

# **BANCA**

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# **SISTEMA**

**1Q 2024 RESULTS**

*May 10th, 2024*

## Commercial performance

- **Factoring** turnover +28% y/y equal to €1,368m
- **Pawn loans** outstanding at €123m, +12% y/y
- **CQ** outstanding at €801m, -11% y/y
- **SMEs State guaranteed loans** outstanding equal to €265m, +40% y/y

## P&L

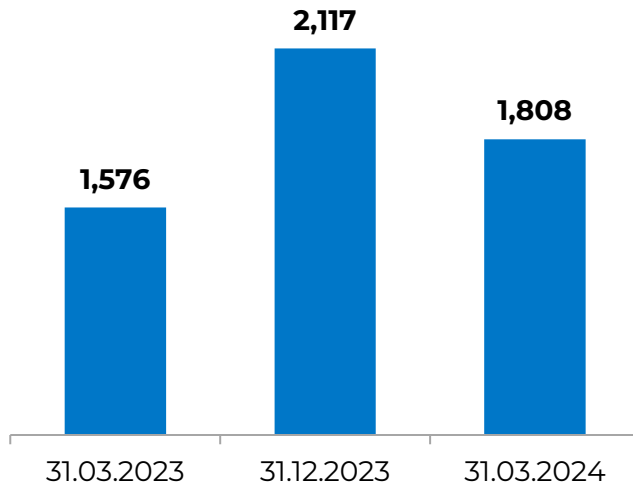
- **Adjusted Net Interest Income** equal to €16.1m, -21% y/y
- **Net commissions** equal to €8.6m, +88% y/y
- **Higher funding cost y/y at 3.6%**
- **Total Income** equal to €26.8m, +6.0% y/y
- **Lower Cost of risk y/y at 17bps**
- **Total operating costs equal to €18.5m**, flat y/y
- **Pretax profit equal to €7.0m**, +19% y/y (**net profit €4.1m**)

## Balance Sheet

- **Retail funding component stable q/q** (76% of Total Funds)
- **Total assets** equal to ~€4.5bn, stable q/q
- **CET1 ratio at 12.7%** (+70bps y/y) and **TC ratio at 15.8%** (+50bps y/y)

