



BANCA

S I S T E M A

FY 2022 RESULTS

10 February 2023

FY 2022 Results at a Glance

Commercial performance

- **Factoring** turnover +22% y/y equal to €4,417m
- **CQ** outstanding at €933m, stable y/y
- **Pawn loans** outstanding at €107m, +19% y/y
- **SMEs State guaranteed loans** outstanding equal to €197m, +23% y/y

P&L

- **Net Interest Income** equal to €85.4m, **+4% y/y**
- **Stable funding cost y/y at 0.4%**
- **Total Income** equal to €105.9m, -2% y/y
- **Lower Cost of risk y/y at 29bps**
- **Total operating costs equal to €64.2m**, +2% y/y, with a stable C/I
- **Net income equal to €22.0m**, corresponding to a **ROTE equal 13.3%**

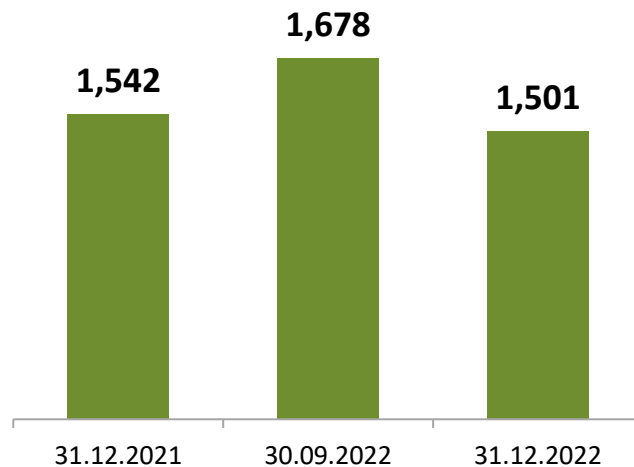
Balance Sheet

- **Wholesale funding component up q/q** (45% of Total Funds)
- Total assets equal to ~€4.4bn, up y/y and q/q
- **CET1 ratio at 12.6%** and **TC ratio at 15.9% [Transitional]**, up q/q

Factoring commercial performance

Factoring - Customer loans

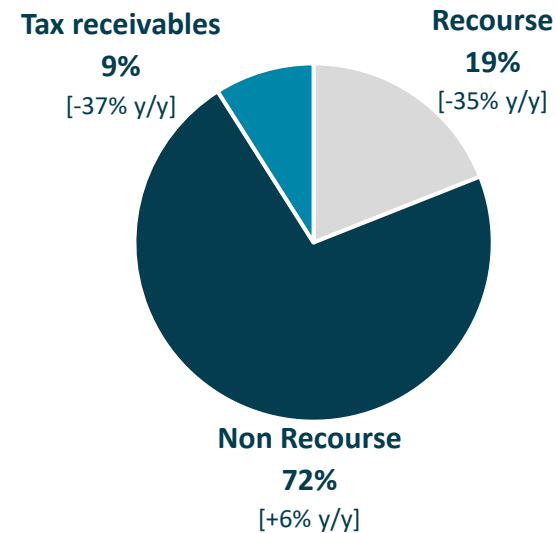
€m



Outstanding breakdown (31.12.2022)

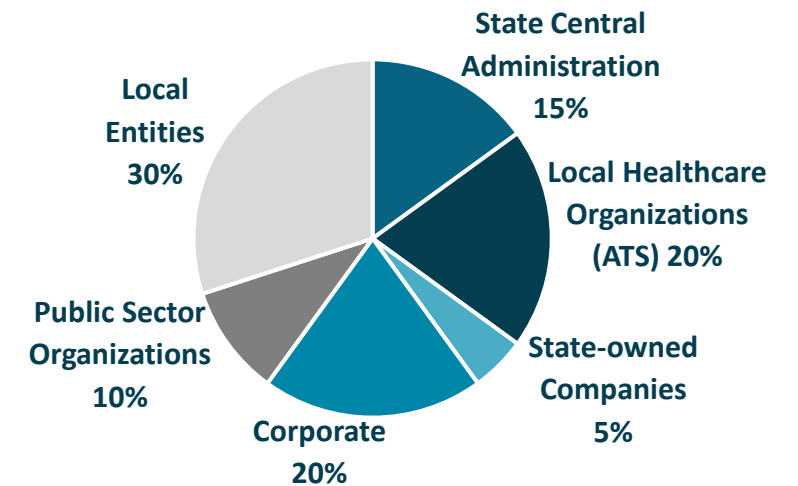
€1,650m

By Type of Product



By Obligor

PA accounts for 80%

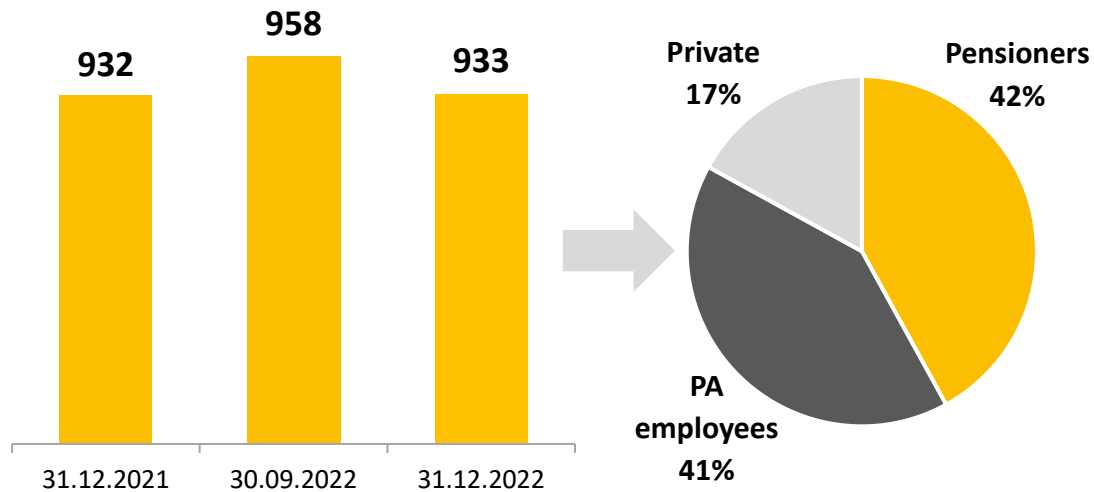


Note: Factoring outstanding management account. Factoring customer loans, item of the Balance Sheet (slide 5) differ from management account for the following elements: Recourse factoring non-financed portion; Provisions; LPI; deferred income.

