

BANCA SISTEMA

1H 2025 RESULTS

Aug. 1st, 2025

EXECUTIVE SUMMARY

STRONG REDUCTION IN NPEs IN 2Q

Asset quality negatively impacted in 1Q25 (gross NPEs +75% q/q) by the new classification of past due loans in accordance with Bank of Italy compliance findings related to mitigant adopted by the Bank to reduce the effects of DoD

- Several managerial actions successfully completed in 2Q25 to reduce NPE's, including faster collections, NPE disposals, contractual resolutions
- Gross NPEs strongly reduced in 2Q25 -11% q/q / Gross Past Due loans -21% q/q

CAPITAL BUFFERS FURTHER INCREASED

Capital ratios boosted thanks to earnings, better asset quality and SRT completion

- SRT, completed on June 25th, helped to reduce RWA which thanks also to lower NPEs are now back to the pre reclassification of past due loans
- CET1 ratio phased in at 13.8%, +140bps vs 1Q25 / Total capital ratio phased in at 16.6%, +170bps vs 1Q25 / HTCS reserve +€3.5m
- Capital buffers vs SREP at 350/400bps

FUNDING

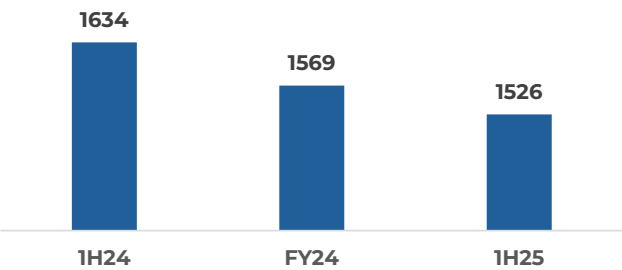
- Retail funding represents 72% of total funding / term deposits -6% ytd due to lower loans
- The reduction in cost of funding is gaining speed: 3.07% in 1H25 (3.57% in 4Q24 and 3.60% in 1H24)

COMMERCIAL PERFORMANCE & P&L

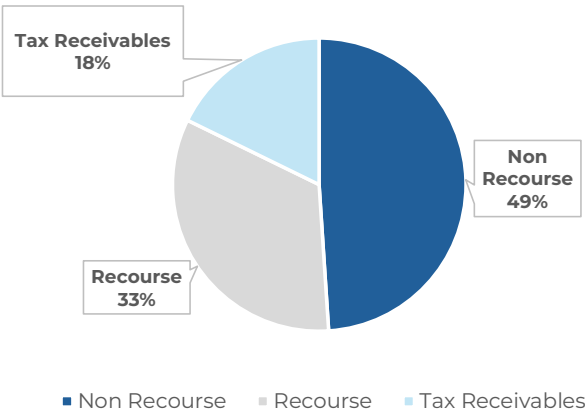
- 1H25 Factoring turnover -18% y/y due to lower receivables related to Superbonus and PA (mainly pharma)
- 1H25 CQ loans: -14% y/y ahead of bplan target / 1H25 pawn loans: +23% y/y due also to Portuguese acquisition
- 1H25 Revenues: +27% y/y driven by NII (+41% y/y) and Superbonus (+48% y/y) / 1H25 Operating costs: +2% y/y, despite higher administrative, thanks to DGS elimination / Cost of risk 35bps (24bps in 1H24) / 1H25 pretax profit €24.1m (+128% y/y), 1H25 net profit €14.6m (+145% y/y)

Outstanding breakdown (30.06.2025)²
€1,645m

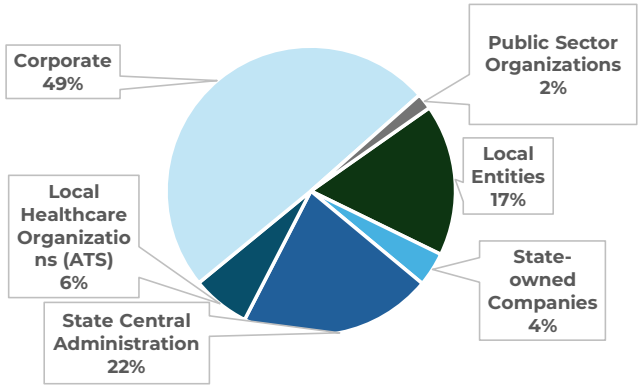
Factoring Loans Outstanding¹
€ m



By Type of Product
%



By Obligor (%)
PA accounts for 51%

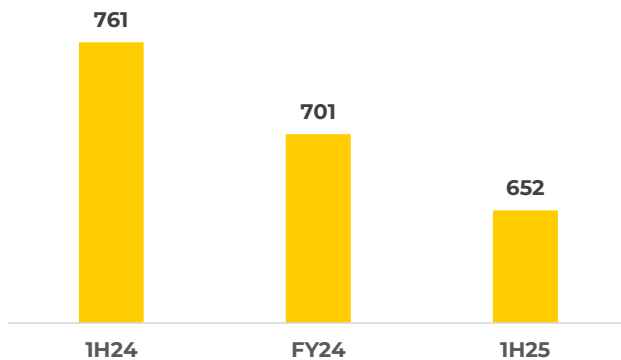


Note: (1) Figures exclude Superbonus tax credits, accounted for in other assets and amounting to €343million as of 1H25; (2) Factoring outstanding management account. Factoring customer loans, item of the Balance Sheet (slide 5) differ from management account for the following elements: Recourse factoring non-financed portion; Provisions; LPI; deferred income.