## Factoring – Loans Outstanding

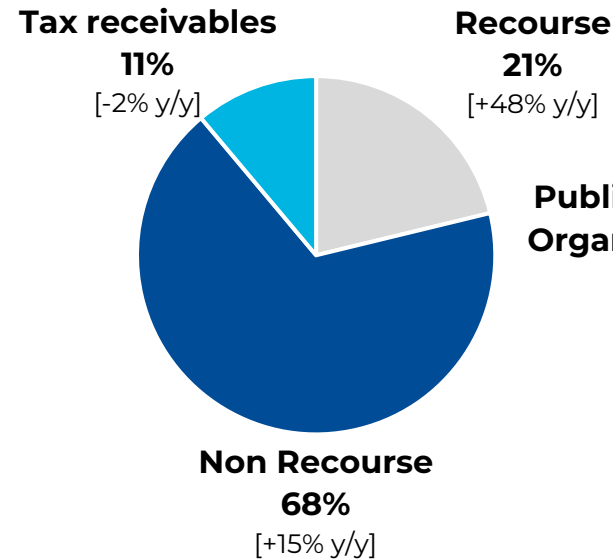
€m



## Outstanding breakdown (31.03.2024)

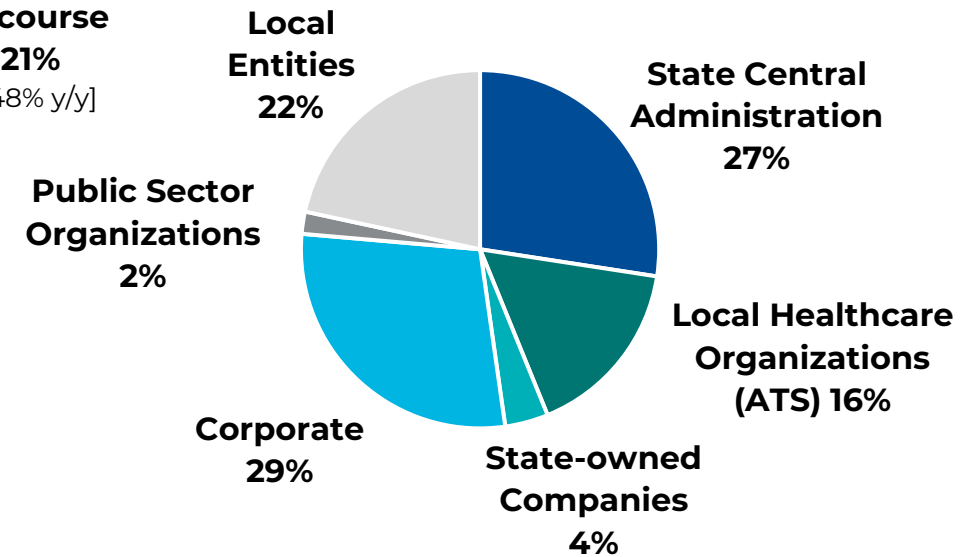
€1,956m

### By Type of Product



### By Obligor

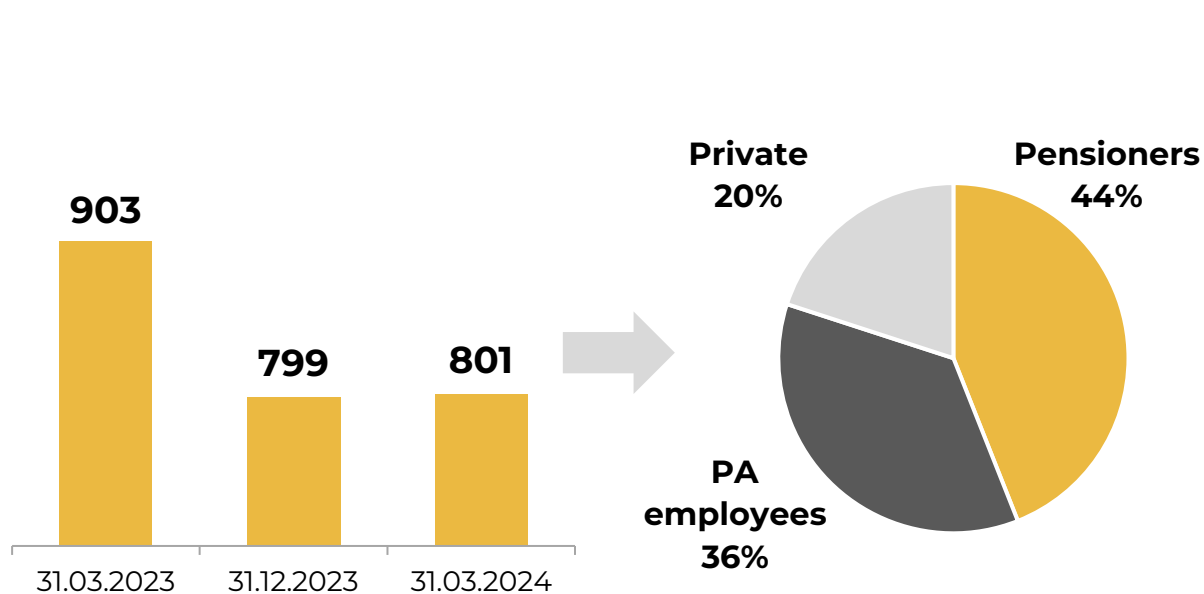
PA accounts for 71%



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 loans outstanding

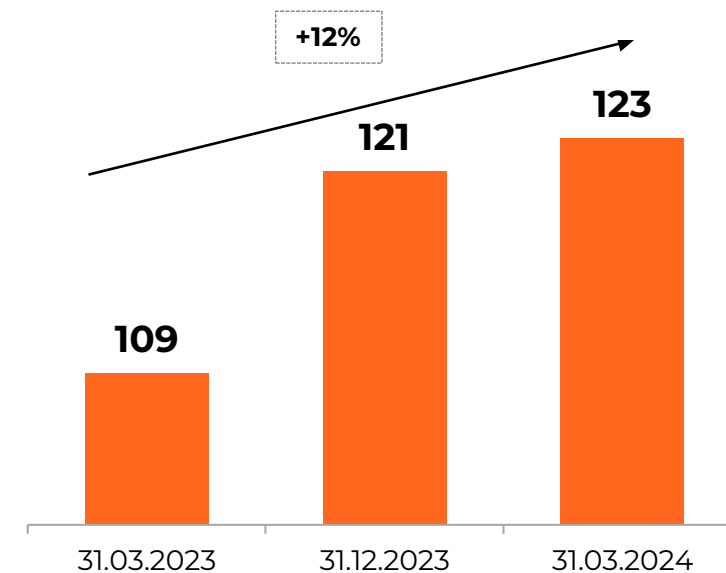
€m



- €56m turnover in 1Q24 (€37m in 1Q23)

## Pawn Loans outstanding

€m



- ~71k contracts
- Total turnover in 1Q24 (including renewals): €55m (€49m in 1Q23)
- #22 auctions in 1Q24, with > 95% of the offers through the APP, DigitalPegno

# 1Q24 – BALANCE SHEET

Figures in millions of Euro

	31.12.2023	31.03.2024	Change in % 31.03.2024 vs 31.12.2023
<b>ASSETS</b>			
Cash and cash equivalents	250	246	-2%
Financial assets at fair value through Other Comprehensive Income <b>[Held to Collect and Sell]</b>	576	754	31%
<b>Loans at amortized cost</b>	<b>3,335</b>	<b>3,030</b>	<b>-9%</b>
<b>Factoring</b>	<b>2,117</b>	<b>1,808</b>	<b>-15%</b>
<b>CQ</b>	<b>799</b>	<b>801</b>	<b>0%</b>
<b>Pawn loans</b>	<b>121</b>	<b>122</b>	<b>1%</b>
SMEs State Guaranteed loans	286	265	-7%
Other <sup>(1)</sup>	12	34	183%
Securities at amortized cost <b>[Held to Collect]</b>	61	61	0%
Tangible and Intangible assets	76	76	0%
Goodwill	34	34	0%
Equity investments	1	1	0%
Other assets <sup>(2)</sup>	272	354	30%
<b>Total assets</b>	<b>4,572</b>	<b>4,522</b>	<b>-1.1%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Due to banks</b>	<b>644</b>	<b>397</b>	<b>-38%</b>
of which ECB exposure	556		-100%
<b>Due to customers</b>	<b>3,233</b>	<b>3,460</b>	<b>7%</b>
of which term deposits	2,402	2,708	13%
of which current accounts	705	267	-62%
Debt securities issued	165	122	-26%
Other liabilities	253	258	2%
<b>Shareholders Equity</b>	<b>277</b>	<b>285</b>	<b>3%</b>
<b>Total liabilities and equity</b>	<b>4,572</b>	<b>4,522</b>	<b>-1.1%</b>

- **Govies' portfolio increased q/q (nominal value €817m vs €647m as of 4Q23)** with an average duration of 11.5 months (15 months as at 31.12.2023), exclusively Italian Government bonds:
  - €756m 'Held to Collect and Sell', +€170m q/q, with an average duration of 9 months
  - €61m 'Held to Collect', flat q/q, with an average duration of 40 months
- **Loans at amortized cost down q/q (€3,030m):**
  - **Factoring receivables** at €1.8bn, -15% q/q due to maturity of few big tickets underwritten in 2H23 and with a short duration.
  - **CQ loans flat q/q**, with the growing Direct origination not entirely compensating the maturities of the Indirect component
  - **Pawn Loans flat q/q**
- **Due to banks** q/q decrease is mainly driven by €195m TLTRO reimbursement (€361m outstanding as of 1Q24)
- **Due to customers** q/q increase is driven by the increase in term deposits ("Conto Deposito") and REPO's which more than offset Current accounts decrease, **Debt securities** q/q decrease is driven by lower structured funding with factoring receivables collateral

Note: (1) The item include "Loans to banks" respectively as at 31.12.2023 and 31.03.2024 equal respectively to €0.9m and to €1.1m. (2) Tax credits for 'superbonuses' €217m and €290m respectively as at 31.12.2023 and 31.03.2024.