CQ and Pawn loans commercial performance

CQ loans outstanding

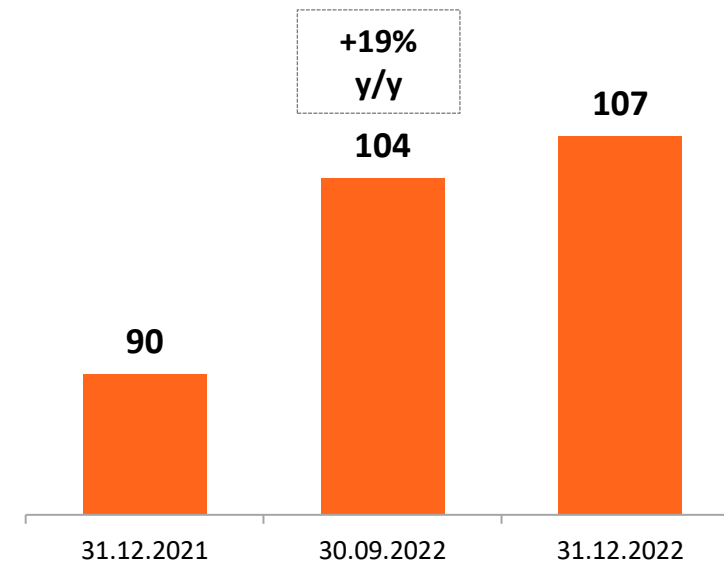
€m



- €322m turnover in FY22 (€299m in FY21)
 - €209m Direct origination through agents/brokers (€85m FY21)
 - €113m 'Indirect' includes ~€110m from the purchase of a loans ptf from BancoBPM

Pawn Loans outstanding

€m



- ~62k contracts
- Total turnover in 2022 (including renewals): €179m
- #32 auctions in 2022, with > 95% of the offers through the APP, DigitalPegno

Figures in millions of Euro

	31.12.2021	30.09.2022	31.12.2022	Change in % 31.12.2022 vs 31.12.2021
ASSETS				
Cash and cash equivalents	176	149	127	-28%
Financial assets at fair value through Other Comprehensive Income [Held to Collect and Sell]	451	557	558	24%
Loans at amortized cost	2,770	2,978	2,850	3%
Factoring	1,542	1,678	1,501	-3%
CQ	932	958	933	nm
Pawn loans	90	104	107	19%
SMEs State Guaranteed loans	160	181	197	23%
Other ⁽¹⁾	46	56	112	143%
Securities at amortized cost [Held to Collect]	184	292	681	270%
Tangible and Intangible assets	74	76	78	5%
Other assets ⁽²⁾	54	98	103	91%
Total assets	3,709	4,150	4,397	19%
LIABILITIES AND EQUITY				
Due to banks	592	695	623	5%
of which ECB exposure	540	587	538	nm
Due to customers	2,472	2,706	3,056	24%
of which term deposits	1,387	1,477	1,432	3%
of which current accounts	775	520	639	-18%
Debt securities issued	193	301	238	23%
Other liabilities	186	196	224	20%
Shareholders Equity	266	252	256	-4%
Total liabilities and equity	3,709	4,150	4,397	19%

FY22 – Balance Sheet

- **Govies’ portfolio (€1,234m) up q/q and y/y**, with an average duration of 18.4 months, exclusively Italian Government bonds:
 - €553m ‘Held to Collect and Sell’, flat q/q (€552m) and up y/y (€446m), with an average duration of 25.6 months
 - €681m ‘Held to Collect’, up q/q and y/y, with an average duration of 12.4 months
- **Loans at amortized cost down q/q (€2,850m):**
 - **Factoring receivables** at €1.5bn
 - **CQ loans slightly down q/q and stable y/y**, with the growing Direct origination compensating the maturities of the Indirect component
 - **Pawn Loans up** thanks to organic growth
- **Due to banks** q/q decrease is mainly driven by short term ECB funding
- **Due to customers** q/q increase is driven by the increase of repos related to the growth of Govies’ ptf and higher Current accounts
- **Debt securities** q/q decrease is driven by lower structured funding

Note: (1) The item include “Loans to banks” respectively as at 31.12.2022, 30.09.2022 and 31.12.2021 equal respectively to €35m, to €20m and to €33m. (2) Tax credits for ‘superbonuses’ €55m, €52m and €17m respectively as at 31.12.2022, 30.09.2022 and 31.12.2021.

- FY22 Interest Income up 4% y/y (up q/q), with a higher contribution from Pawn loans and SMEs State guaranteed loans and Tax credit for 'superbonuses' (+€4.3m y/y)

- Factoring represents 56% of Total Interest Income

- Lower overall contribution y/y by factoring, mainly due to lower factoring LPIs from legal action equal to €15.2m (€21.5m in 2021):
 - of which accrual €9.1m (€11.4m in 2021)
 - of which "extra collection" €6.1m (€10.1m in 2021)

