



BANCA

S I S T E M A

1Q 2022 RESULTS

11 May 2022

1Q 2022 Results at a Glance

Commercial performance

- **Factoring** turnover +26% y/y equal to €983m
- **CQ** outstanding at €919m, stable y/y
- **Pawn loans** outstanding at €92m, +16% y/y
- **SMEs State guaranteed loans** outstanding equal to €179m, up y/y

P&L

- **Net Interest Income** equal to €20.7m, **+6% y/y**
- **Lower funding cost y/y at 0.2%**
- **Total Income** equal to €24.7m, -6% y/y and +4% excluding Govies' ptf trading revenues
- **Cost of risk equal to 33bps**
- **Total operating costs equal to €15.7m, +2% y/y**
- **Net income equal to €4.4m**

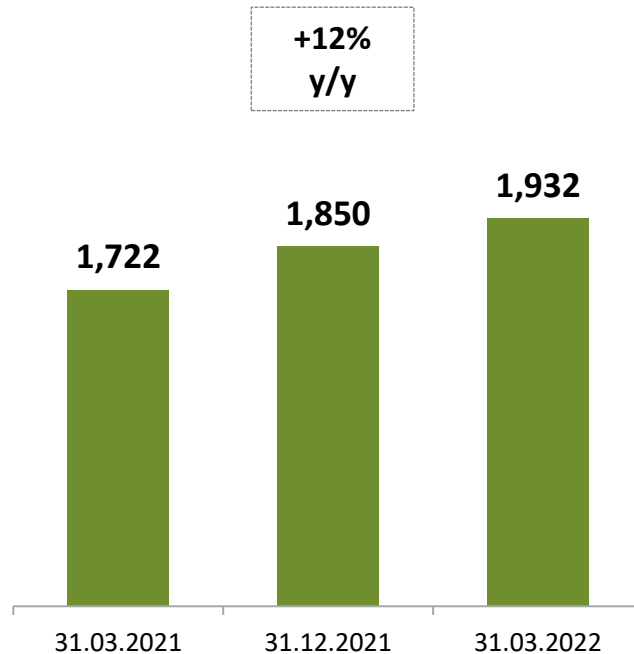
Balance Sheet

- **Wholesale funding up q/q** (37% of Total Funds): BCE funding stable q/q and down y/y
- Total assets equal to €4bn up q/q and **Leverage ratio** equal to 5.5%
- **CET1 ratio at 11.9%** and **TC ratio at 15.0%**

Factoring commercial performance

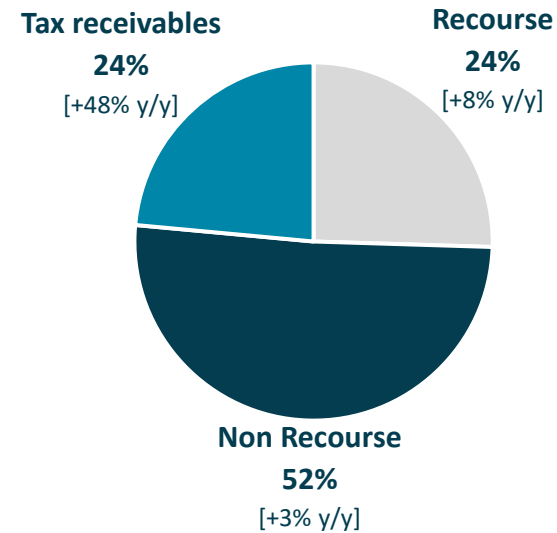
Factoring outstanding

€m



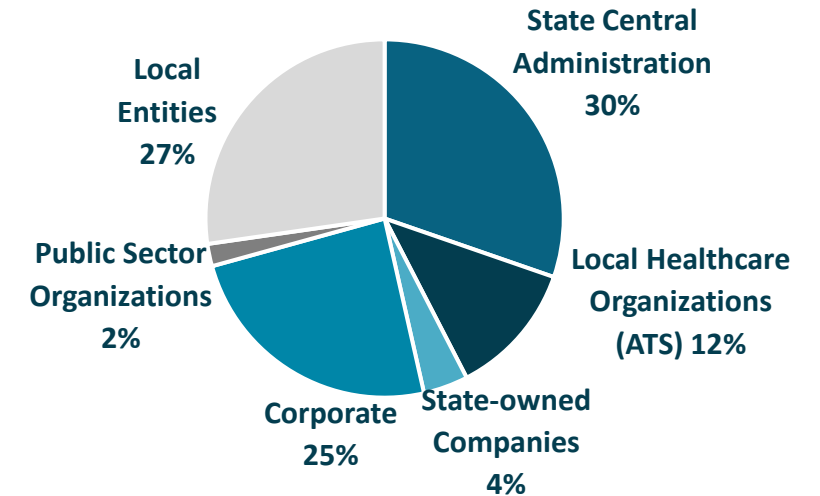
Outstanding breakdown (31.03.2022)

