



S P A X S

Strategic Plan 2018 - 2023

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Chief Financial Officer & Central Functions

Our business plan: Income statement

Income statement (€m)	2020	2023
Total revenues	215 - 260	710
<i>Of which net interest</i>	<i>190 - 225</i>	<i>620</i>
<i>Of which net commissions</i>	<i>25 - 35</i>	<i>90</i>
Operating costs	110 - 135	150
Gross operating profit	105 - 125	560
Loan loss provision	50 - 60	140
Pre-tax profit	55 - 65	420
Net profit	40 - 50	300

Our business plan: Balance sheet

Balance Sheet (€bn)	2020	As % of total	2023	As % of total
Total assets	3.8 - 4.6	100%	6.9	100%
<i>Of which SME Division</i>	<i>1.4 - 1.7</i>	<i>37%</i>	<i>3.7</i>	<i>54%</i>
<i>Of which NPL Division</i>	<i>1.9 - 2.3</i>	<i>50%</i>	<i>2.6</i>	<i>38%</i>
<i>Of which High Quality Liquid Assets</i>	<i>0.5 - 0.6</i>	<i>13%</i>	<i>0.6</i>	<i>9%</i>
RWA - Risk Weighted Assets	3.4 - 3.7		6.0	
Total liabilities	3.3 - 3.9	100%	5.7	100%
<i>Of which retail deposits</i>	<i>0.7 - 0.9</i>	<i>23%</i>	<i>2.1</i>	<i>37%</i>
<i>Of which open banking retail platform and corporate deposits</i>	<i>1.2 - 1.3</i>	<i>33%</i>	<i>2.7</i>	<i>47%</i>
<i>Of which wholesale/interbank/institutional</i>	<i>1.4 - 1.7</i>	<i>44%</i>	<i>0.9</i>	<i>16%</i>
Equity	0.6 - 0.7		1.2	

Note: Rounded figures

Our business plan: Key ratios

€M

Key ratios

	2020	2023
Cost of risk - Group total (bps)	170 - 180	220
Cost of risk - excluding Turnaround (bps)	130 - 140	125
Cost Income Ratio	<55%	<30%
Return on equity (ROE)	6 - 7%	~25%
Gross NPE ratio excluding Turnaround	<4%	<7%
Liquidity coverage ratio	130%	130%
No. of employees (FTE)	400 - 440	~685