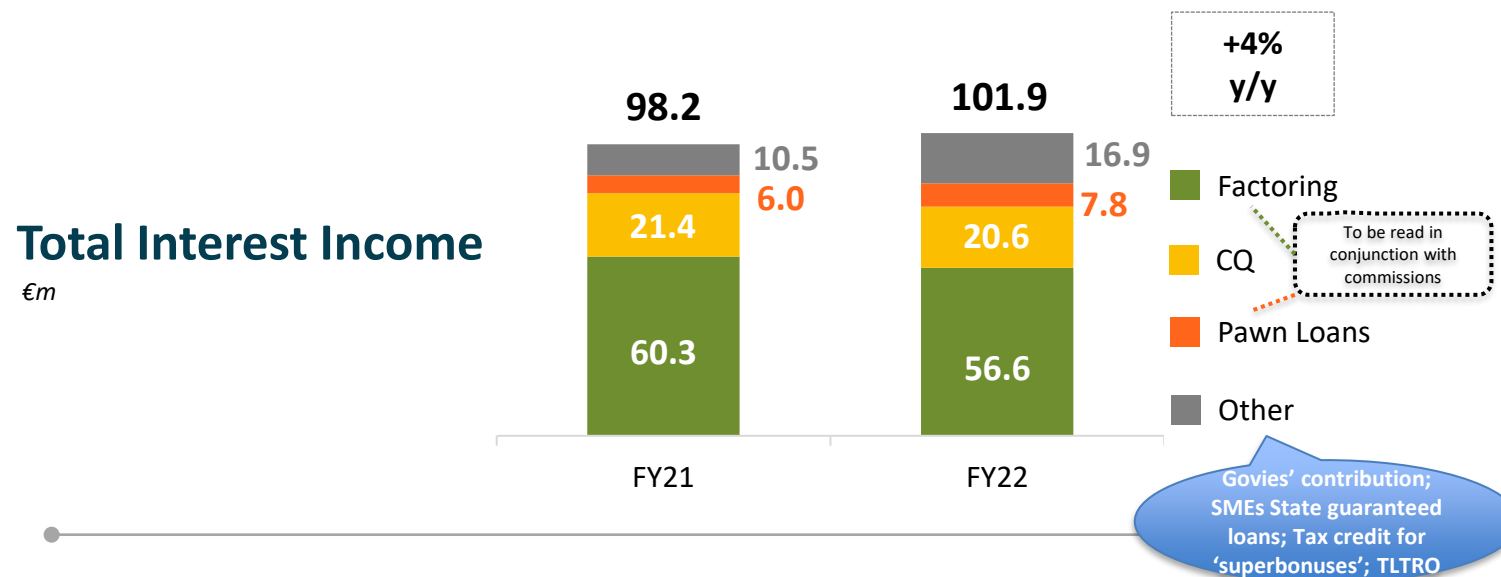
- From 1.1.2023 the accrual of factoring LPI is no more based on a rate of 8.0% but 10.5%

- Lower factoring LPIs contribution partially compensated by a good contribution from tax receivables

- Increasing Pawn loans contribution, +31% y/y

- Total Adjusted Income margin lower y/y, but up vs 9M22 (4%). Factoring Income margin up in 2H22 vs 1H22 and 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

Well diversified Interest income



	FY21	FY22
Total²	4.4% €117.0m	4.2% €116.5m
Factoring	4.9% €74.8m	4.3% 9M22 €70.8m
CQ	2.7% €25.1m	2.2% €20.6m
Pawn Loans	15.3% €12.7m	16.4% €16.2m

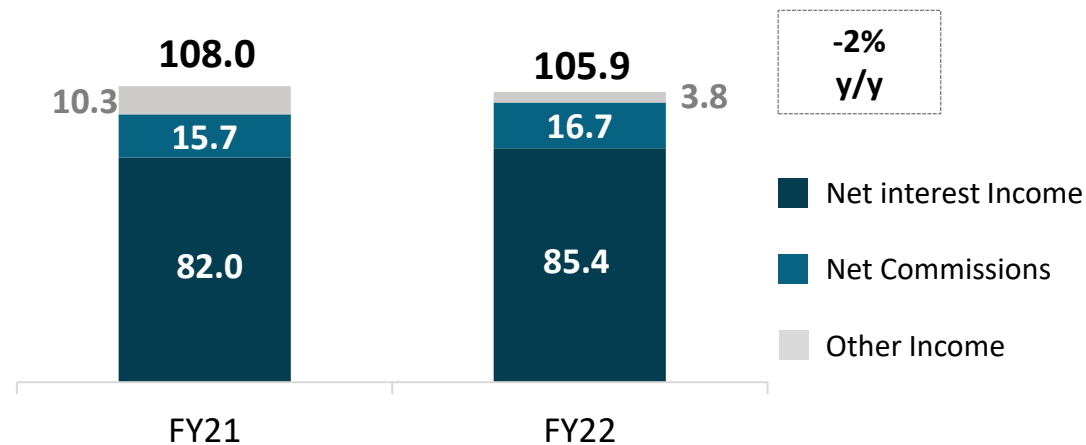
Note: (1) Calculated as [Period Interest Income + Commission Income + Gain for asset disposals] / [Average net customer loans at the end of the period] - excluding the contribution from securities portfolio, PPA, credit due from banks and Repo (Balance Sheet and Financial Statement figures); (2) It include the contribution of the SMEs State guaranteed loans and tax credit 'superbonuses' equal to €8.9m and €4.6m respectively in FY22 and FY21 and also positive contribution from TLTRO funding.

Total Income slightly lower y/y

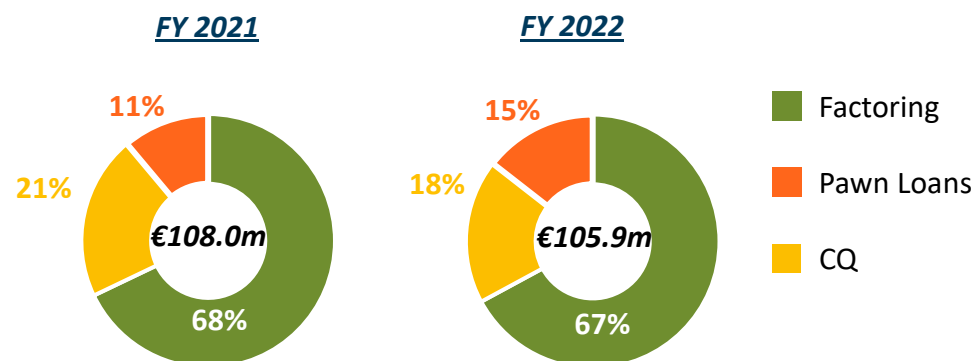
- **FY22 Total Income down 2% y/y**, due to the lower **Other Income**
- NII +4% increase y/y is driven by the increase in Interest Income. Total Cost of funding, equal to 0.4% (0.4% in 2021) is flat y/y (although higher in 2H22 vs 1H22)
- **Net Commissions up y/y** substantially due to higher contribution from Pawn loans (and lower CQ net fees in 3Q22 due to different accounting of Agents' reward)
- **Other Income down y/y**, includes €2.2m gain from the sale of a factoring ptf in 2022 (€1.9m in 2021) and €1.5m gain from the sale of a CQ loans ptf in 2022 (€3.7m in 2021)
- Lower contribution of the **Govies' portfolio, €5.6m** (€6.5m in 2021) of which €5.8m to the NII (€1.9m in 2021) and trading loss to Other Income (€4.6m in 2021)