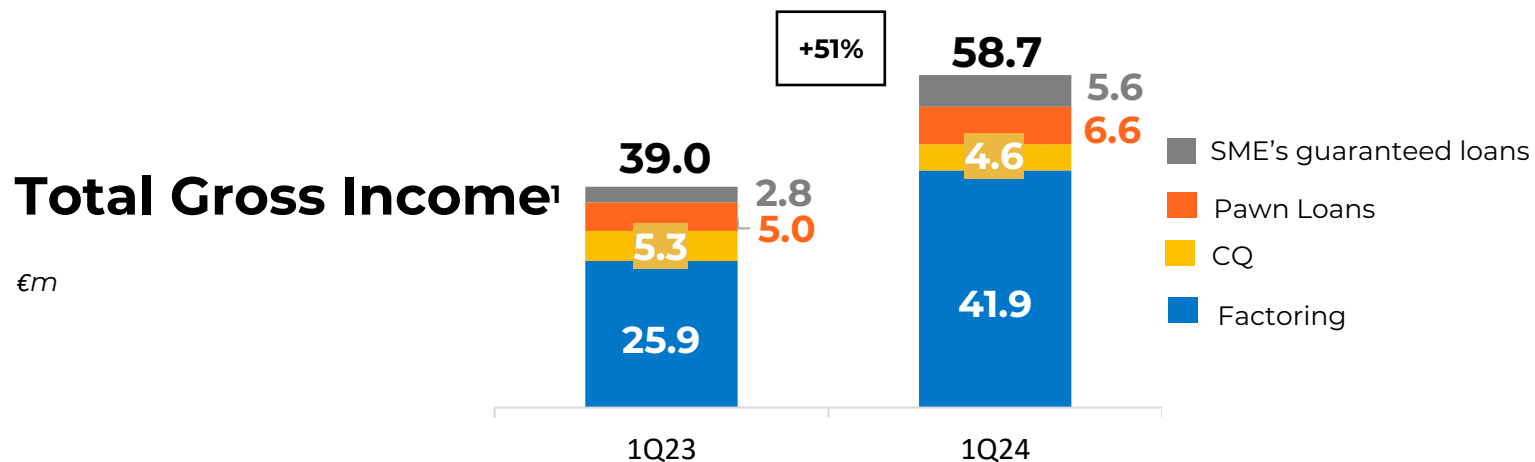
# ADJUSTED INCOME MARGIN EVOLUTION

**1Q24 Total gross income up +51% y/y (+8% q/q), with a higher contribution from factoring (+€16.0m y/y), pawn loans (+1.6m y/y), SMEs State guaranteed loans (+2.8m y/y) and decreasing trend in CQ (-0.7m y/y)**

**Higher revenues y/y from factoring**, mainly due to  
a) higher commercial loans contribution / Superbonus  
b) higher **factoring LPIs from legal action** equal to €13.4m (€11.1m in 1Q23):

- of which accrual €10.0m (€9.1m in 1Q23)
- of which “extra collection” €3.3m (€2.0m in 1Q23)

**Factoring gross income and adjusted income margin** include **€4.9m** revenues from Superbonus of which €4.4m from Trading



	1Q23	6.2% FY23	1Q24
<b>Total</b>	<b>5.0%</b> €39.0m		<b>6.5%</b> €58.7m
<b>Factoring</b>	<b>5.5%</b> €25.9m		<b>7.0%</b> €41.9m
<b>CQ</b>	<b>2.3%</b> €5.3m		<b>2.3%</b> €4.6m
<b>Pawn Loans</b>	<b>18.6%</b> €5.0m		<b>21.6%</b> €6.6m

1Q24: 6.9% ex Superbonus

1Q23: 5.6% ex Superbonus

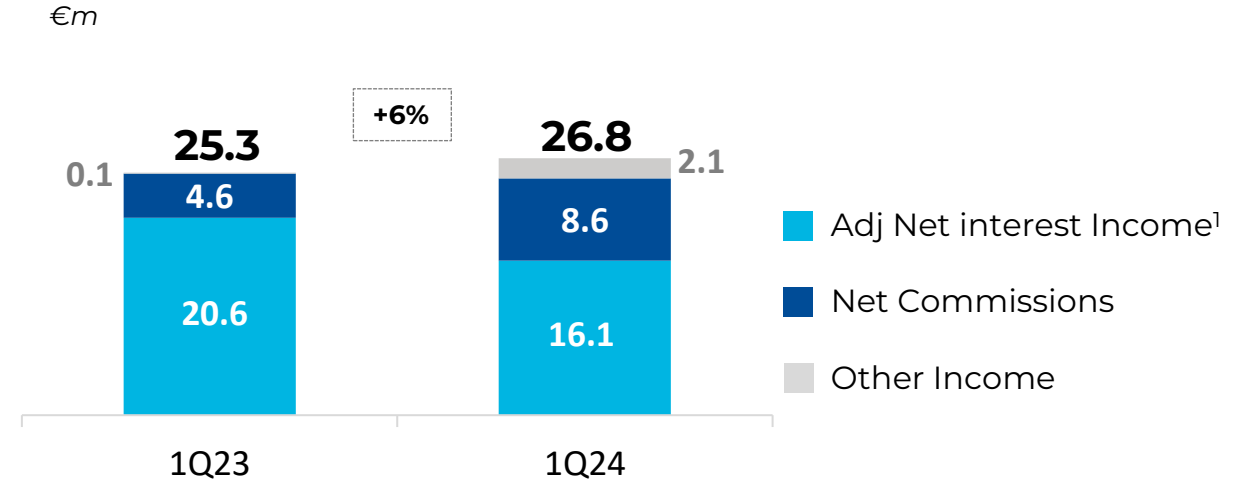
Note: (1) Total gross income calculated as Period Interest Income + Commission Income + Gain for asset disposals + trading Superbonus - excluding the contribution from securities portfolio, PPA, credit due from banks and Repo (Balance Sheet and Financial Statement figures);  
(2) Calculated as [Period 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);

# TOTAL INCOME UP Y/Y THANKS TO FACTORING AND PAWN BROKING

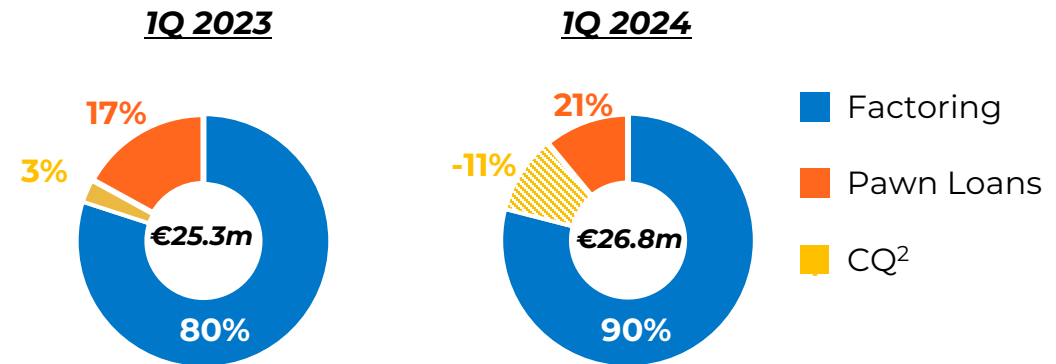
- **1Q24 Total Income up 6% y/y**, thanks to positive contribution from factoring and pawn loans despite higher cost of funding and lower contribution from CQ business
- **Adj NII** (NII + trading on Superbonus) decreased by 22% y/y due to higher cost of funding, much lower contribution from financial portfolio and the sale of a greater number of commission-based products. Total Cost of funding was equal to 3.6% (2.8% in 4Q23 and 2.0% in 1Q23)
- **Fees up +88% y/y** thanks to strong performance in factoring and pawn broking business
- **Other Income up y/y**, includes ca. €1m gain from govies portfolio and €0.9mn gain from the sale of a factoring ptf (€0.2m in 1Q23)
- **CQ contribution** was negative y/y still due to the backbook's low yields, expected to improve in the coming quarters