By Type of Product



By Obligor

PA accounts for 75%

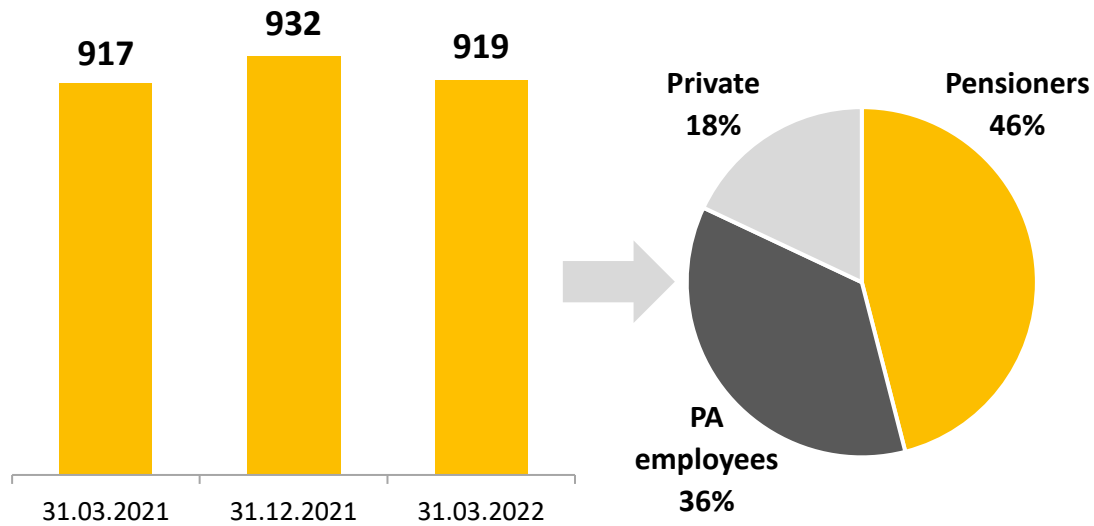


Note: Factoring outstanding management account. Factoring customer loans, item of the Balance Sheet (slide 5) differ from management account for the following elements: Recourse factoring non-financed portion; Provisions; LPI; deferred income.

CQ and Pawn loans commercial performance

CQ loans outstanding

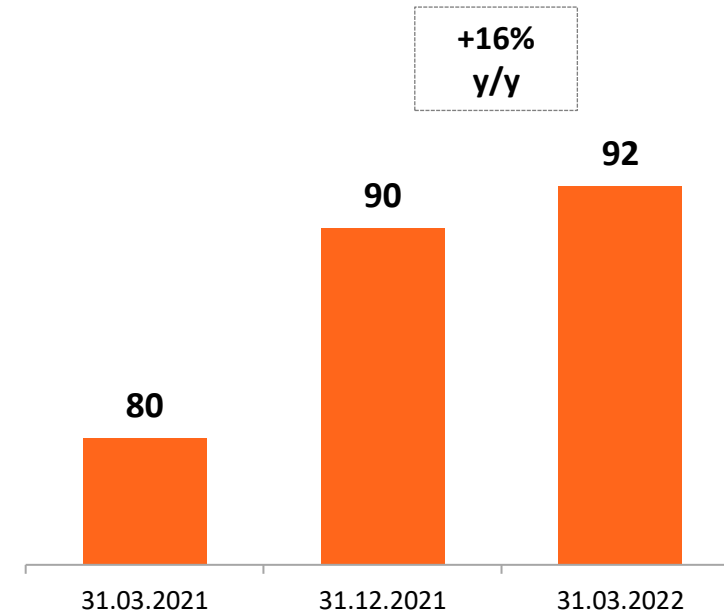
€m



- €47m turnover in 1Q22 (€42m in 1Q21)
- ~90% direct origination through agents/brokers (>3x 1Q21)

Pawn Loans outstanding

€m



- >55k contracts
- Total turnover in 1Q22 (including renewals): €44m
- #11 auctions in 1Q22

Figures in millions of Euro

	31.12.2021	31.03.2022	Change in % 31.03.2022 vs 31.12.2021
ASSETS			
Cash and cash equivalents	176	220	25%
Financial assets at fair value through Other Comprehensive Income [Held to Collect and Sell]	451	586	30%
Loans at amortized cost	2,770	2,890	4%
<i>Factoring</i>	<i>1,542</i>	<i>1,632</i>	<i>6%</i>
<i>CQ</i>	<i>932</i>	<i>919</i>	<i>-1%</i>
<i>Pawn loans</i>	<i>90</i>	<i>92</i>	<i>3%</i>
<i>SMEs State Guaranteed loans</i>	<i>160</i>	<i>179</i>	<i>12%</i>
<i>Other⁽¹⁾</i>	<i>46</i>	<i>68</i>	<i>48%</i>
Securities at amortized cost [Held to Collect]	184	185	nm
Tangible and Intangible assets	74	74	nm
Other assets	54	60	12%
Total assets	3,709	4,015	8%
LIABILITIES AND EQUITY			
Due to banks	592	601	2%
<i>of which ECB exposure</i>	<i>540</i>	<i>539</i>	<i>0%</i>
Due to customers	2,472	2,802	13%
<i>of which term deposits</i>	<i>1,387</i>	<i>1,384</i>	<i>nm</i>
<i>of which current accounts</i>	<i>775</i>	<i>794</i>	<i>2%</i>
Debt securities issued	193	175	-10%
Other liabilities	186	173	-7%
Shareholders Equity	266	264	-1%
Total liabilities and equity	3,709	4,015	8%

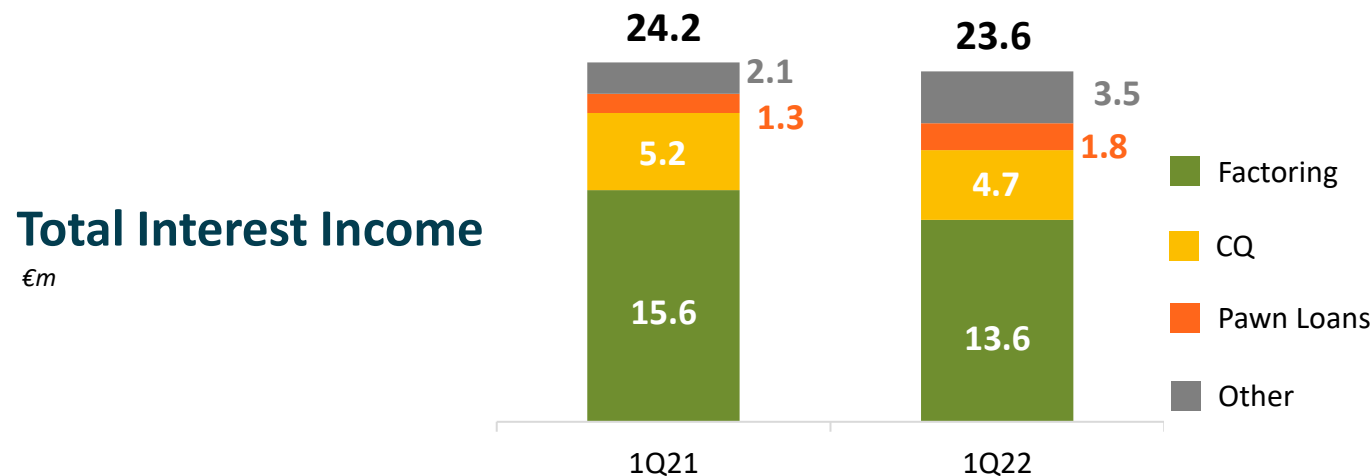
Note: (1) The item include "Loans to banks" respectively as at 31.03.2022 and 31.12.2021 equal to €29.4m and to €33.4m.