Total Income

€m



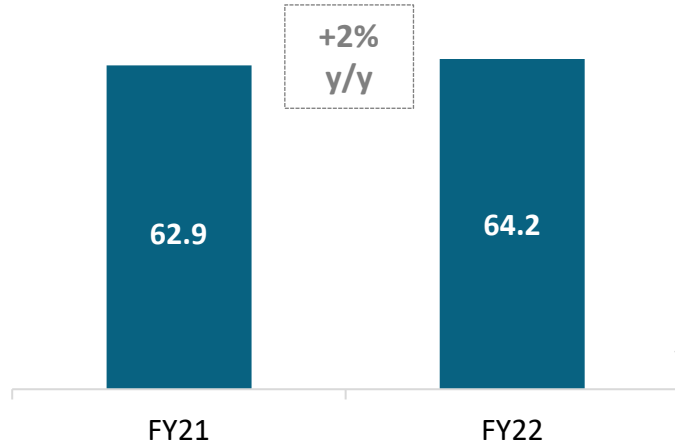
Total Income by Division



Cost base consolidating

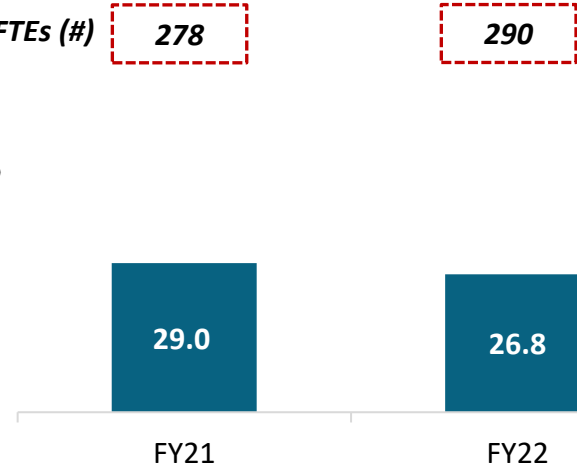
Total Operating Costs

€m

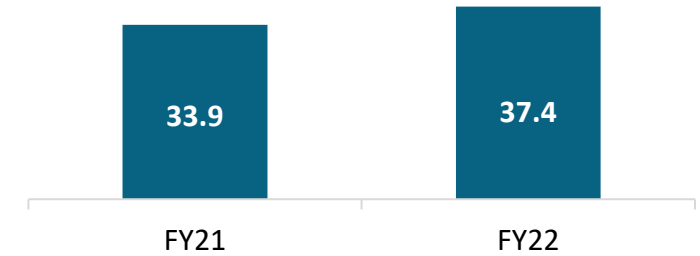


Personnel Expenses

FTEs (#)

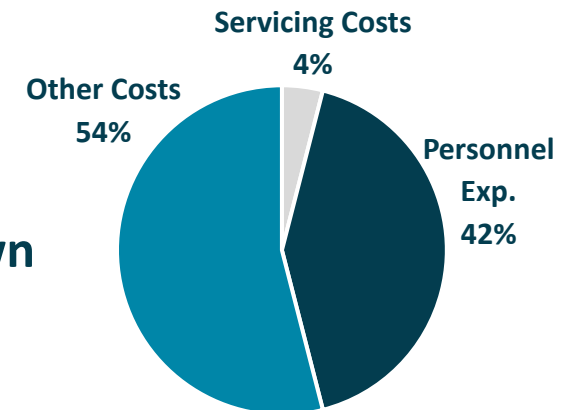


Administrative Expenses, Net Provisions for risk, Other and D&A



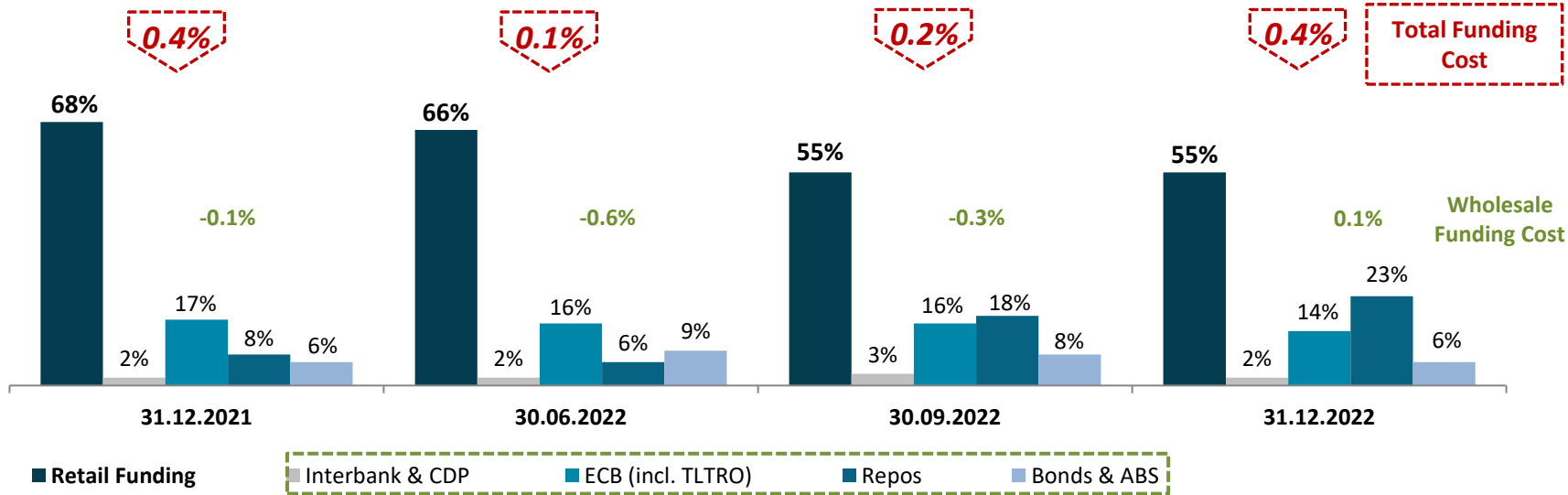
- Personnel Expenses stable y/y adjusted by extraordinary items (equal to €2.4m in 2022), among others €1m higher-than-expected release of the bonus relative to 2021
- All other expenses are €3.5m up y/y, of which €2.8m from Net Provision for risk