## Total Income

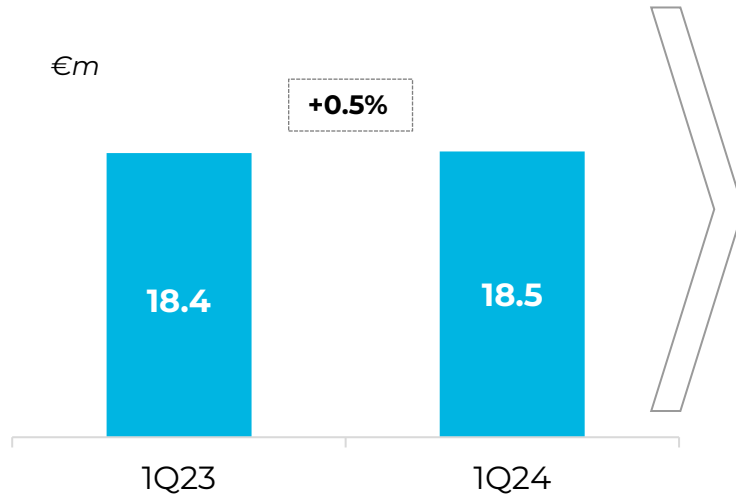


## Total Income by Division

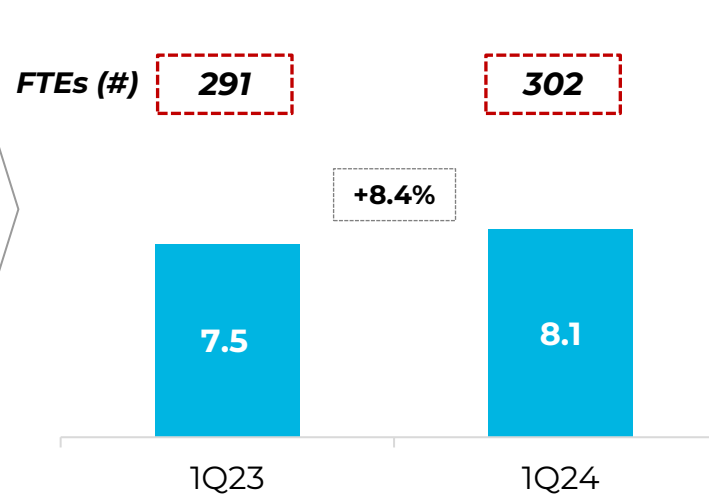


1. Adjusted Net Interest Income = Net interest Income + Trading on Superbonus  
 2. CQ total income in 1Q24 was negative and equivalent to -11% of total income

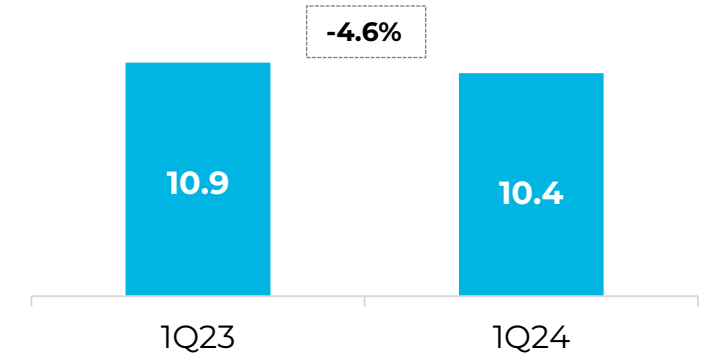
## Total Operating Costs



## Personnel Expenses

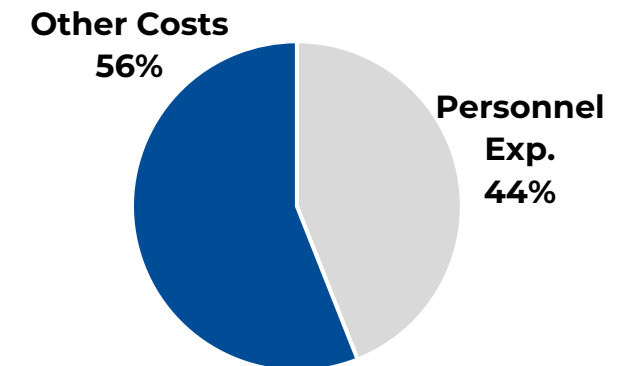


## Administrative Exp, D&A, Risk Provisions and Others



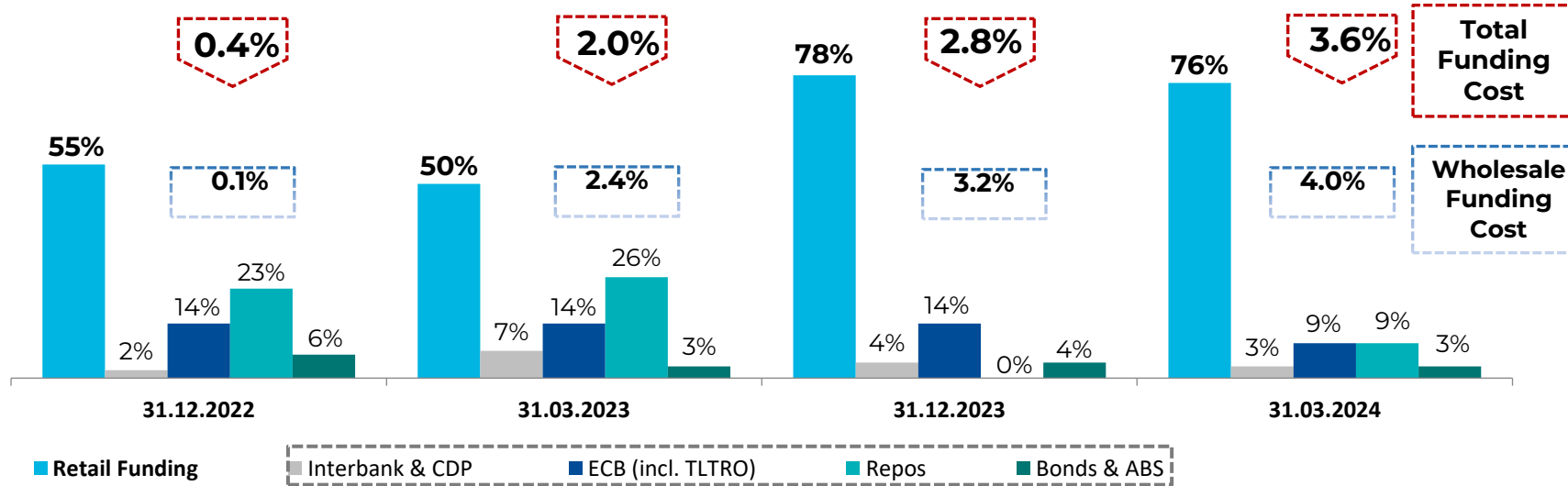
- **Total costs flat y/y** as higher personnel and administrative costs have been compensated by the cancellation, starting from 2024, of the SRF provision
- **Personnel Expenses up** (+8.4% y/y) due to higher FTEs and the impact of the national labour contract renewal
- **Administrative costs were up** y/y due to **one-off costs** (i.e. new 3Y Industrial plan, Kruso kapital IPO completion) and some credit-related costs (i.e. origination and collection). The decrease shown in the chart is driven by SRF provision cancellation