1Q22 – Balance Sheet

- **Govies' portfolio (€765m) up q/q**, with an average duration of 32.8 months, it includes €581m 'Held to Collect and Sell', up q/q (€446m as at 31.12.2021), with an average duration of 34.6 months
- **Loans at amortized cost up q/q (€2,890m):**
 - **Factoring receivables** above €1.6bn, up 6% q/q
 - **CQ loans slightly down q/q**, down q/q. At the beginning of May 2022 has been finalised the purchase of a loans ptf from BancoBPM for ~€110m
 - **Pawn Loans up q/q** thanks to organic growth
 - **Strong growth on SMEs State guaranteed loans up q/q**
- **Due to banks q/q slight increase** is driven by interbanking, with ECB funding stable
- **Due to customers increase q/q** is substantially driven by the increase of repos related to the Govies' ptf growth in the same period. Current accounts are slightly up q/q
- **Debt securities q/q decrease** is driven by the lower funding through ABS as collateral
- **Shareholders Equity** since Q2 2021 includes all AT1 bonds

Well diversified Interest income

- 1Q22 Interest Income lower y/y, with a higher contribution from Pawn loans and SMEs State guaranteed loans contribution (+€0.7m y/y)
- Factoring represents 58% of Total Interest Income (64% in 1Q21)
- Lower overall contribution y/y by factoring, mainly due to lower factoring LPIs from legal action equal to €4.1m (€6.6m in 1Q21):
 - of which accrual €1.9m (€2.3m in 1Q21)
 - of which “extra collection” €2.2m (€4.3m in 1Q21)
- Pawn loans contribution in line with expectations
- Total Adjusted Income margin lower y/y, with factoring margin down y/y mainly due to lower weight on overall revenues of LPIs and to a lesser extent to higher weight on revenues of tax receivables

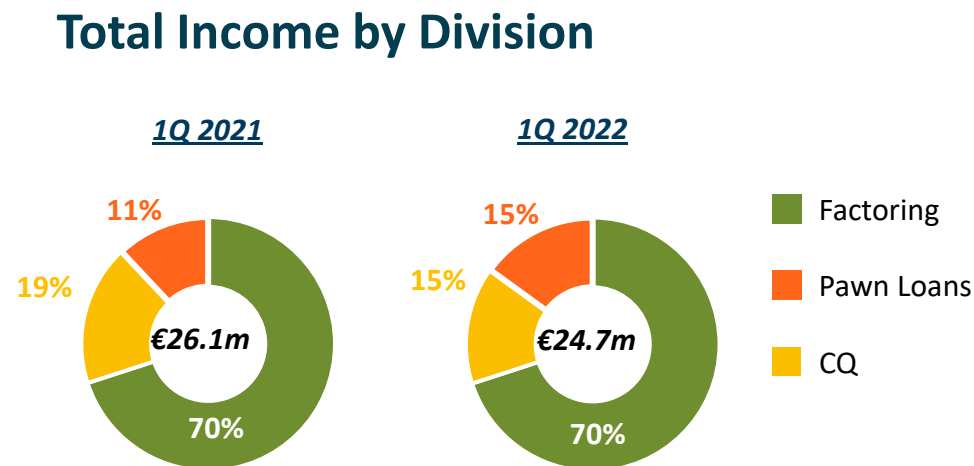
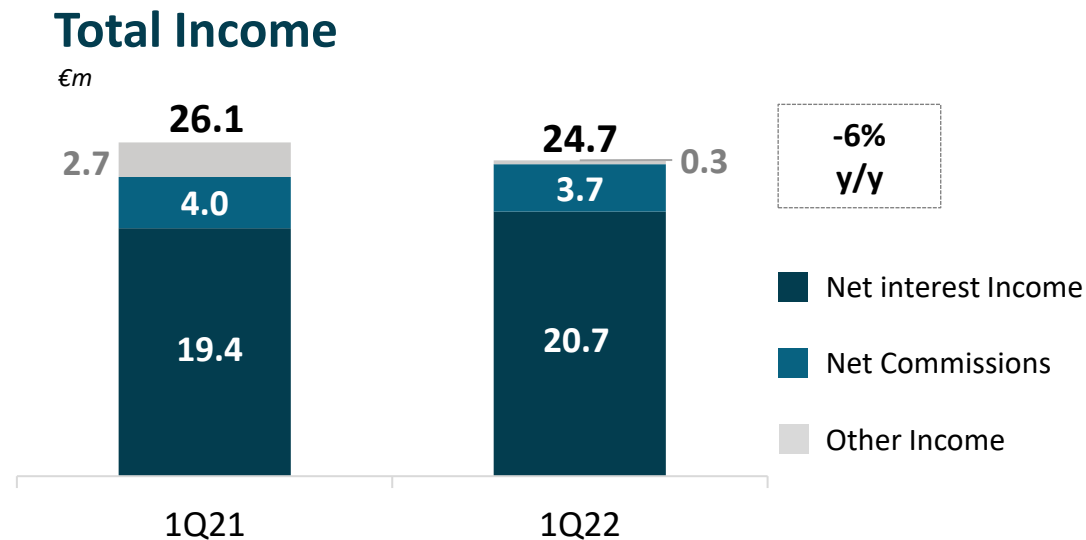


	1Q21	1Q22
Total²	4.5% €28.1m	3.9% €27.1m
Factoring	5.4% €19.3m	4.9% FY21 €17.1m
CQ	2.3% €5.2m	2.1% €4.7m
Pawn Loans	15.2% €2.8m	16.1% €3.6m

Note: (1) Calculated as [Period Interest Income + Commission Income + Gain for asset disposals] / [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); (2) It include the contribution of the SMEs State guaranteed loans equal to €1.5m and €0.8m respectively in 1Q22 and 1Q21.