CQ AND PAWN LOANS COMMERCIAL PERFORMANCE

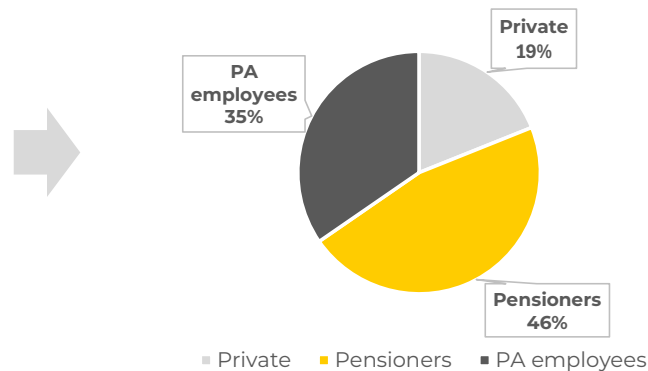
CQ Loans Outstanding

€ m



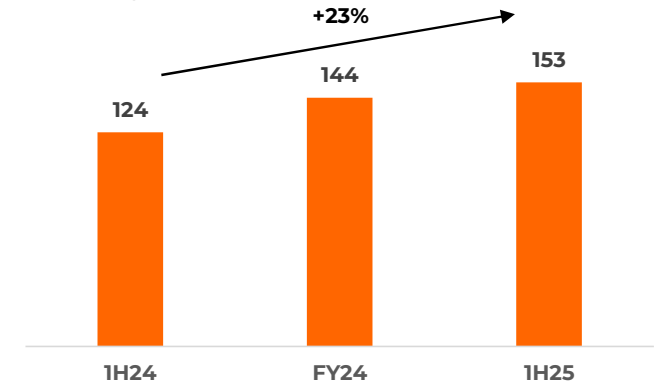
CQ Loans by Obligor

%



Pawn Loans Outstanding

€ m



- €63m turnover in 1H25 (€109m in 1H24)

- ~79k contracts (Italy only) (+10% y/y)
- Total turnover in 1H25 (including renewals): €143.4m (+26% y/y)
- #40 auctions in 1H25, with > 99% of the offers through the APP Krusok Aste

1H25 – BALANCE SHEET

Figures in millions of Euro

**BANCA
SISTEMA**

	31.12.2024	31.03.2025	30.06.2025	Change in % 30.06.2025 vs 31.12.2024
ASSETS				
Cash and cash equivalents	93	166	151	62%
Financial assets at fair value through Other Comprehensive Income [Held to Collect and Sell]	1,147	1,036	1,029	-10%
Loans at amortized cost	2,811	2,701	2,666	-5%
Factoring	1,569	1,519	1,526	-3%
CQ	701	675	652	-7%
Pawn loans	144	153	153	6%
SMEs State Guaranteed loans	224	210	201	-10%
Other ⁽¹⁾	172	144	134	-22%
Securities at amortized cost [Held to Collect]	62	62	50	-19%
Tangible and Intangible assets	101	102	101	1%
Goodwill	45	45	44	-2%
Equity investments	1	1	1	-5%
Other assets ⁽²⁾	488	447	390	-20%
Total assets	4,703	4,515	4,388	-7%
LIABILITIES AND EQUITY				
Due to banks	127	110	98	-23%
Due to customers	3,761	3,640	3,546	-6%
of which term deposits	2,565	2,618	2,414	-6%
of which current accounts	288	285	301	4%
Debt securities issued	221	171	177	-20%
Other liabilities	279	266	232	-17%
Shareholders Equity	315	329	335	6%
Total liabilities and equity	4,703	4,515	4,388	-7%

Note: (1) The item include "Loans to banks" respectively as at 30.06.2025, 31.03.2025 and 31.12.2024 equal respectively to €20.7m, €14.0m and €23.0. (2) Tax credits for 'superbonuses' €343m and €390m and €435m respectively as at 30.06.2025, 31.03.2025 and 31.12.2024.

- **Govies' portfolio decreased ytd (nominal value €1057m vs €1178m as of YE24)** with an average duration of 13 months (16 months as at 31.12.2024), exclusively Italian Government bonds:
 - €1,007m 'Held to Collect and Sell', -€121m ytd, with an average duration of 11.9 months (15.2 months as at 31.12.2024)
 - €50m 'Held to Collect', -€11m ytd, with an average duration of 28.9 months
- **Loans at amortized cost €2,666m (-5% ytd):**
 - **Factoring receivables** at €1.53bn, **-3% ytd** due to the natural decrease in new Superbonus receivables, some disposals and more selective approach (pharma sector)
 - **CQ loans -7% ytd**, due to maturities, repayments and lower new production (-42% y/y). Loans were originated only through the Direct Channel (€63m)
 - **Pawn Loans +6% ytd** thanks also to the acquisition of a loan portfolio in January for €8.9m
- **Due to banks -23% ytd**, due to slightly lower interbank funding and REPOs
- **Due to customers -6% ytd**, driven by lower Repos from clientele (-8% ytd) linked to lower government bond portfolio and a reduction in term deposits (-6% ytd) partially compensated by positive trend in current account (+4% ytd)
- **Debt securities -20% ytd**, driven by lower structured funding with both factoring and CQ receivables collateral.

TOTAL GROSS INCOME AND ADJUSTED INCOME MARGIN EVOLUTION

1H25 Total gross income -7% y/y, due to lower contribution from **factoring** (€ 72.0m or -€10.1m y/y), **SMEs State guaranteed loans** (€7.4m or -€3.3m y/y), and **CQ** (€9.1m or -€0.9m y/y) partially offset by **pawn loans** (€19.3m or +5.9m y/y).