Note: Rounded figures

Our business plan: Divisional targets

€M

SME

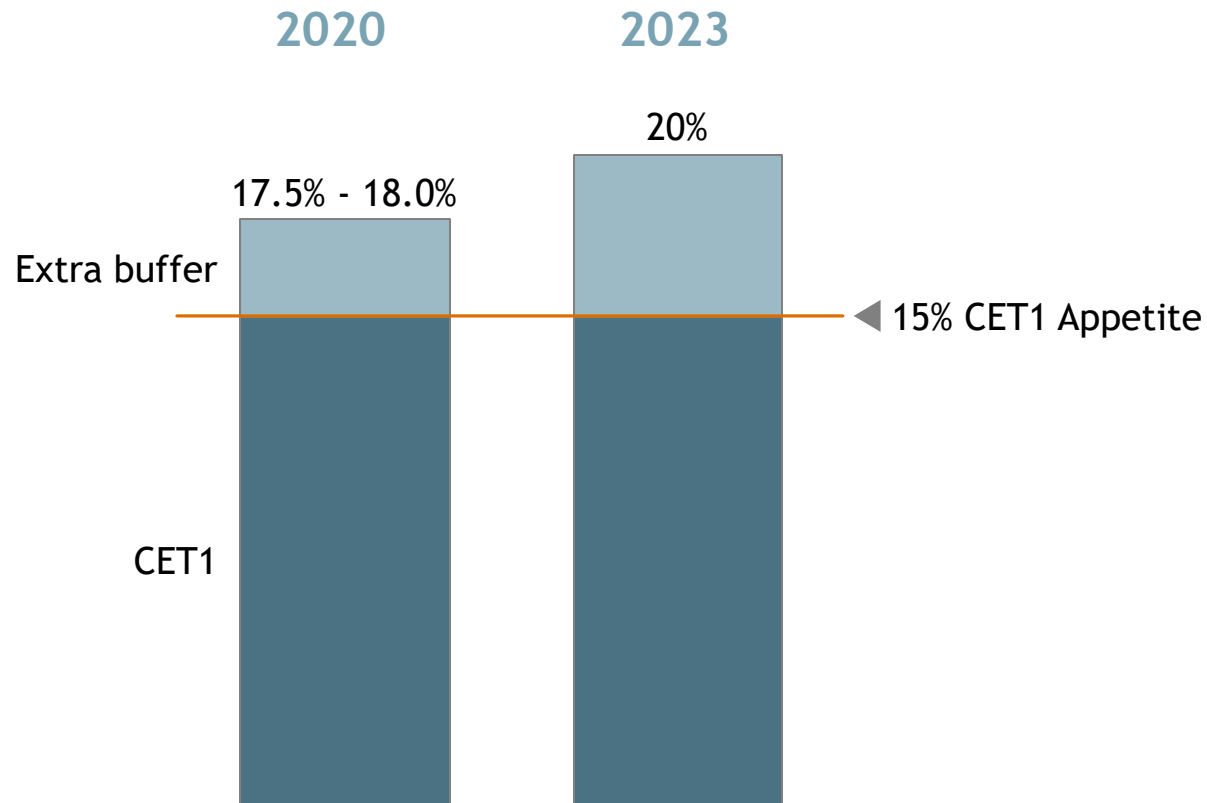
NPL

Direct Bank

	2020	2023	2020	2023	2020	2023
Revenues	84 - 102	420	119 - 145	250	13	40
Operating costs	(29 - 35)	(60)	(61 - 75)	(60)	(20 - 25)	(30)
Loan loss & other provisions	(46 - 56)	(135)	(3)	(4)	(1)	(1)
Pre-tax profit	9 - 11	225	55 - 67	185	(8 - 13)	10
Net profit	6 - 8	160	40 - 48	135	(6 - 9)	5
Equity (€bn)¹	0.2 - 0.3	0.7	0.4 - 0.5	0.5	n.s	n.s
Divisional assets² (€bn)	1.4 - 1.7	3.7	1.9 - 2.3	2.6	n.s	n.s
RWA (€bn)	1.3 - 1.5	3.3	2.0 - 2.4	2.7	n.s	n.s.
CoR (bps)	400 - 450	400	60 ³	60 ³	n.a.	n.a.
CoR excl. Turnaround (bps)	140 - 170	130	-	-	n.a.	n.a.
Cost income	30 - 35%	15%	45 - 55%	25%	150 - 200%	80%
ROE	n.s.	24%	10 - 12%	25%	n.s.	n.s.
Gross NPE ratio excl. Turnaround	3 - 5%	7%	1-2%	4%	n.a.	n.a.

1. Equity allocated based on divisional RWA 2. Divisional assets excluding High Quality Liquid Assets 3. SPV financing cost of risk
Note: Rounded figures

Robust capital position ensures strategic flexibility



Strategic opportunities



Faster Business Plan deployment



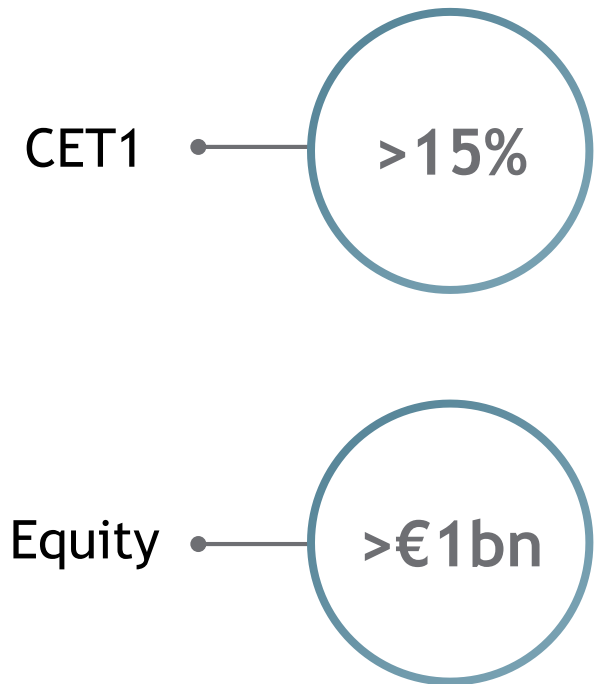
Bolt-on acquisitions to accelerate Business Plan execution