Total Income up 4% y/y excluding Govies' ptf trading revenues

- **1Q22 Total Income down 6% y/y**, mainly due to the decrease of **Other Income**. Total Cost of funding, equal to 0.2% (0.5% in 1Q21), is lower in both component Retail and Wholesale.
- **Net Commissions down y/y** due to higher CQ fees to agents and lower factoring contribution, partially compensated by higher contribution from Pawn loans
- **Other Income** includes €0.3m gain from the sale of a factoring ptf in 2022 (€0.3m in 2021)
- Lower contribution of the **Govies' portfolio, €1.0m** (€2.8m in 2021) of which €1.0m to the NII (€0.4m in 2021) and almost 0 trading revenues to Other Income

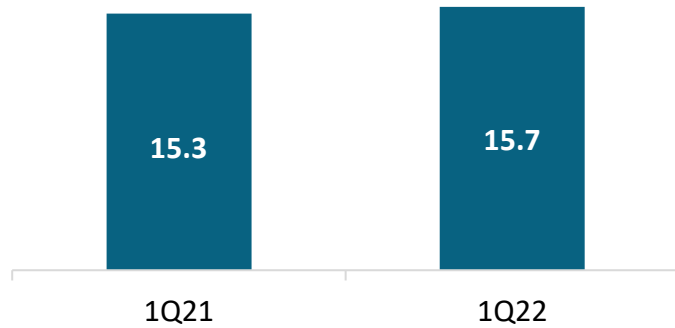


Cost base consolidating

Total Operating Costs

€m

+2%
y/y



Personnel Expenses

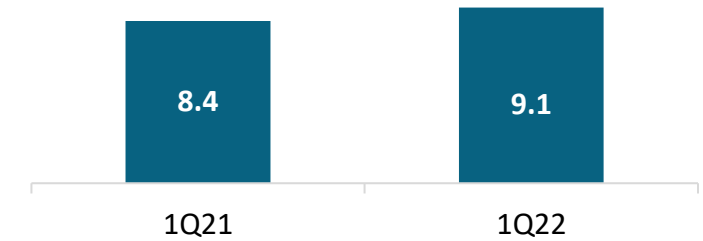
FTEs (#)

275

273

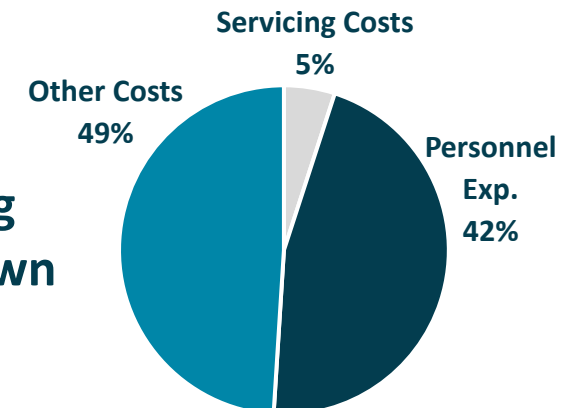


Administrative Expenses, Net Provisions for risk, Other and D&A



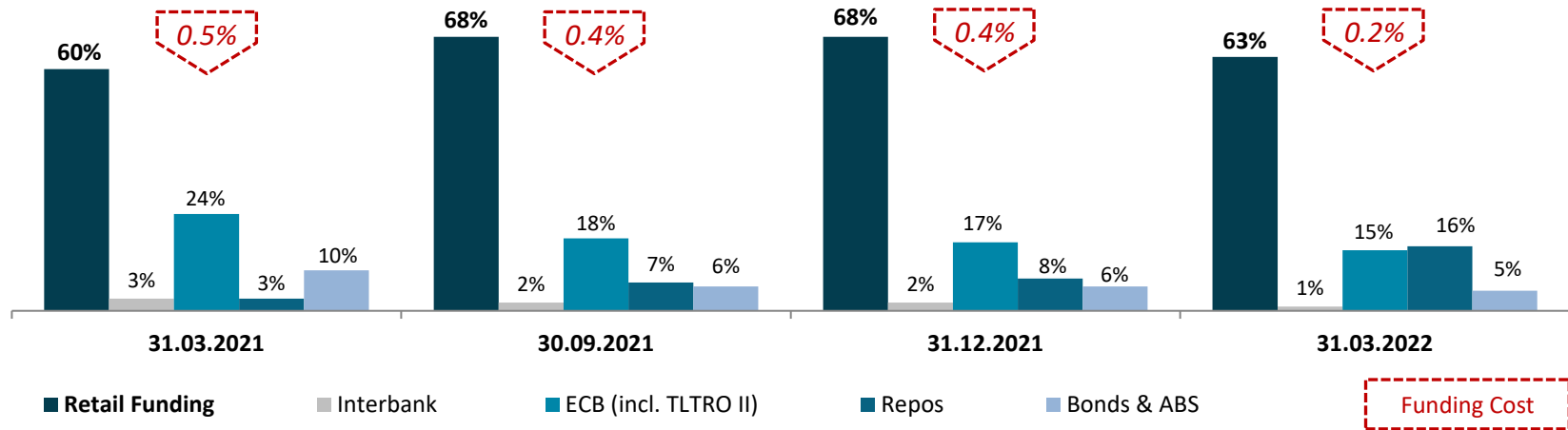
- Personnel Expenses down y/y due to lower-than-expected bonus for 2021 (-€0.7m in 1Q22)
- All other expenses trend in line with expectations, although higher contribution to the Single Resolution Fund (+€0.2m y/y)