Total Operating Costs Breakdown



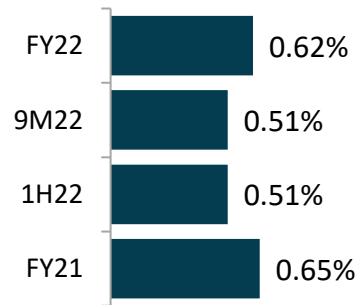
Stable funding cost y/y

Total Funding breakdown



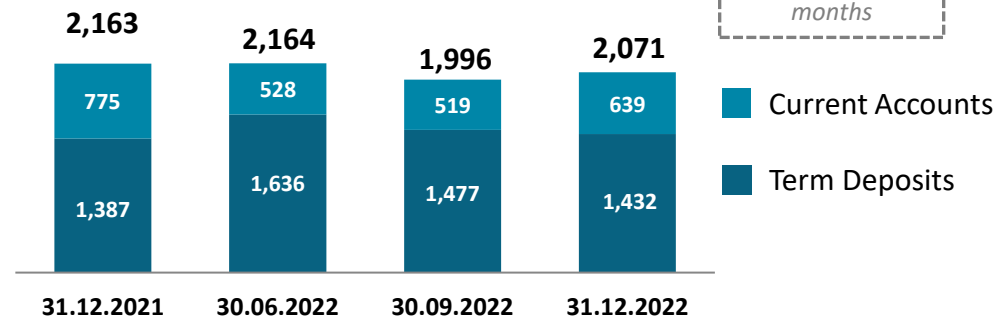
- Cost of funding stable y/y and slightly up q/q
- Wholesale component q/q change is due mainly to higher Repos related to Govies' ptf increase, more than compensated a slight decrease of the collateralized funding (CQ ABS and Tax receivables ABS)
- Wholesale funding cost is expected to increase in the next quarters, in line with the growth of market interest rates

Retail Funding Cost



Retail Funding

€m



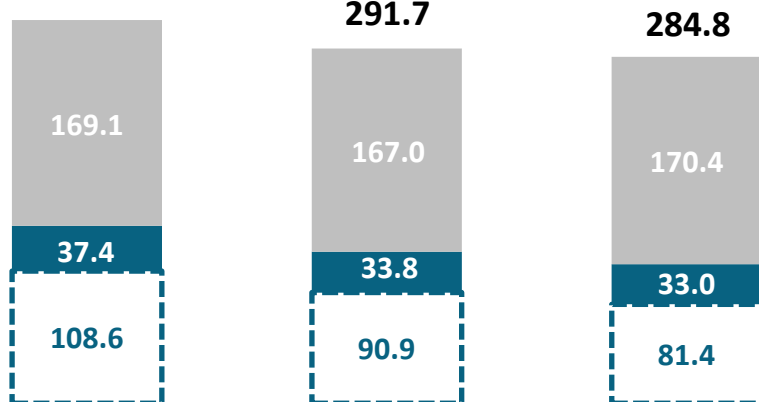
- Retail Funding q/q change is driven by current accounts growth
- In October-December 2022, we have increased the interest rates offered on Retail term deposits, both in Italy and abroad (online platforms/agreements) and on current accounts

Note: CDP stands for Cassa Depositi e Prestiti SpA.

Asset Quality driven by factoring business

Gross Non Performing Exposures

€m
315.1



31.12.2021

30.09.2022

31.12.2022

PA exposure deriving from ordinary business

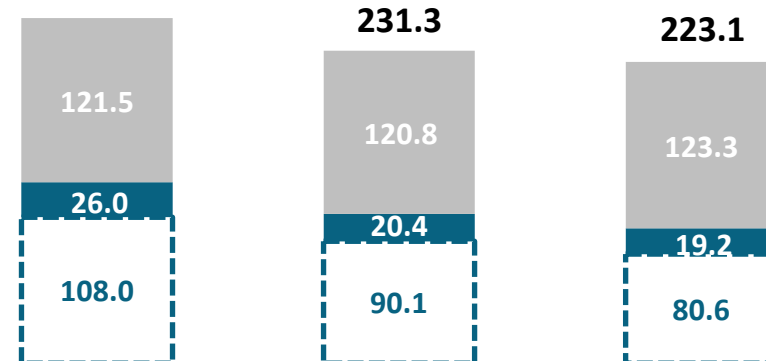
□ Past-dues

■ Unlikely to Pay

■ Bad loans

Net Non Performing Exposures

255.6



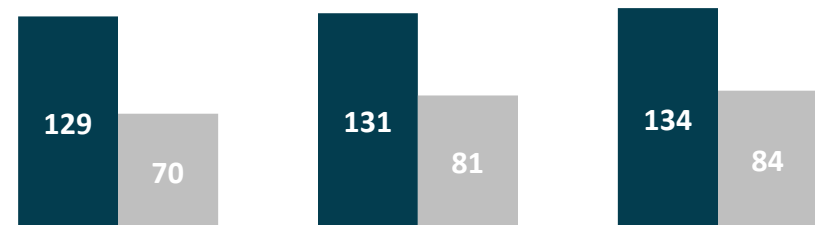
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31.12.2022