Lower revenues y/y from factoring, mainly due to:

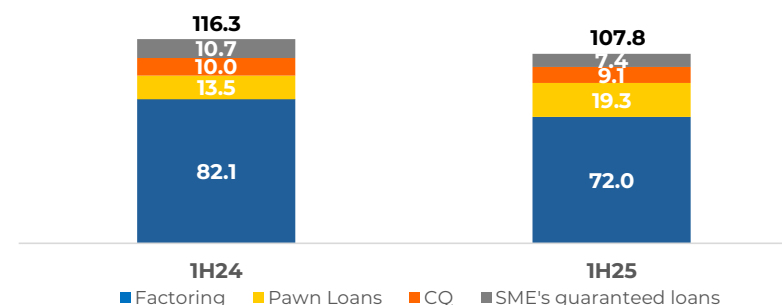
- a) lower **commercial loans tax credit & Superbonus** contribution (€53.2m vs 57.2m).
- b) lower **factoring LPIs from legal action** equal to €10.0m (€20.9 as of 1H24):
 - of which accrual €7.8m (€13.9m as of 1H24)
 - of which “extra collection” €4.3m (€7.0m as of 1H24).
 - of which loss from disposal €-2.1m
- c) higher **factoring extra judicial off BS LPI** equal to €8.8m (€4.0m as of 1H24).

Factoring gross income and adjusted income margin include **€17.6m** revenues from **Superbonus** of which €16.9m from Trading Superbonus.

Adjusted income margin shows an **increase y/y** (+40bps y/y) thanks to **different trends**: a **decrease y/y** (-10bps y/y) in the **factoring** business and an **improvement** in **pawn** and **CQ** business (+130bps and +10bps respectively).

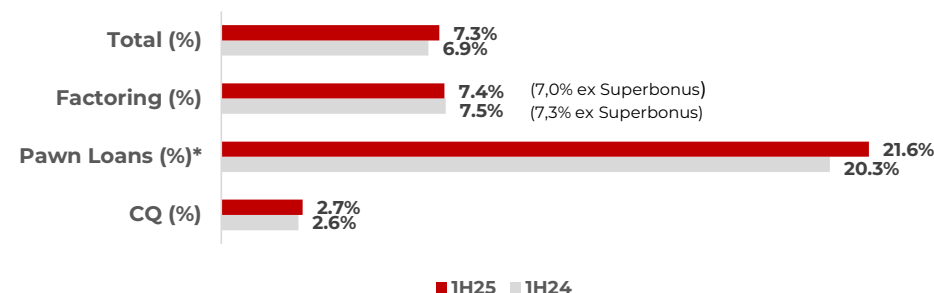
Total Gross Income¹

€ m



Adjusted Income Margin²

%



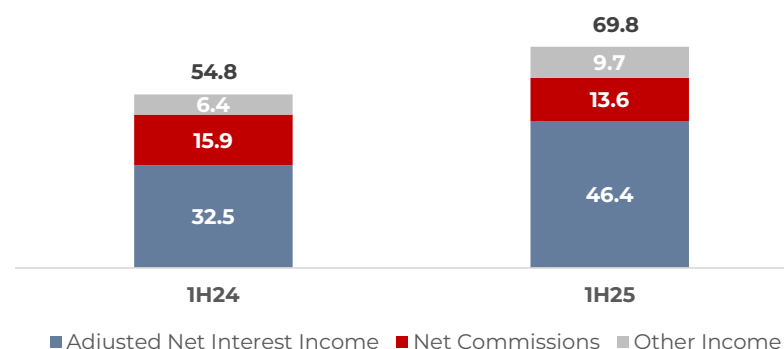
Note: (1) Total gross income calculated as Period Interest Income + Commission Income + Gain for asset disposals + trading Superbonus - excluding the contribution from securities portfolio, PPA, credit due from banks and Repo (Balance Sheet and Financial Statement figures); (2) Calculated as [Period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

- **1H25 Total Income up 27% y/y**, thanks to **lower cost of funding** and **financial portfolio contribution** which helped to **offset lower volumes**.
- **Adj NII** (NII + trading on Superbonus) increased by 43% y/y despite lower interest income from factoring/Superbonus (-5% y/y), and thanks to Pawn loans (+29% y/y), CQ (+2% y/y) and higher income from financial portfolio (€15.8m vs €7.1m) backed by lower interest expenses (cost of funding equal to 3.07% vs 3.60% in 1H24).
- **Fees down -15% 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 gross fees in factoring (-60% y/y), CQ (-47% y/y), Pawn division (+56% y/y).
- **Other Income increased by +50% y/y** and includes ca. €5.4m gain from govies portfolio (€1.4m as of 1H24) and €3.9mn gain from the sale of factoring and CQ ptf (€3.7m as of 1H24).
- Total income breakdown by divisions: **Factoring** (€53.2m vs €48.2m in 1H24) **CQ** (€-0.8m vs €-4.9m in 1H24), **Pawn broking** (€17.3m vs €11.5m in 1H24).
- **Contribution to total net revenues** by factoring division decreased to 76% (88% as of 1H24), by pawn broking increased to 25% (21% as of 1H24) by CQ improved almost to zero.