## Total Costs Breakdown



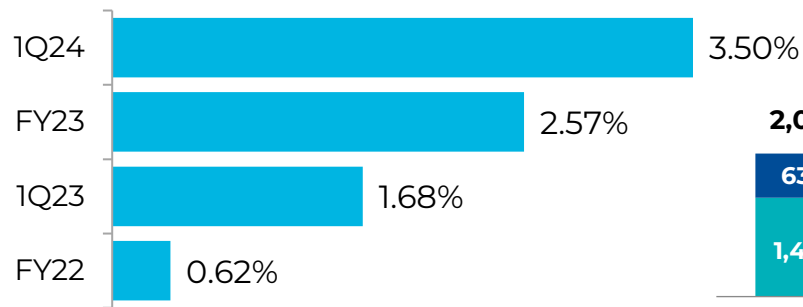


## Total Funding breakdown

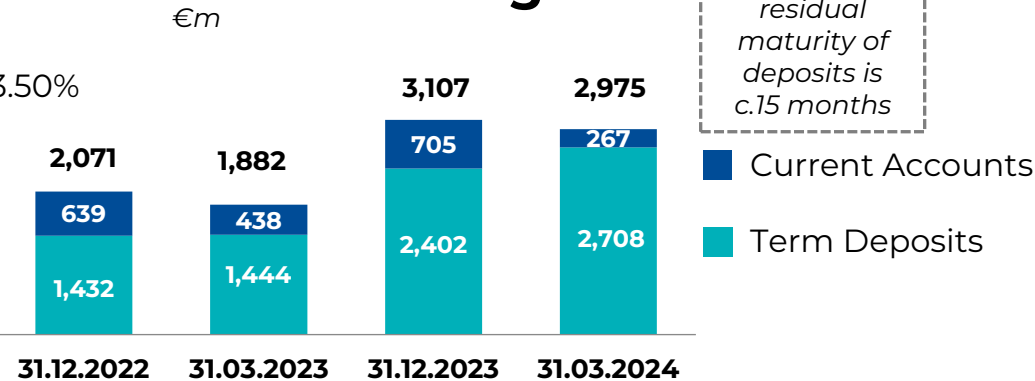


- Retail Funding represents 76% of total funding as of 1Q24
- Retail funding reduction q/q was due to lower current accounts from corporates only partially compensated by some inflows on term deposits.
- Net inflows in term deposits continued from abroad (+€303m) while were flat in Italy. The overall decrease of retail funding q/q is driven by current accounts decrease from corporates
- €195m TLTRO reimbursed in 1Q24
- Cost of funding up y/y and q/q, similar increase in wholesale and retail component with a +50bps spread among the two categories.