Exposure to Municipality in Conservatorship & related LPI stock

€m



31.12.2021

30.09.2022

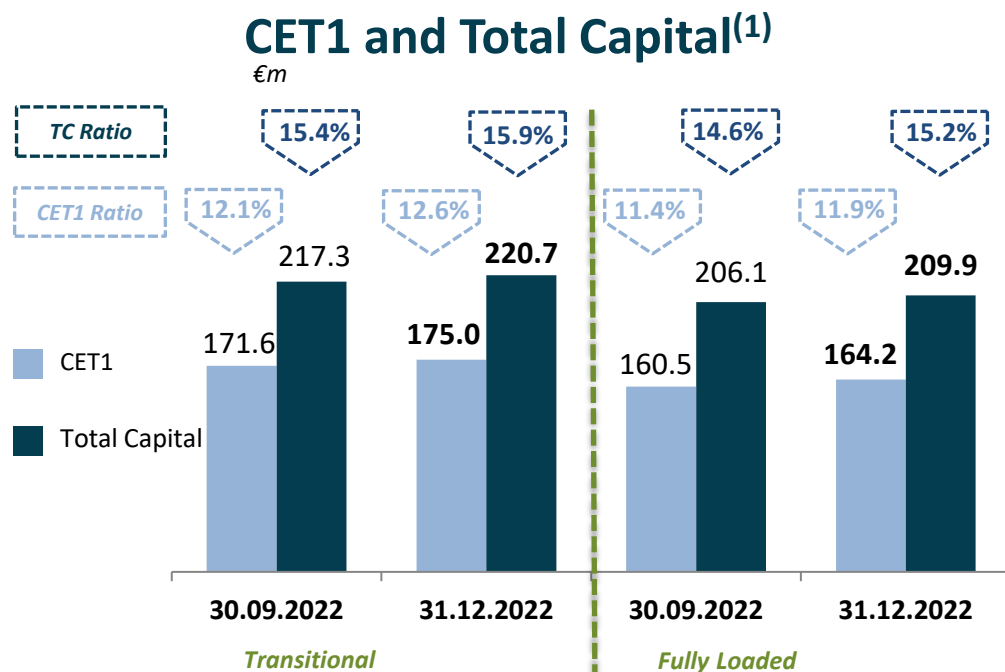
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■ Credit exposures ■ LPI

Classified as bad loans

- Gross Non Performing Exposures down q/q and y/y
- Past-dues decrease q/q and y/y, due to factoring ordinary delay has more than compensated bad loan q/q and y/y increase
- FY2022 Cost of credit risk stands at 29bps (40bps in 2021)

Regulatory Capital above minimum requirements



Fully Loaded - CET1 and Total Capital as at 31.12.2022 include -€24.7m 'Held to Collect and Sell' reserve from Govies' ptf, -€1.2m prudential filter on NPEs ("Calendar provisioning") and -€0.6m of own shares

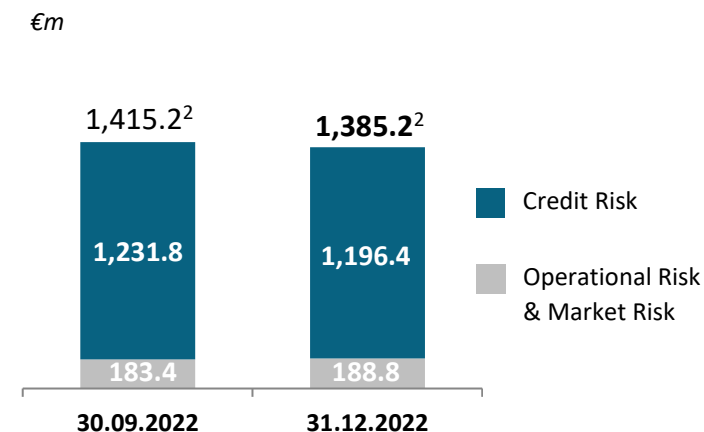
Q/q credit RWA decrease is driven by factoring business (mainly by lower exposures to Corporates and lower Past-dues)

2022 SREP requirements:

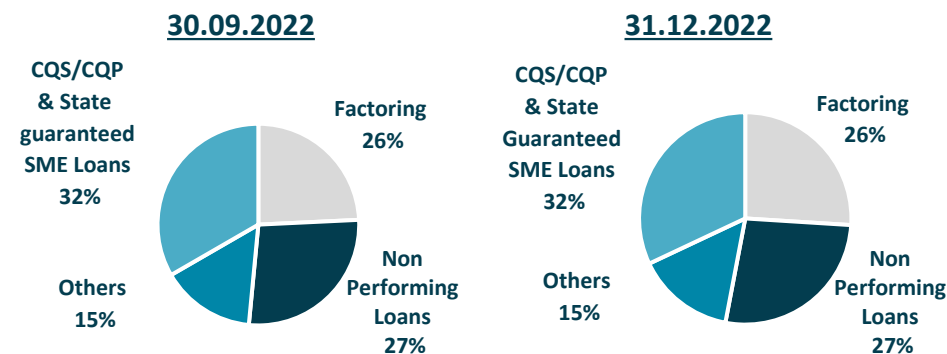
- CET1 ratio 9.0%
- TCR 12.5%

Note: (1) Transitional CET1 and Total Capital, following CRR directive (including art.468). (2) Fully Loaded Credit Risk RWA are ~€2.5m lower than ones for Transitional.