Total Operating Costs Breakdown

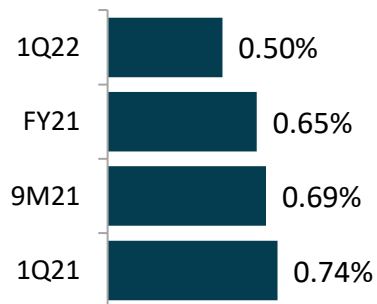


Lower funding cost y/y

Total Funding breakdown

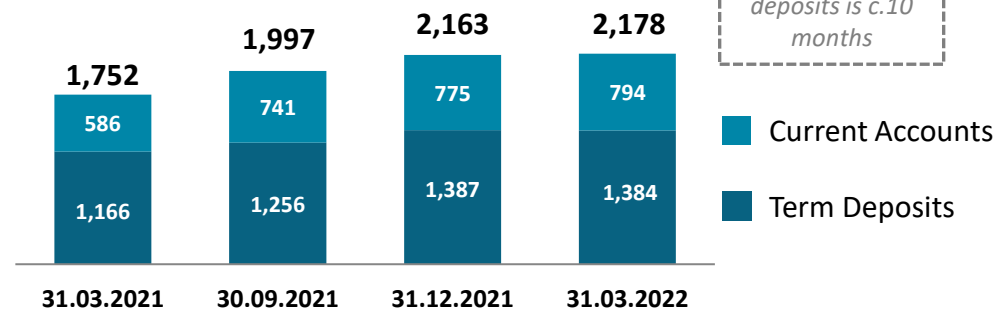


Retail Funding Cost



Retail Funding

€m



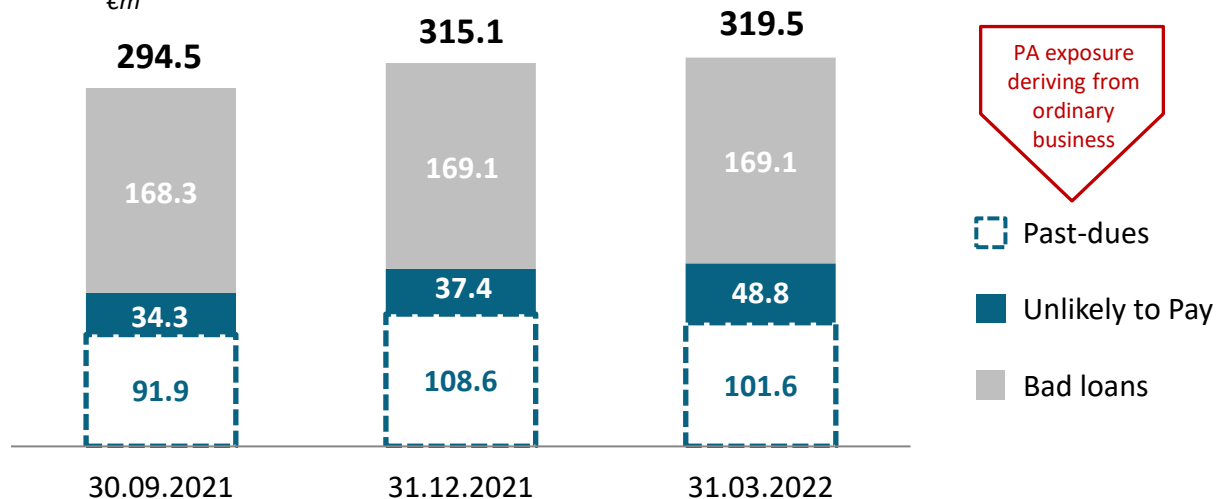
Average residual maturity of deposits is c.10 months

- Cost of funding lower y/y and q/q
- Wholesale component increase q/q is due to higher Repos related to Govies' ptf growth. Higher Repos impacted positively overall funding cost
- Retail Funding down q/q, due to term deposits at a lower cost
- Since 2Q21 all senior bonds have been redeemed and following the classification of AT1 bond as equity instrument, "Bond & ABS" segment includes just ABS funding, slightly lower q/q

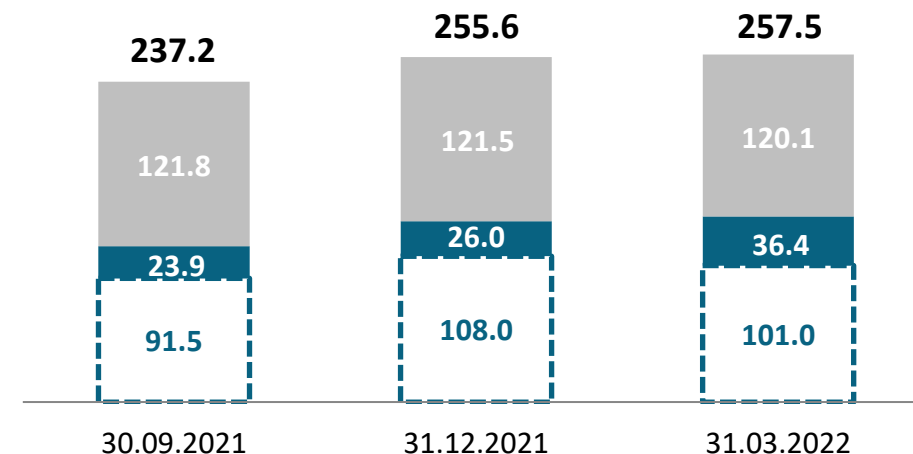
Asset Quality driven by factoring business