## Retail Funding Cost

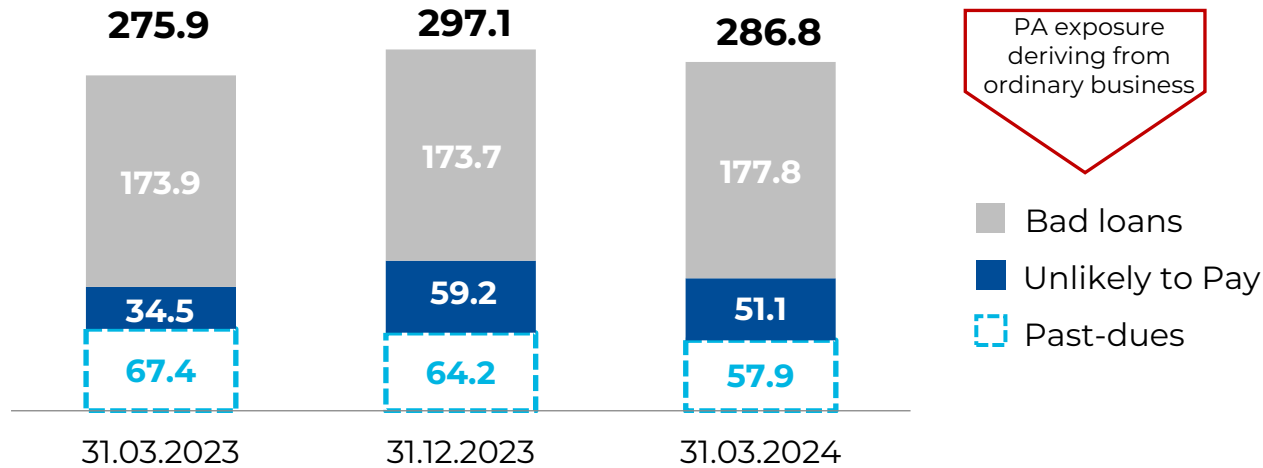


## Retail Funding



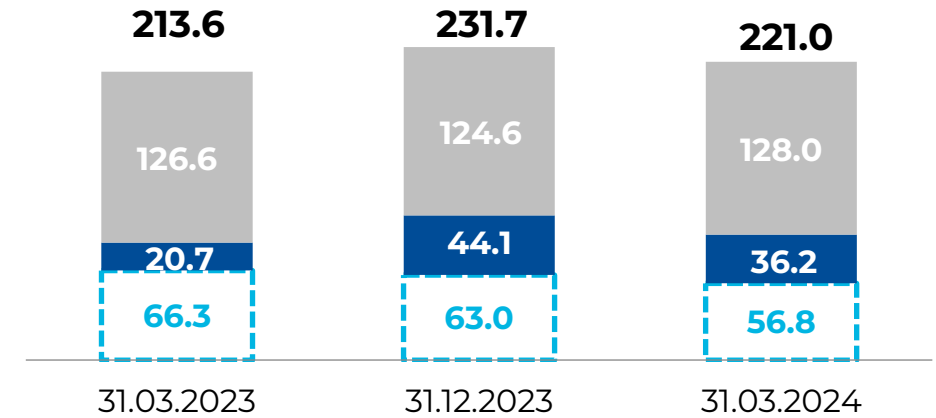
## Gross Non Performing Exposures

€m



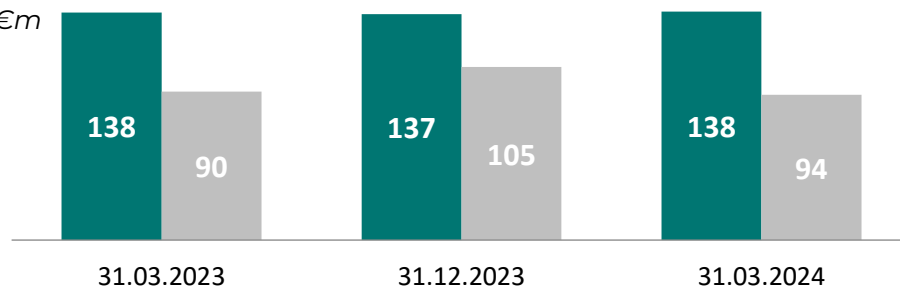
## Net Non Performing Exposures

€m



## Exposure to Municipality in Conservatorship & related LPI stock

€m

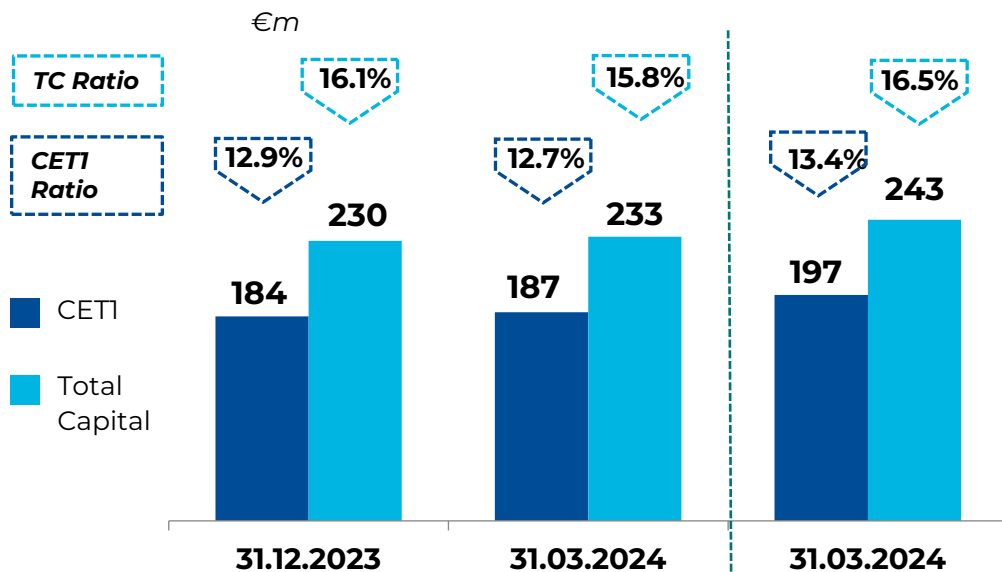


Classified as bad loans

Legend: Credit exposures (dark teal), LPI (grey)

- Gross Non Performing Exposures down q/q
- Past-dues decrease q/q, due to higher collections and migration to bad loans of 1 position. Positive trend in UtP category due to few positions collected
- Cost of credit risk stands at 17bps (15bps in 1Q23)

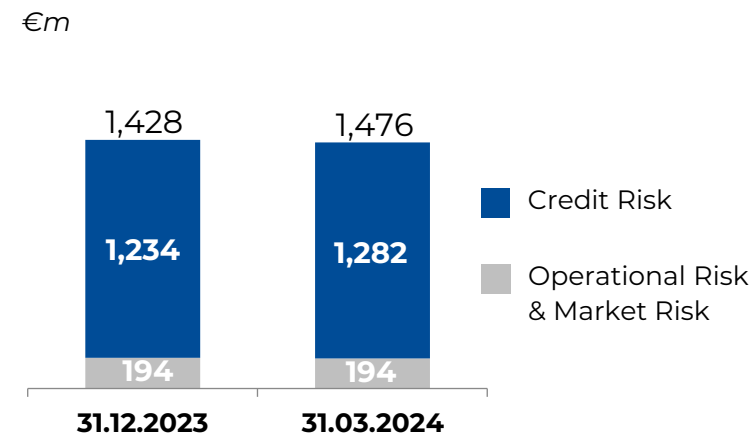
## CETI and Total Capital



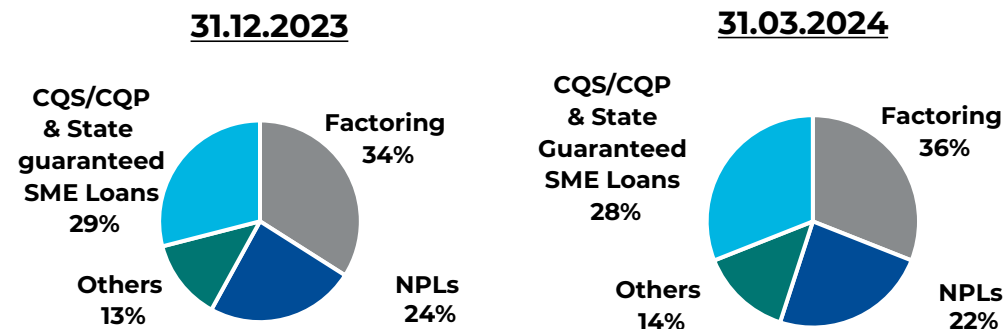
Incl. CRR's prudential filter as approved by Eu Parliament<sup>1</sup>

- **CETI and Total Capital** as at 31.03.2024 include -€10.4m 'Held to Collect and Sell' reserve from Govies' ptf
- **Proforma CETI and Total Capital ratios** for **CRR** prudential filter are equal to **13.4%** and **16.5%** respectively
- **Q/Q credit RWA increase** is driven by factoring business (mainly by higher exposures to Corporates)
- **2024 SREP requirements: CETI ratio 9.4% / TCR 12.9%**