RWA breakdown



RWA – Credit Risk

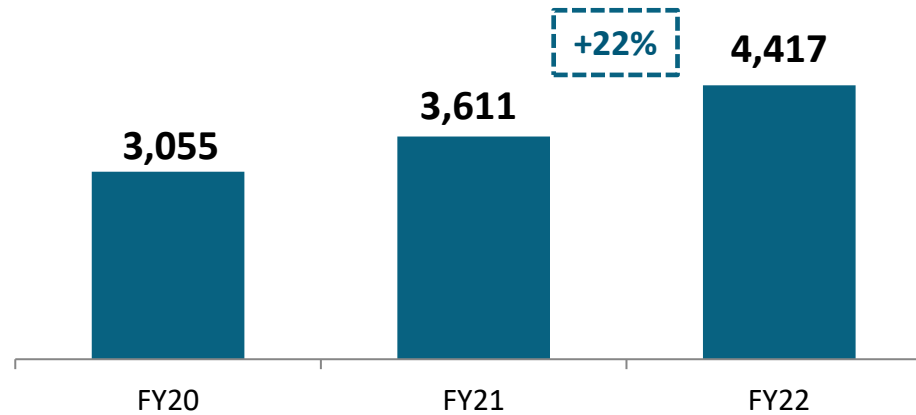


Annexes

Factoring Turnover

Factoring Turnover

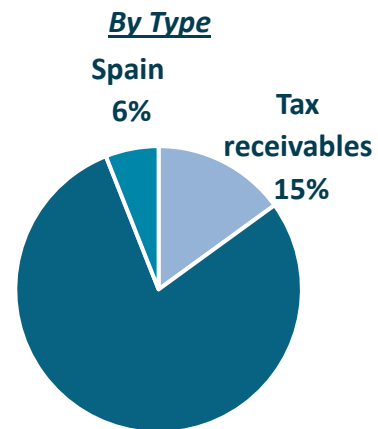
€m



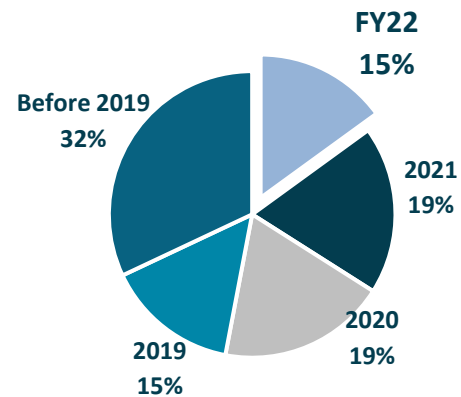
+12% y/y ex. Tax Receivables

Turnover generated by agreements with Italian Retail banks: 12% in 2022

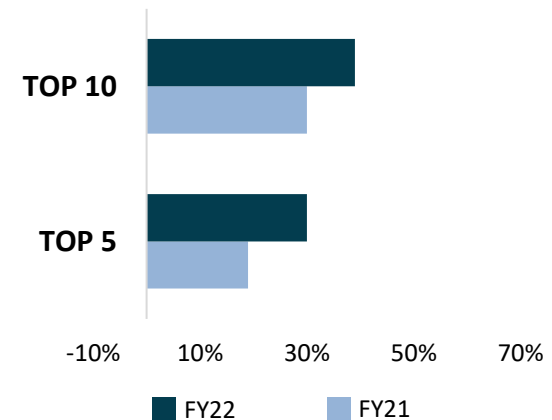
FY22 Factoring Turnover breakdown



By Year of Customer's Acquisition



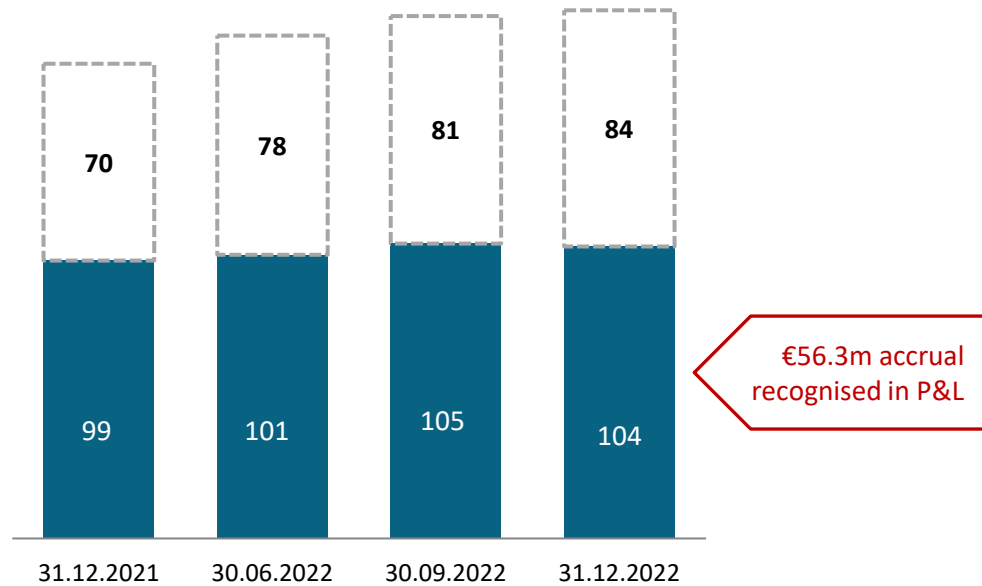
Customer Concentration



Late Payment Interest

Due LPI Stock – Assets in legal action

€m

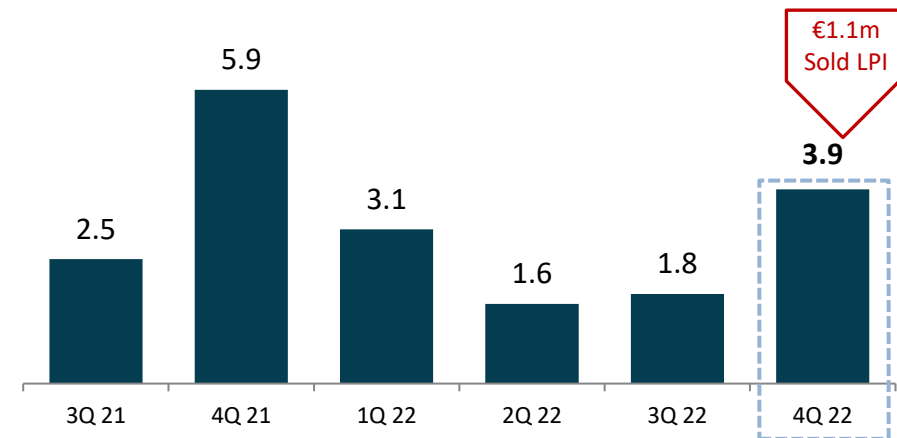


☐ LPI – non relevant for the accrual

■ LPI – relevant for the accrual

Total collected cashed-in LPI⁽¹⁾

€m



Note: (1) 1Q22 and 2Q22 figures have been recasted.