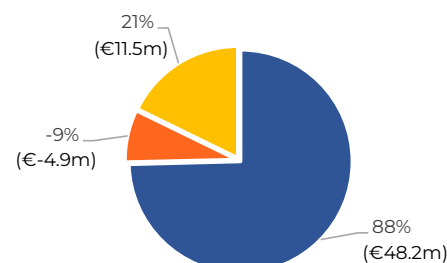
Total Income Breakdown¹

€ m



By Business Line (1H24)

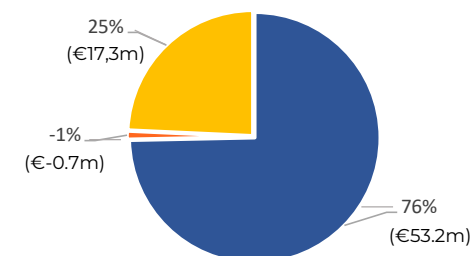
% (€54.8m)



■ Factoring ■ CQ ■ Pawn Loans

By Business Line (1H25)²

% (€69.8m)

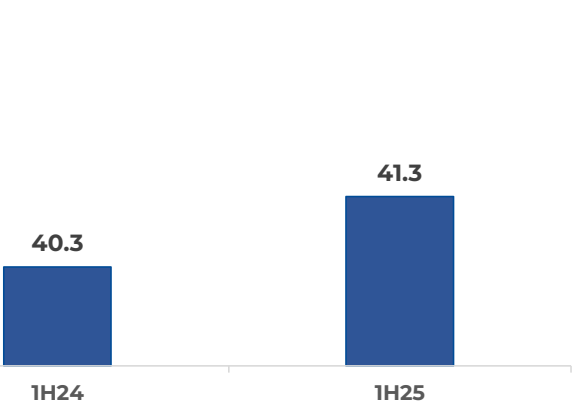


■ Factoring ■ CQ ■ Pawn Loans

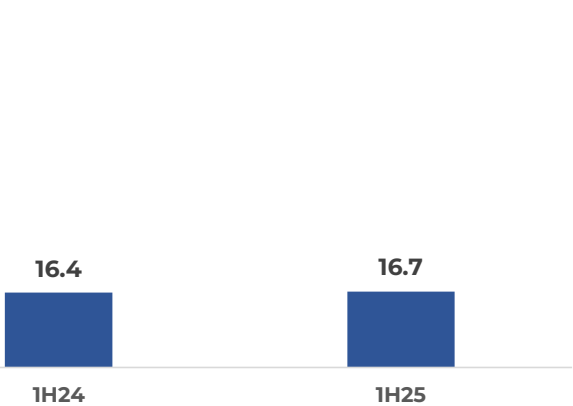
1. Adjusted Net Interest Income = Net interest Income + Trading on Superbonus
2. CQ total income in 1H25 was slightly negative and equivalent to -1% of total income

COST BASE CONSOLIDATING

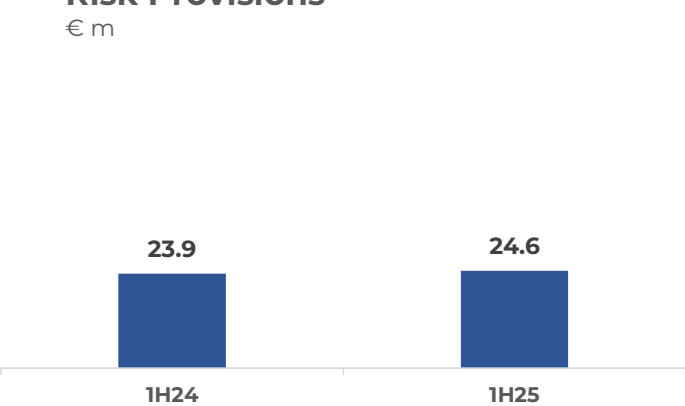
Total Operating Costs
€ m



Personnel Expenses
€ m

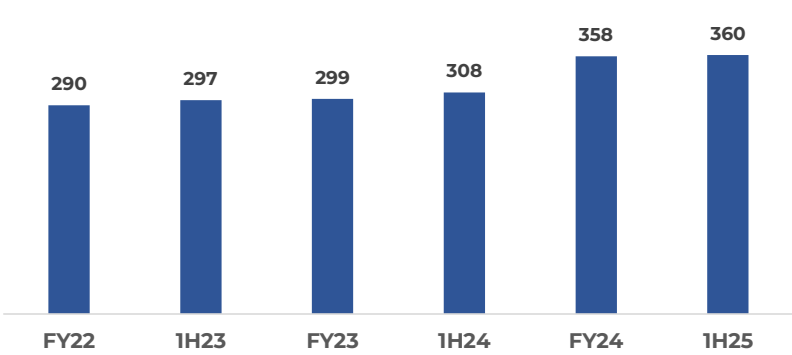


Other Operating Costs, D&A and Risk Provisions
€ m



- **Total costs increased by +2% y/y** due to higher personnel and administrative costs. Figures include the negative impact on costs deriving from consolidation of Portuguese activities and the benefit deriving from the elimination of the deposit guarantee scheme (DGS)
- **Personnel Expenses up (+2% y/y)** due to higher FTEs (from 308 to 360) mainly due to the acquisition of the pawn broking business in Portugal (+44 FTEs), the impact of the national labour contract renewal. No variable compensations accrued in the semester.
- **Administrative costs increased by 22% y/y** and **include** some consultancy costs linked, among the others, to Bank of Italy inspection (i.e. capital plan), some credit-related costs (i.e. origination, collection and insurance), and IT costs to implement new business plan targets.

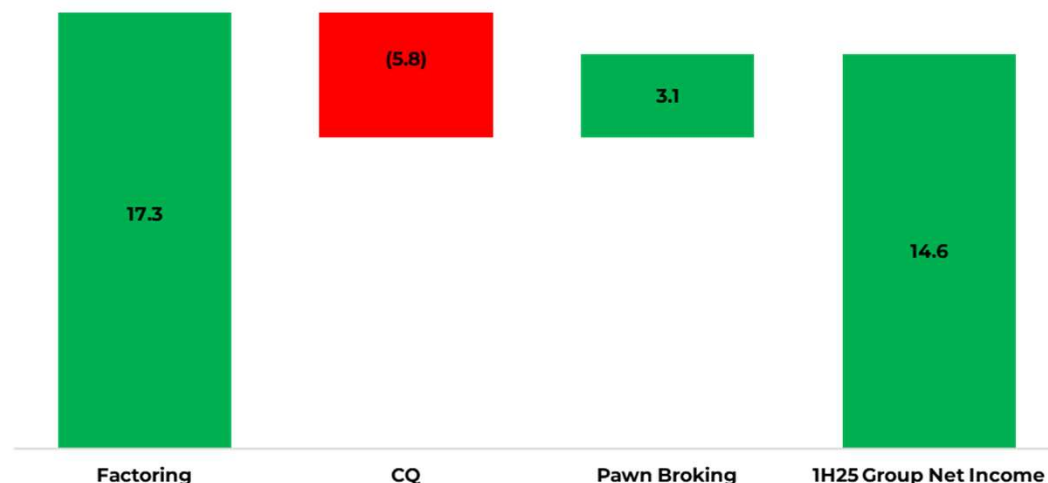
FTEs Evolution
(#)