## RWA breakdown



## RWA – Credit Risk



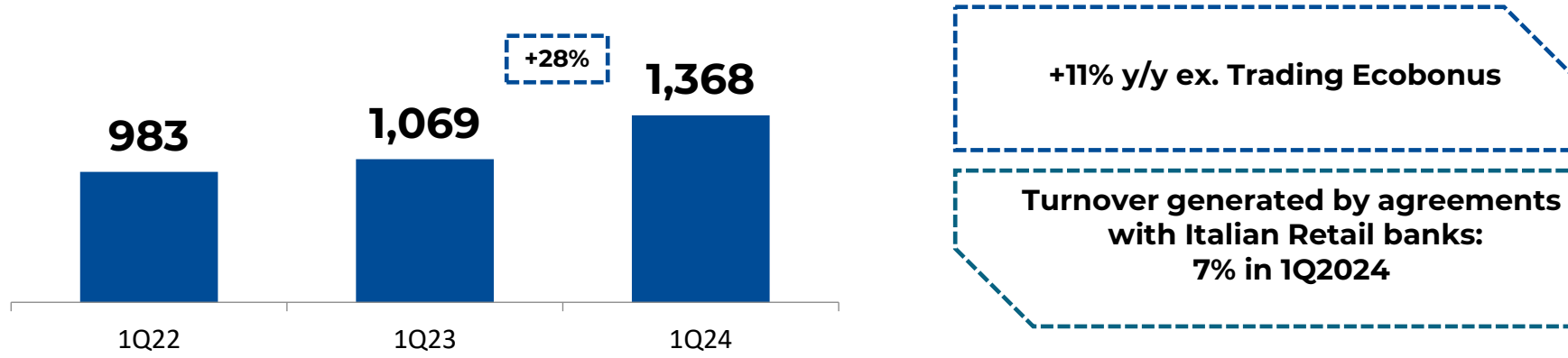
Note: The European Parliament has given the green light to the reintroduction of the prudential filter by article 468 CRR which neutralizes securities MTM in the HTCS category. The filter applied to capital ratios as of 1Q24 increases CETI/TI/TCR by +70bps

# **ANNEXES**

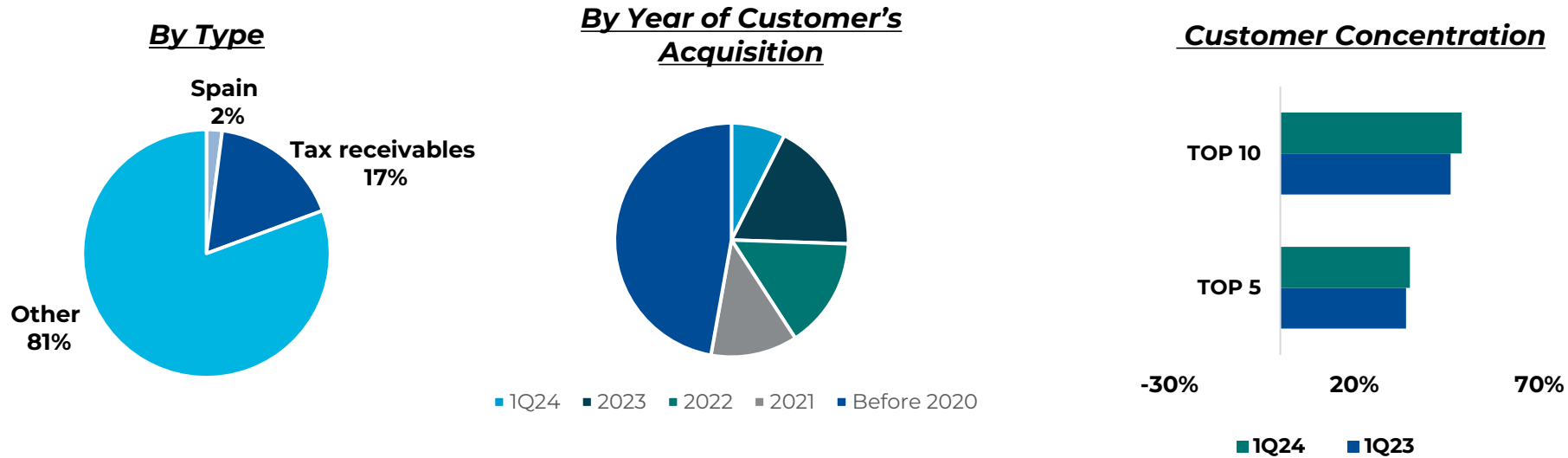
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## Factoring Turnover

