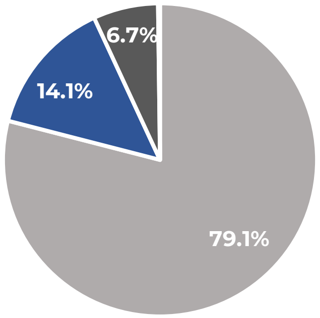
Figures in millions of Euro

	1Q 2024	1Q 2025	1Q 2025 vs 1Q 2024 change in %
Interest income	48.2	57.5	19%
Interest expenses	(36.4)	(33.0)	-9%
Net interest income	**11.8**	**24.5**	**>100%**
Commission income	14.0	10.1	-28%
Commission expenses	(5.4)	(4.4)	-19%
Net commission	**8.6**	**5.7**	**-34%**
Net income from trading	4.8	8.8	83%
Net income from disposal/repurchase assets:	1.6	3.8	>100%
a) measured at amortised cost	*0.9*	*2.9*	*>100%*
b) measured at fair value through other comprehensive income	*0.7*	*0.9*	*34%*
Total income	**26.8**	**42.8**	**60%**
Net impairment losses on loans	(1.4)	(3.7)	>100%
Net operating income	**25.4**	**39.1**	**54%**
Personnel expenses	(8.1)	(8.6)	6%
Other expenses	(10.4)	(11.5)	10%
Operating expenses	**(18.5)**	**(20.1)**	**8%**
Pre-tax profit from continuing operations	**6.9**	**19.0**	**>100%**
Taxes on income for the period from continuing operations	(2.6)	(6.9)	>100%
Profit (loss) for the period	**4.3**	**12.2**	**>100%**
Minority interests	(0.2)	(0.6)	>100%
Profit (loss) for the period attributable to the shareholders of the Parent	**4.1**	**11.6**	**>100%**

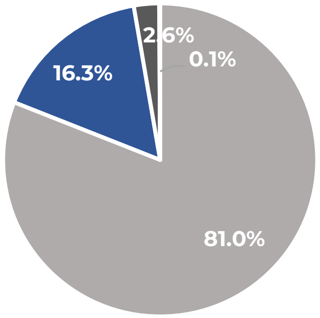
ASSET QUALITY: BREAKDOWN BY LOANS

BANCA SISTEMA

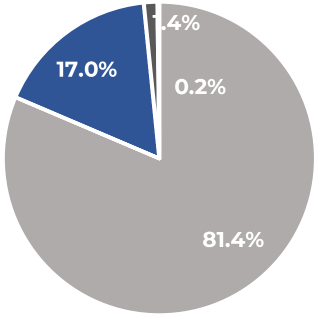
Gross Bad loans



31.12.2023

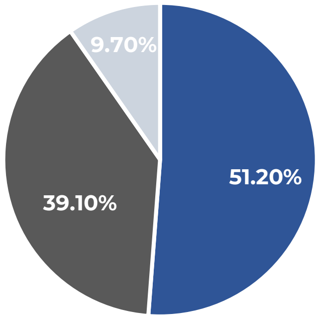


31.12.2024



31.03.2025

Gross Unlikely to Pay



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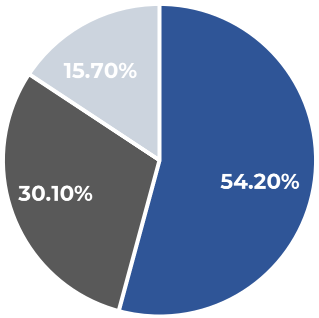

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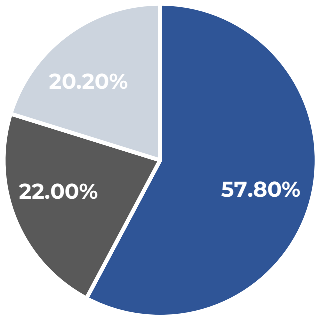

31.03.2025

Conservatorships (factoring) Factoring SME’s Other

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