Gross Non Performing Exposures

€m

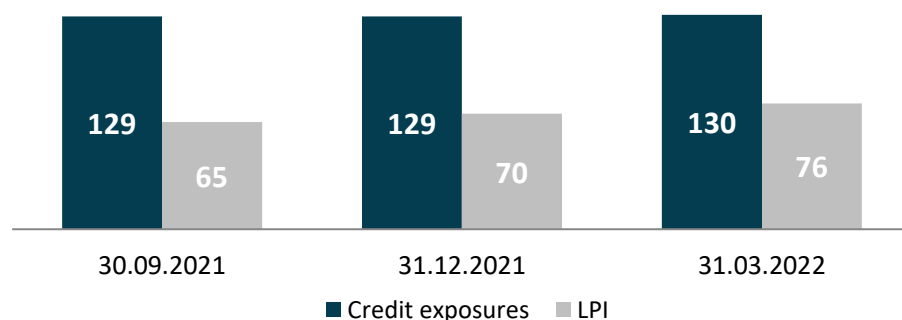


Net Non Performing Exposures



Exposure to Municipality in Conservatorship & related LPI stock

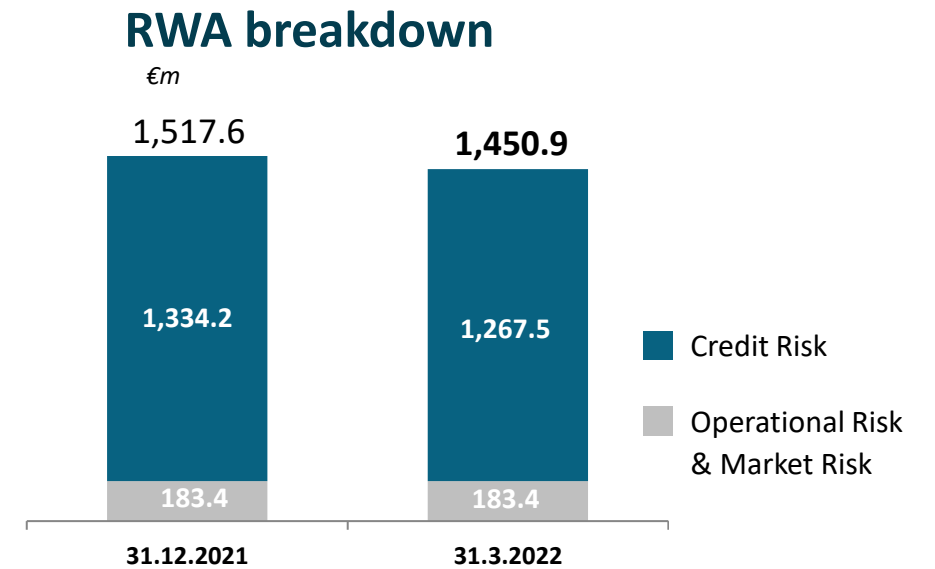
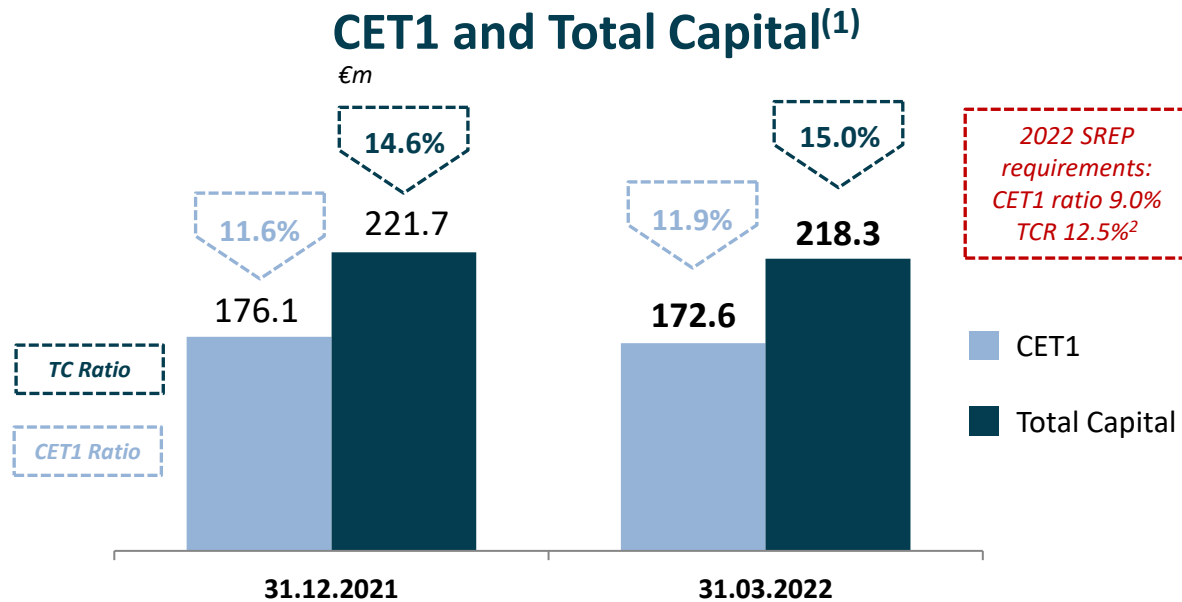
€m



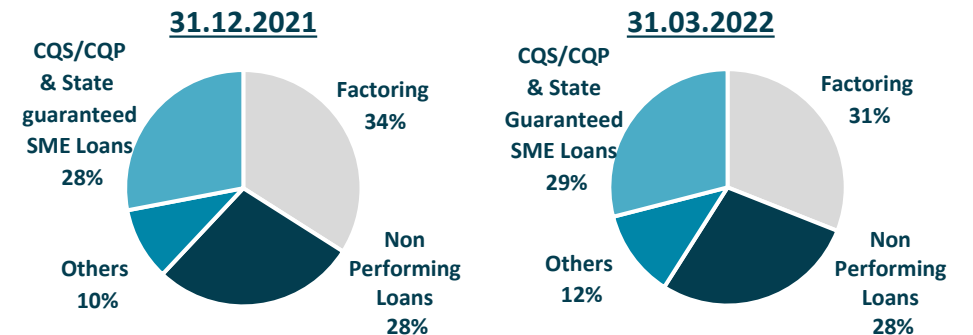
- Gross Non Performing Exposures slightly up q/q due UtP increase, partially compensated by Past-dues decrease
- UtP increase q/q is driven by a factoring/SMEs guaranteed position
- 1Q22 Cost of credit risk stands at 33bps lower y/y

Note: NPE ratio = (Gross Non performing Exposure) / (Total Gross Customer Loans).