€m

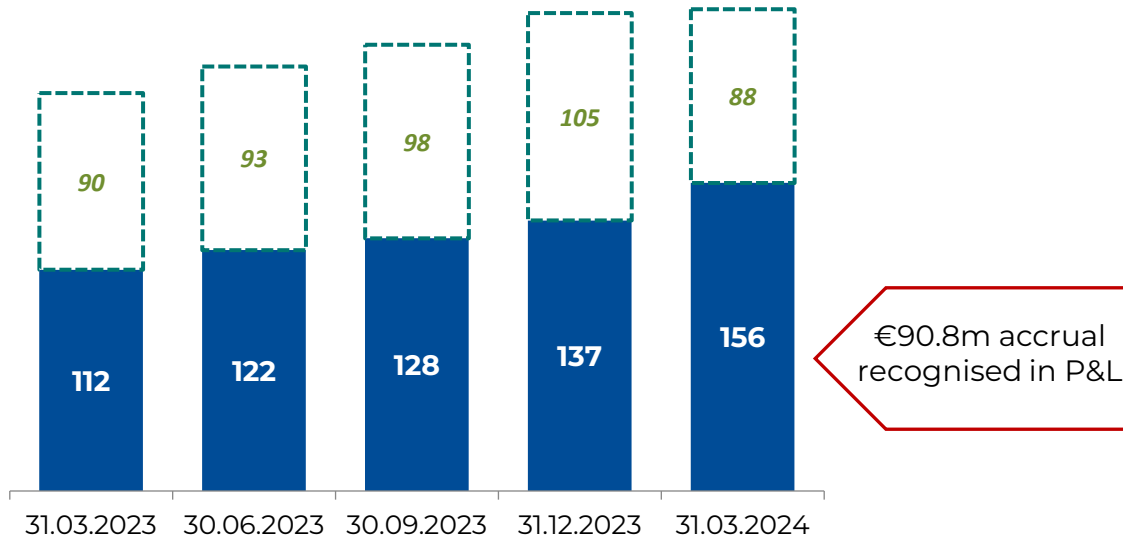


## 1Q24 Factoring Turnover breakdown



## Due LPI Stock – Assets in legal action

€m

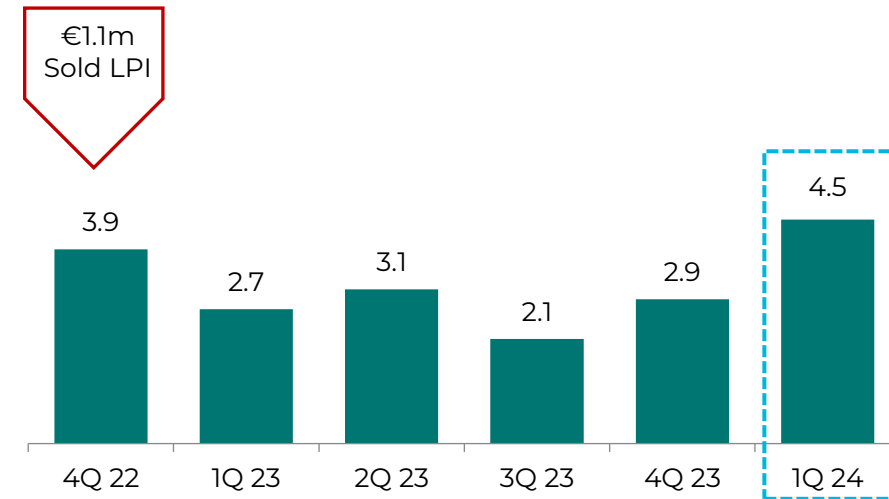


□ LPI - non relevant for the accrual

■ LPI - relevant for the accrual

## Total collected cashed-in LPI

€m

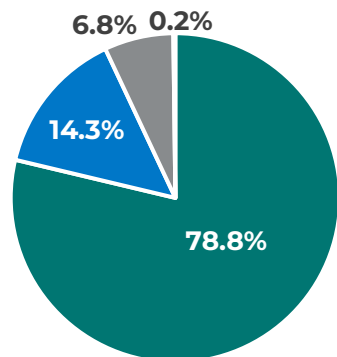


# 1Q24 – INCOME STATEMENT

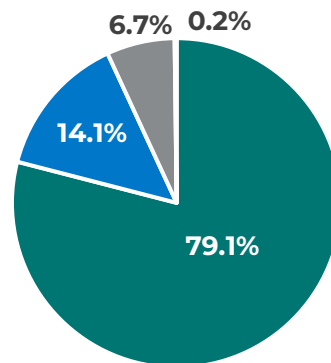
Figures in millions of Euro

	1Q 2023	1Q 2024	1Q 24 vs 1Q 23 change in %
Interest income	40.1	48.2	20%
Interest expenses	(19.5)	(36.4)	87%
<b>Net interest income</b>	<b>20.6</b>	<b>11.8</b>	<b>-43%</b>
Commission income	7.7	14.0	82%
Commission expenses	(3.1)	(5.4)	74%
<b>Net commission</b>	<b>4.6</b>	<b>8.6</b>	<b>87%</b>
Net income from trading	(0.3)	4.8	nm
Net income from disposal/repurchase assets:	0.3	1.6	nm
<i>a) measured at amortised cost</i>	0.2	0.9	nm
<i>b) measured at fair value through other comprehensive income</i>	0.1	0.7	nm
<b>Total income</b>	<b>25.3</b>	<b>26.8</b>	<b>6%</b>
Net impairment losses on loans	(1.0)	(1.4)	40%
<b>Net operating income</b>	<b>24.3</b>	<b>25.4</b>	<b>5%</b>
Personnel expenses	(7.5)	(8.1)	8%
Other expenses	(10.9)	(10.4)	-5%
<b>Operating expenses</b>	<b>(18.4)</b>	<b>(18.5)</b>	<b>1%</b>
<b>Pre-tax profit from continuing operations</b>	<b>5.9</b>	<b>6.9</b>	<b>17%</b>
Taxes on income for the period/year from continuing operations	(2.1)	(2.6)	24%
<b>Profit (loss) for the year/period</b>	<b>3.8</b>	<b>4.3</b>	<b>14%</b>
Minority interests	(0.1)	(0.2)	nm
<b>Profit (loss) for the year/period attributable to the shareholders of the Parent</b>	<b>3.7</b>	<b>4.1</b>	<b>11%</b>

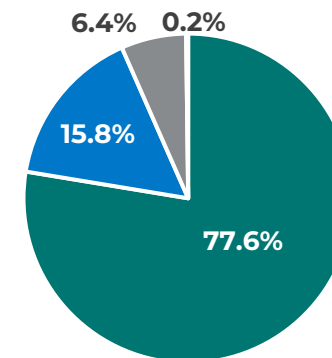
## Gross Bad loans



31.12.2022

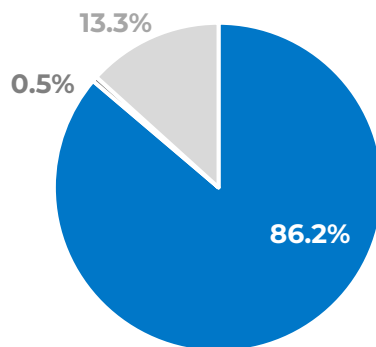


31.12.2023

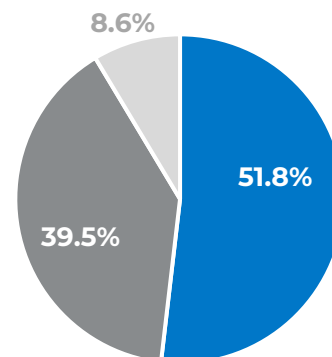


31.03.2024

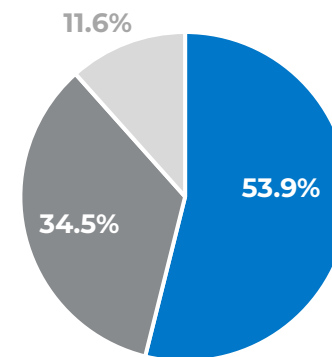
## Gross Unlikely to Pay



31.12.2022



31.12.2023



31.03.2024

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



# 2024 UPCOMING EVENTS

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**May 20<sup>th</sup>, 2024 - Milan - 3Y Strategic Plan Presentation**

**June 6<sup>th</sup>, 2024 - Paris – European Mid Cap Event by Intermonte**

**July 31<sup>st</sup>, 2024 - 1H Results Presentation**

**September 24<sup>th</sup> – 25<sup>th</sup>, 2024 - Milan, Le Eccellenze del Made in Italy by Intermonte**

**October 8<sup>th</sup> - 9<sup>th</sup>, 2024 - 2024 Italian Excellences Mid Corporate Conference by Imi/Intesa Sanpaolo**

**November 8<sup>th</sup>, 2024 - 9M Results Presentation**

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