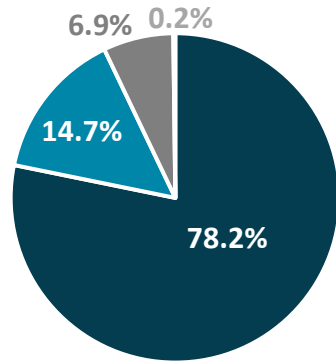
FY 2022 – Income Statement

Figures in millions of Euro

	FY 2021	1Q 2021	2Q 2021	3Q 2021	4Q 2021	FY 2022	1Q 2022	2Q 2022	3Q 2021	4Q 2022	FY 22 vs FY 21 change in %
Interest income	98.2	24.2	23.5	22.1	28.4	101.9	23.6	27.0	24.3	27.1	4%
Interest expenses	(16.2)	(4.8)	(4.4)	(3.5)	(3.5)	(16.5)	(2.9)	(3.0)	(3.5)	(7.1)	2%
Net interest income	82.0	19.4	19.1	18.5	24.9	85.4	20.7	24.0	20.8	20.0	4%
Commission income	25.6	5.9	6.0	6.5	7.2	31.6	7.5	8.2	8.1	7.7	23%
Commission expenses	(9.9)	(1.9)	(2.2)	(2.4)	(3.5)	(14.9)	(3.8)	(5.0)	(2.8)	(3.3)	50%
Net commission	15.7	4.0	3.8	4.1	3.7	16.7	3.7	3.3	5.3	4.4	7%
Dividends and similar income	0.2	-	0.2	-	-	0.2	-	0.2	-	-	nm
Net income from trading	0.02	-	0.02	-	-	(1.5)	-	(1.2)	(0.3)	(0.01)	nm
Net income from disposal/repurchase assets:	10.1	2.7	1.0	1.9	4.5	5.1	0.3	3.8	0.4	0.6	-50%
a) measured at amortised cost	6.0	0.8	0.6	0.5	4.2	4.0	0.3	2.7	0.4	0.6	-33%
b) measured at fair value through other comprehensive income	4.1	1.9	0.5	1.4	0.3	1.1	-	1.1	0.0	-	-73%
Total income	108.0	26.1	24.2	24.5	33.2	105.9	24.7	30.1	26.2	25.0	-2%
Net impairment losses on loans	(10.6)	(4.1)	(3.7)	(1.0)	(1.8)	(8.5)	(2.3)	(2.7)	(1.2)	(2.2)	-20%
Net operating income	97.3	22.0	20.5	23.5	31.4	97.4	22.4	27.3	25.0	22.8	0.1%
Personnel expenses	(29.0)	(6.9)	(7.4)	(7.0)	(7.7)	(26.8)	(6.6)	(7.7)	(7.1)	(5.4)	-7%
Other expenses	(33.9)	(8.4)	(7.6)	(7.0)	(10.9)	(38.1)	(9.1)	(7.9)	(9.2)	(11.8)	12%
Operating expenses	(62.9)	(15.3)	(15.0)	(14.0)	(18.6)	(64.9)	(15.7)	(15.7)	(16.3)	(17.2)	3%
Profits from equity investments	0.0	0.01	0.01	(0.02)	0.0	0.7	(0.04)	(0.02)	(0.01)	0.7	nm
Pre-tax profit from continuing operations	34.5	6.7	5.5	9.4	12.8	33.2	6.7	11.6	8.6	6.2	-4%
Taxes on income for the period/year from continuing operations	(10.9)	(2.1)	(1.5)	(3.1)	(4.2)	(10.7)	(2.1)	(3.7)	(2.9)	(1.9)	-2%
Profit after tax from discontinued operations	(0.02)	-	-	-	(0.02)	(0.02)	(0.02)	-	-	0.0	15%
Profit (loss) for the year/period	23.5	4.6	4.0	6.4	8.6	22.5	4.5	7.9	5.8	4.3	-4%
Minority interests	(0.3)	0.03	(0.1)	(0.1)	(0.1)	(0.5)	(0.1)	(0.1)	(0.1)	(0.1)	68%
Profit (loss) for the year/period attributable to the shareholders of the Parent	23.3	4.6	3.9	6.3	8.5	22.0	4.4	7.8	5.7	4.2	-5%

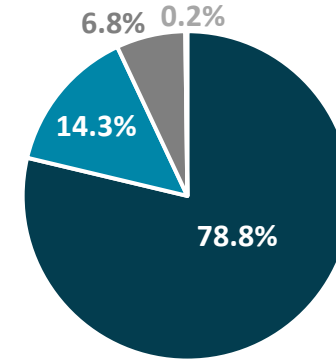
Asset Quality

Gross Bad loans



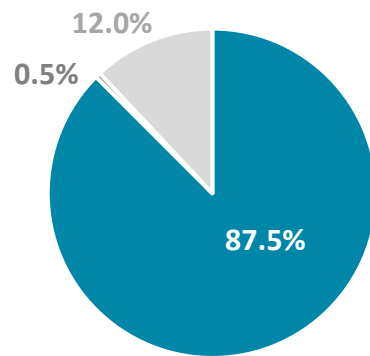
30.09.2022

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

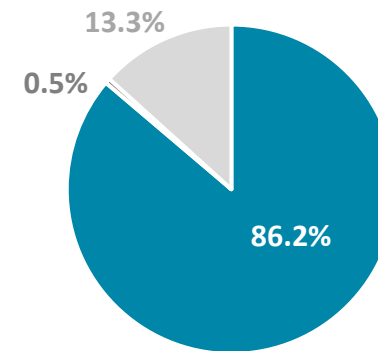


31.12.2022

Gross Unlikely to Pay



30.09.2022



31.12.2022

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