Regulatory Capital well above minimum requirements



RWA – Credit Risk



CET1 and Total Capital as at 31.03.2022 include -€6.9m 'Held to Collect and Sell' reserve from Govies' ptf, -€2m prudential filter on NPEs ("Calendar provisioning") and -€1.4m of own shares not yet transferred to managers as a component of their variable salary

Q/q credit RWA decrease is driven by factoring business and within factoring, mainly by exposures to Corporates

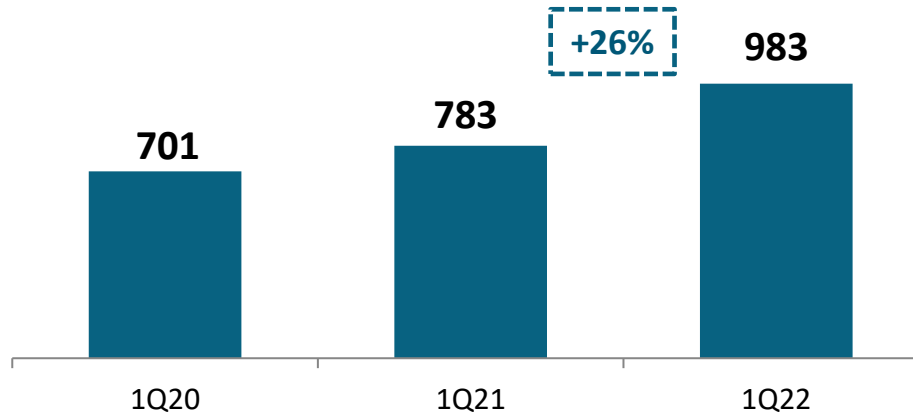
Note: (1) CET1, Tier1 and Total Capital, following CRR directive, are based on an expected dividend pay-out of ~25% of the Banca Sistema Holding Net Income; 2) From 30.06.2022.

Annexes

Factoring Turnover

Factoring Turnover

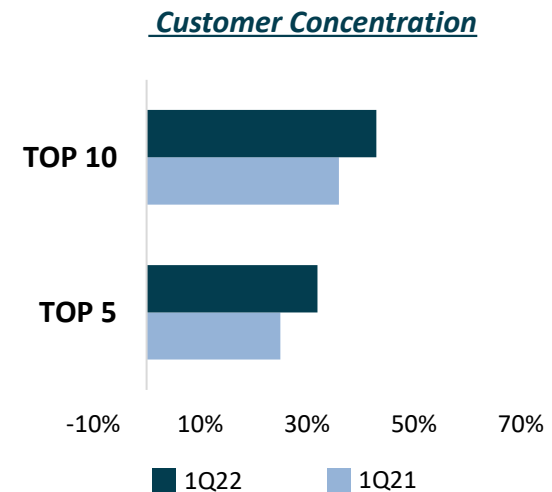
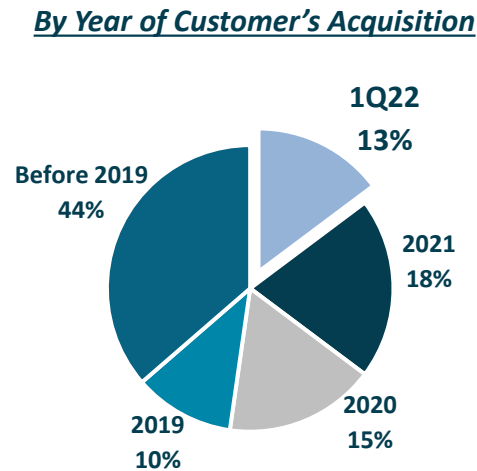
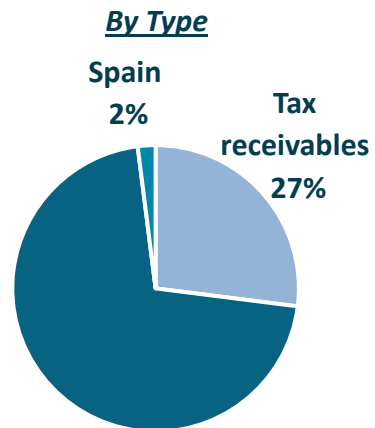
€m