NET INCOME EVOLUTION BY BUSINESS UNIT

1H25 Net Income Breakdown by BU*

€ m

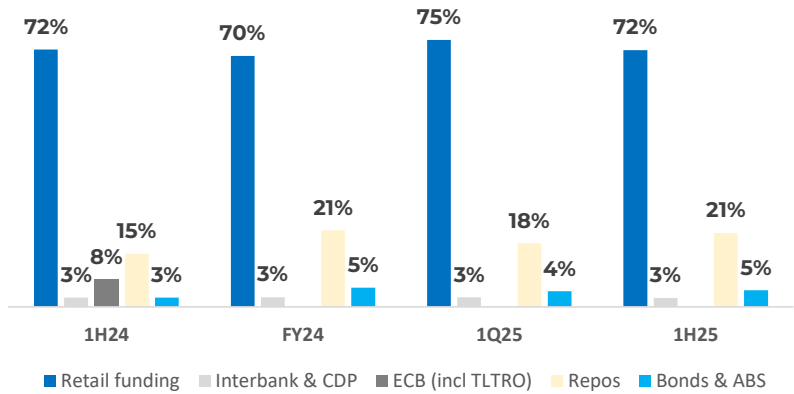


- **Factoring:** the division confirmed the excellent results registered in 2024 posting in 1H25 €17,3m net income (€13,3m as of 1H24) or +30% y/y thanks to trading Superbonus and lower cost of funding which together with the elimination of DGS helped the division to enhance profitability despite managerial actions undertaken to improve asset quality and capital ratios with negative impact on earnings in 2Q25.
- **CQ:** lower cost of funding and decalage of legacy portfolio helped to reduce the loss of the division (€5,8m vs €8,1m in 1H24).
- **Pawn Broking:** the division kept growing registering a strong increase in net profit (€3,1m vs €1,3m in 1H24) thanks to the increase of the outstanding and the positive trend in margins thanks to solid repricing.
- **1H25 Net income** was equal to **€14,6m** (+145% y/y).

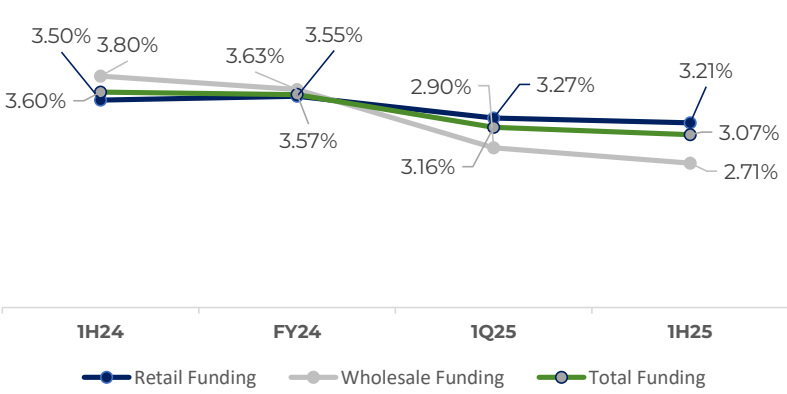
*Net income of each division is calculated by including the Treasury portfolio contribution and SRT cost

FUNDING COST CONTINUES TO DECLINE

Total Funding Breakdown
(%)

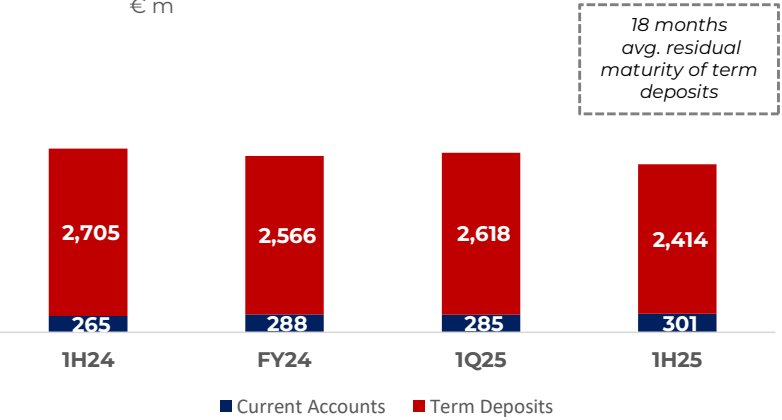


Funding Cost
(%)

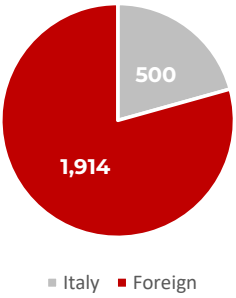


- **Retail Funding** represents **72% of total funding** as of 1H25.
- **Term deposits** decreased by 11% y/y, **Retail funding** decreased by 9% y/y; trend driven by the bank's decision **to optimize the funding structure** given loans decrease registered in 1H25. **Average residual maturity of term deposits equal to 18 months** (16 months as of FY24).
- **Term deposits breakdown by geography:** 79% from abroad, 21% from Italy.
- **Net outflows in term deposits from abroad** (-€107m in 1H25) and **Italy** (-€44m in 1H25).
- **REPOs** were **up y/y**.
- **Cost of funding** down y/y (-53bps) and q/q (-9bps). **Cost of wholesale funding (2.71%), lower than retail funding by 50bps (3.21%).**