+13% y/y ex. Tax Receivables

Turnover generated by agreements with Italian Retail banks: 22% in 1Q22

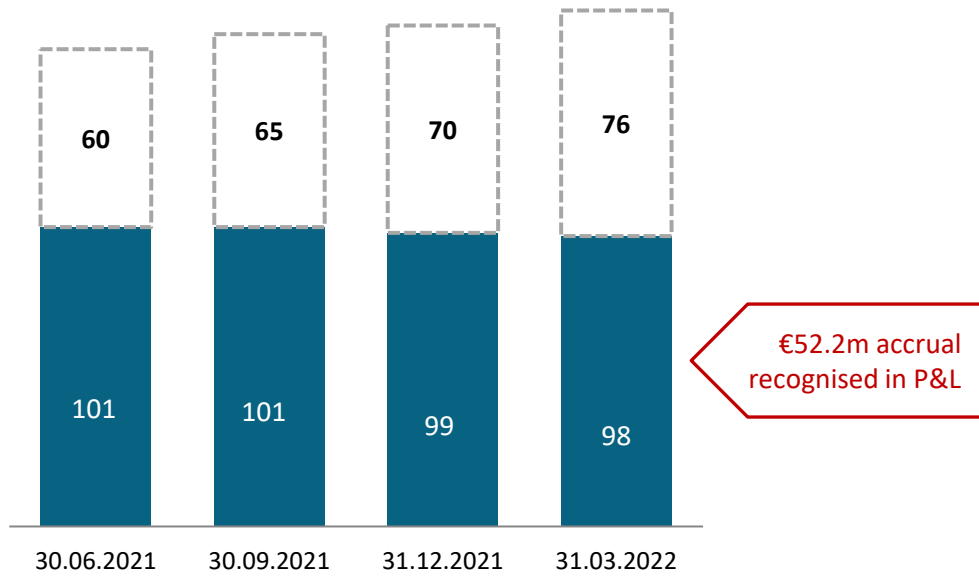
1Q22 Factoring Turnover breakdown



Late Payment Interest

Due LPI Stock – Assets in legal action

€m

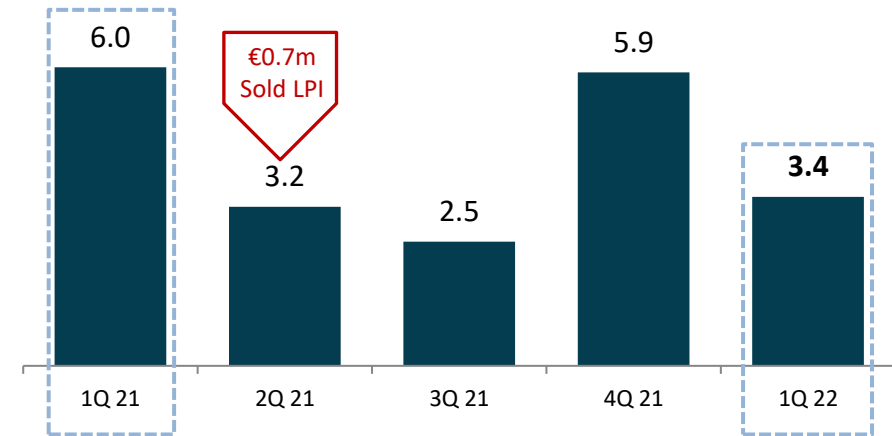


□ LPI – non relevant for the accrual

■ LPI – relevant for the accrual

Total collected cashed-in LPI

€m



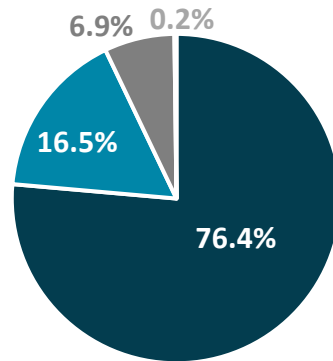
1Q 2022 – Income Statement

Figures in millions of Euro

	1Q 2021	1Q 2022	1Q 22 vs 1Q 21 change in %
Interest income	24.2	23.6	-2%
Interest expenses	(4.8)	(2.9)	-39%
Net interest income	19.4	20.7	7%
Commission income	5.9	7.5	28%
Commission expenses	(1.9)	(3.8)	nm
Net commission	4.0	3.7	-8%
Net income from disposal/repurchase assets:	2.7	0.3	-88%
a) measured at amortised cost	0.8	0.3	-61%
b) measured at fair value through other comprehensive income	1.9		nm
Total income	26.1	24.7	-5%
Net impairment losses on loans	(4.1)	(2.3)	-44%
Net operating income	22.0	22.4	2%
Personnel expenses	(6.9)	(6.6)	-5%
Other expenses	(8.4)	(9.1)	8%
Operating expenses	(15.3)	(15.7)	2%
Profits from equity investments	0.01	(0.04)	nm
Pre-tax profit from continuing operations	6.7	6.7	0%
Taxes on income for the period/year from continuing operations	(2.1)	(2.1)	2%
Profit (loss) for the year/period	4.6	4.5	-2%
Minority interests	0.03	(0.14)	nm
Profit (loss) for the year/period attributable to the shareholders of the Parent	4.6	4.4	-5%

Asset Quality

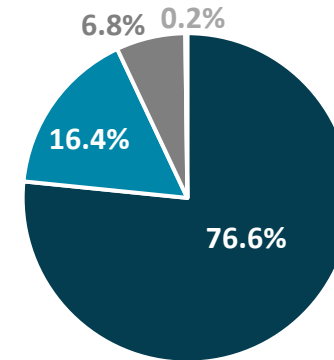
Gross Bad loans



31.12.2021

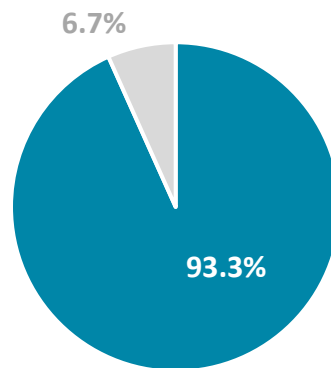
- Conservatorships (factoring)
- Factoring
- SME State Guarantee Loans
- Other

Loans granted before 2020

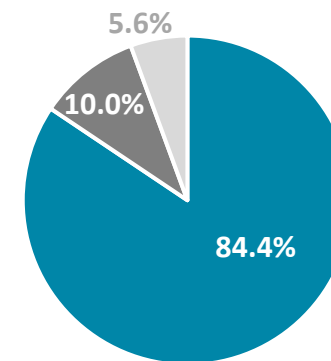


31.03.2022

Gross Unlikely to Pay



31.12.2021



31.03.2022

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