Retail Funding by Instrument
€ m



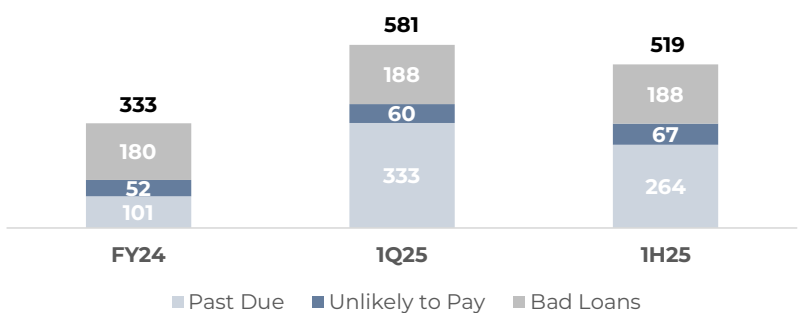
Term Deposits - Breakdown by Geography
€ m



ASSET QUALITY: STRONG PAST DUEs REDUCTION IN 2Q25

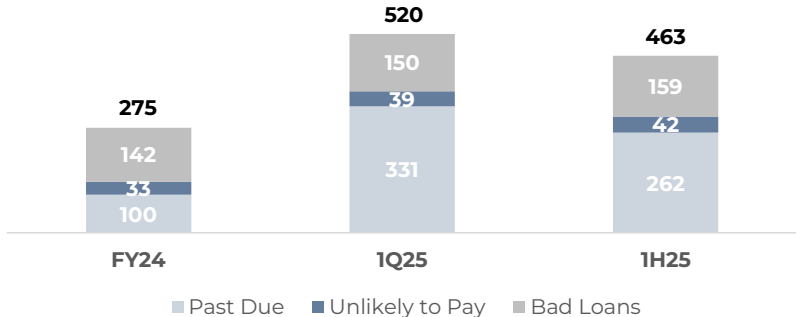
Gross Non Performing Exposure

€ m



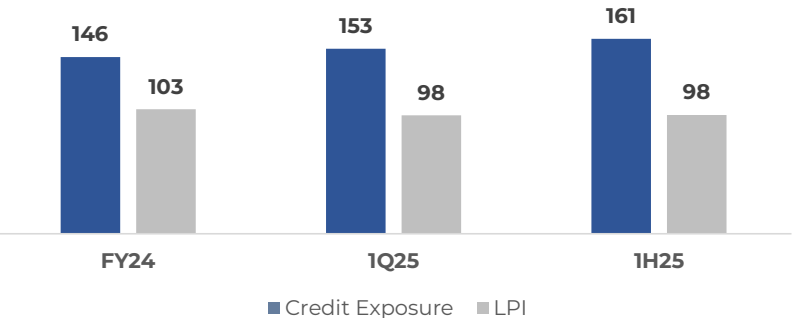
Net Non Performing Exposure

€ m



Exposure to Municipality in Conservatorship & LPI off BS

€ m



Gross Non Performing Exposures increased by **+56% ytd** 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; it's worth to highlight that 86% of the past due loans portfolio of the Bank (excl Kruso Kapital) consists of exposure to Public Administration, with limited credit risk exposure.

Strong managerial actions successfully implemented in 2Q25 to reduce the stock of past due loans: -21% q/q, equivalent to -€69m q/q. Disposals, contractual resolutions, faster collections among the actions which allowed to reduce the stock of NPEs.

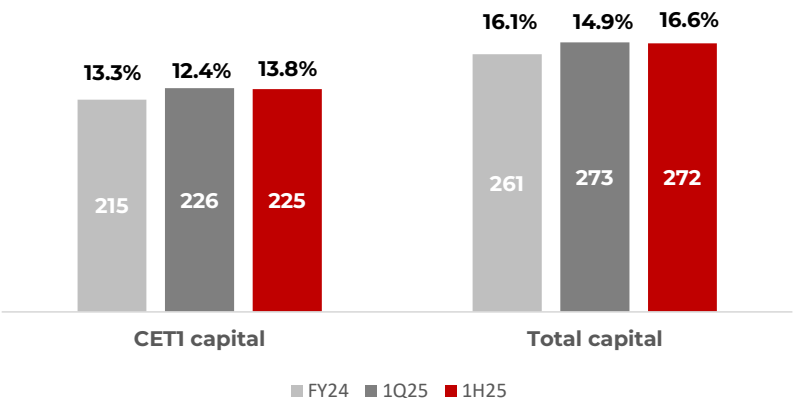
Bad loans still include loans related to recent **ruling of the European Court of Human Rights**, which imposed the Italian Government to **pay in full the principal plus LPIs**, among the others, **of a specific position related to 1 Municipality in Conservatorship. The Municipality emerged from Conservatorship status in July, the bank is dealing with MEF for full repayment of the loan.** The amount of total LPIs off balance sheet linked mainly to Municipalities in Conservatorship, are still equal to €98m.

Cost of credit was equal to **35bps** (24bps in 1H24).

REGULATORY CAPITAL ABOVE MINIMUM REQUIREMENTS

Capital Ratios*

€ m / %



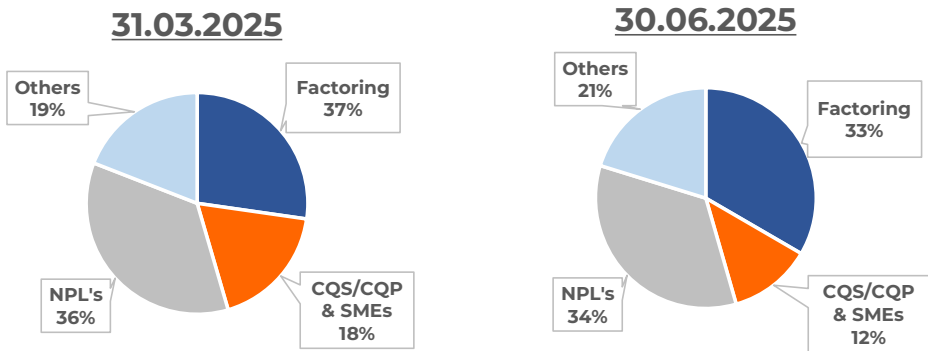
RWA Breakdown

€ m



- **CET1 and Total Capital ratios phased in** as at 30.06.2025 were equal to **13.8%** and **16.6%**, equivalent to an increase q/q of **+140bps** and **+170bps** respectively
- The **increase q/q** of the **ratios** was due to the **strong decrease of RWA (-€189m q/q)** thanks, among the others, to **SRT completion** which impacted RWA linked to CQ
- **(-€125m RWA)** and past due disposals (ca. -€50mn RWA)
- **Ratios do not include dividends' accrual** in line with Bank of Italy requests and do not include **€+3.5m net of tax positive HTCS reserve**
- **Capital buffers at ca. 350/400bps (2024 SREP: CET1 ratio 9.4% / TCR 12.9%**)**

RWA – Credit Risk

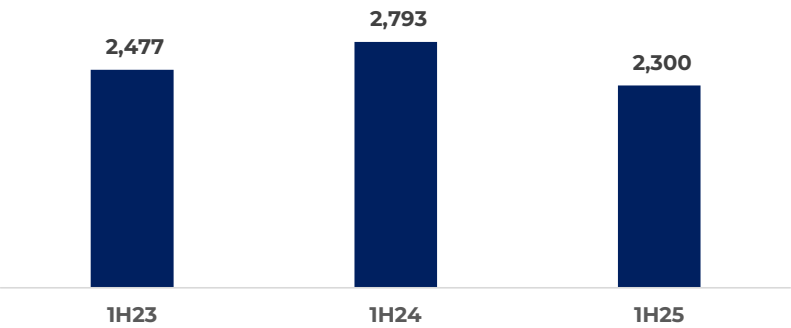


Note: *Ratios as of 1H25 are calculated applying the prudential filter reintroduced by article 468 CRR which neutralizes securities MTM in the HTCS category. / ** Ratios adjusted for Syrb + CCyB equal to 10.2% (CET1) and 13.7% (TCR)

ANNEXES

FACTORING: BREAKDOWN BY TYPE AND CUSTOMERS

Factoring Turnover
€ m

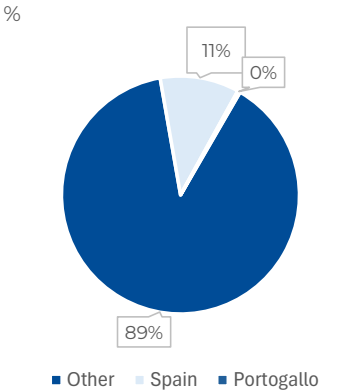


-18% y/y
due to lower receivables from
Superbonus and PA (mainly pharma)

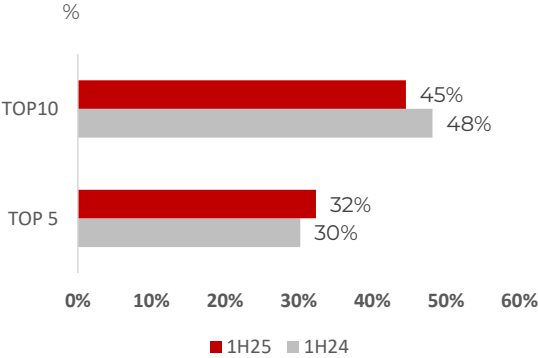
Turnover generated by agreements
with Italian Retail banks:
11% in 1H25

1H25 Factoring Turnover breakdown

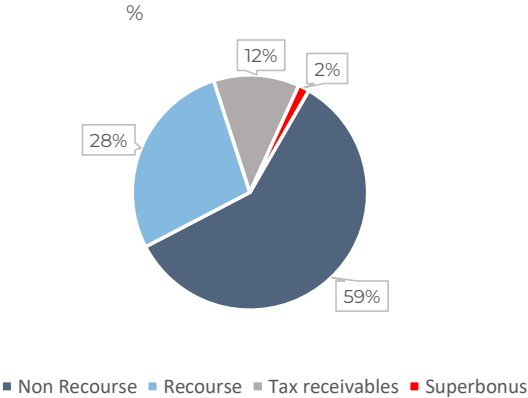
By Geography (1H25)



Customer Concentration

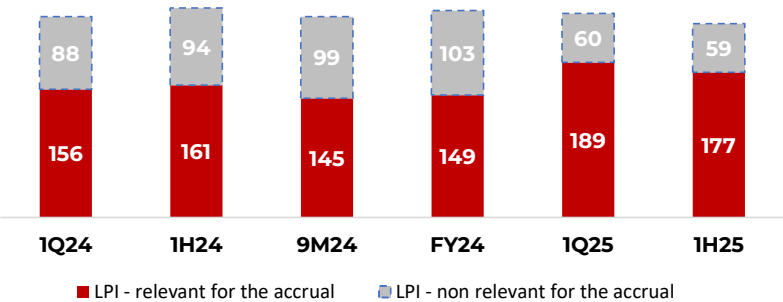


By Type (1H25)



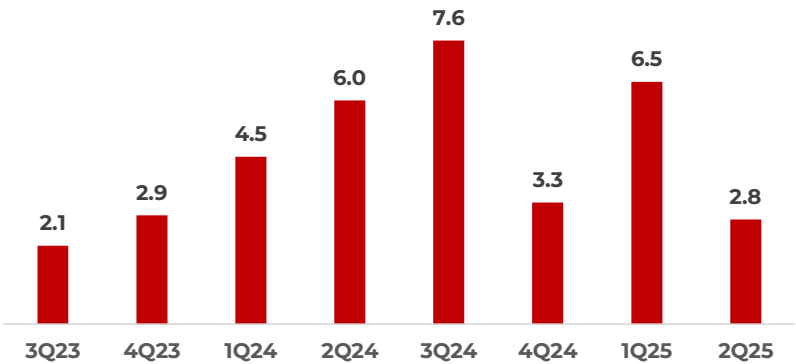
LATE PAYMENT INTEREST

Due LPI Stock - Assets in Legal Action
€ m



€86.1m accrual
booked through
P&L

Total Collected Cashed-in LPI
€ m



1H25 – INCOME STATEMENT

Figures in millions of Euro

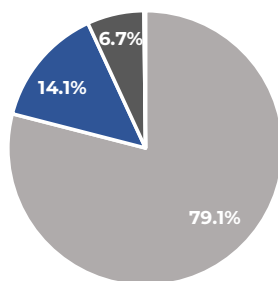
**BANCA
SISTEMA**

	1H 2024	1Q 2024	2Q 2024	1H 2025	1Q 2025	2Q 2025	1H 2025 vs 1H 2024 change in %
Interest income	95.8	48.2	47.6	91.2	57.5	33.7	-5%
Interest expenses	(74.8)	(36.4)	(38.4)	(61.7)	(33.0)	(28.7)	-18%
Net interest income	21.0	11.8	9.2	29.5	24.5	5.0	40%
Commission income	26.7	14.0	12.7	21.7	10.1	11.7	-19%
Commission expenses	(10.8)	(5.4)	(5.4)	(8.1)	(4.4)	(3.7)	-25%
Net commission	15.9	8.6	7.3	13.6	5.7	8.0	-15%
Net income from trading	12.4	4.8	7.6	17.0	8.8	8.2	37%
Net income from disposal/repurchase assets:	5.2	1.6	3.6	9.3	3.8	5.5	81%
<i>a) measured at amortised cost</i>	3.7	0.9	2.8	3.9	2.9	1.0	5%
<i>b) measured at fair value through other comprehensive income</i>	1.4	0.7	0.8	5.4	0.9	4.5	>100%
Total income	54.8	26.8	28.0	69.8	42.8	27.0	27%
Net impairment losses on loans	(3.9)	(1.4)	(2.5)	(4.6)	(3.7)	(0.9)	18%
Net operating income	50.9	25.4	25.5	65.2	39.1	26.1	28%
Personnel expenses	(16.4)	(8.1)	(8.3)	(16.7)	(8.6)	(8.1)	2%
Other expenses	(23.9)	(10.3)	(13.6)	(24.6)	(11.5)	(13.2)	3%
Operating expenses	(40.3)	(18.5)	(21.9)	(41.3)	(20.1)	(21.2)	2%
Pre-tax profit from continuing operations	10.6	7.0	3.6	24.1	19.0	5.1	>100%
Taxes on income for the period from continuing operations	(4.0)	(2.6)	(1.4)	(8.2)	(6.9)	(1.3)	>100%
Profit (loss) for the period	6.5	4.4	2.1	15.9	12.2	3.7	>100%
Minority interests	(0.6)	(0.2)	(0.3)	(1.3)	(0.6)	(0.7)	>100%
Profit (loss) for the period attributable to the shareholders of the Parent	6.0	4.1	1.8	14.6	11.6	3.0	>100%

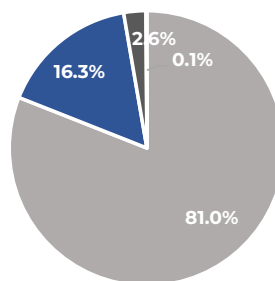
ASSET QUALITY: BREAKDOWN BY LOANS

**BANCA
SISTEMA**

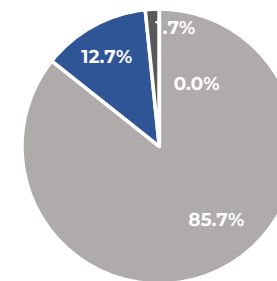
Gross Bad loans



31.12.2023

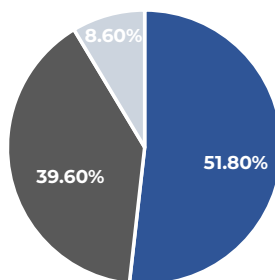


31.12.2024

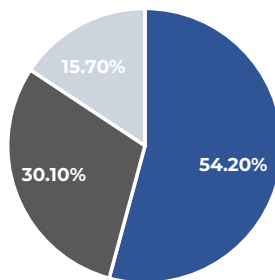


30.06.2025

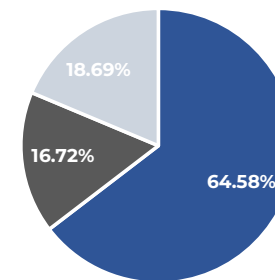
Gross Unlikely to Pay



31.12.2023



31.12.2024



30.06.2025

■ Conservatorships (factoring) ■ Factoring ■ SME's ■ Other

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