Further dividend payout increase

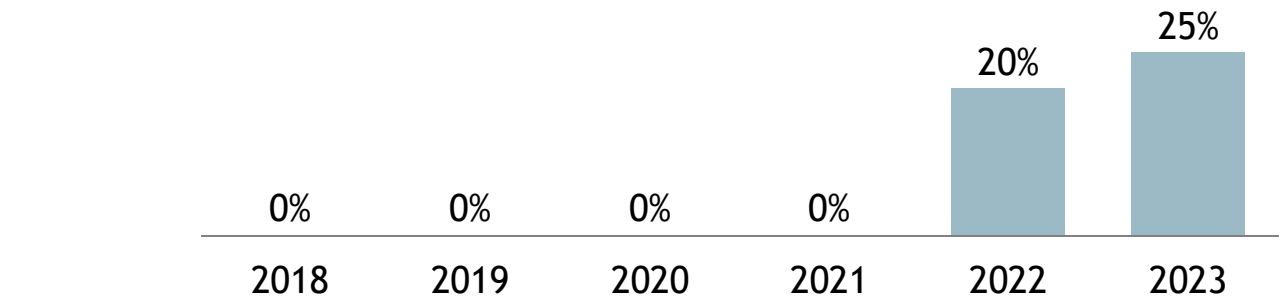
Very conservative dividend policy subject to two requirements

Dividend policy requirements



Minimum dividend payout

Dividend (€m)



CET1 ratio

17.5% - 18.0%

20%

Equity (€bn)

0.6 - 0.7

1.2

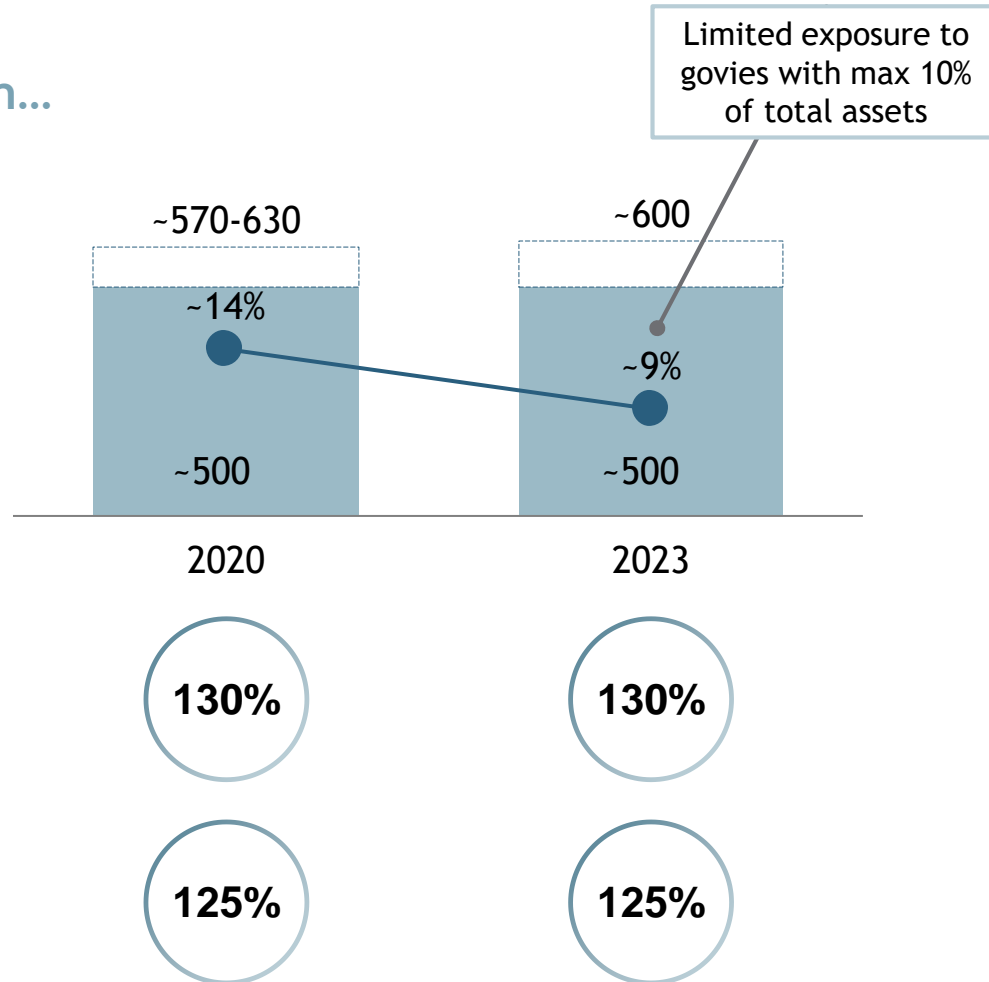
Organic capital generation ~250bps

Liquidity: a strong position carefully managed...

Strong liquidity position...

High Quality Liquid Assets (€m)

- Cash
- Securities
- % Total Assets



...carefully managed

~3
years

Low Duration

3-4%
Single
country

Diversified Govies portfolio with exposure to any single country less than 3-4% of total assets

LCR

130%

130%

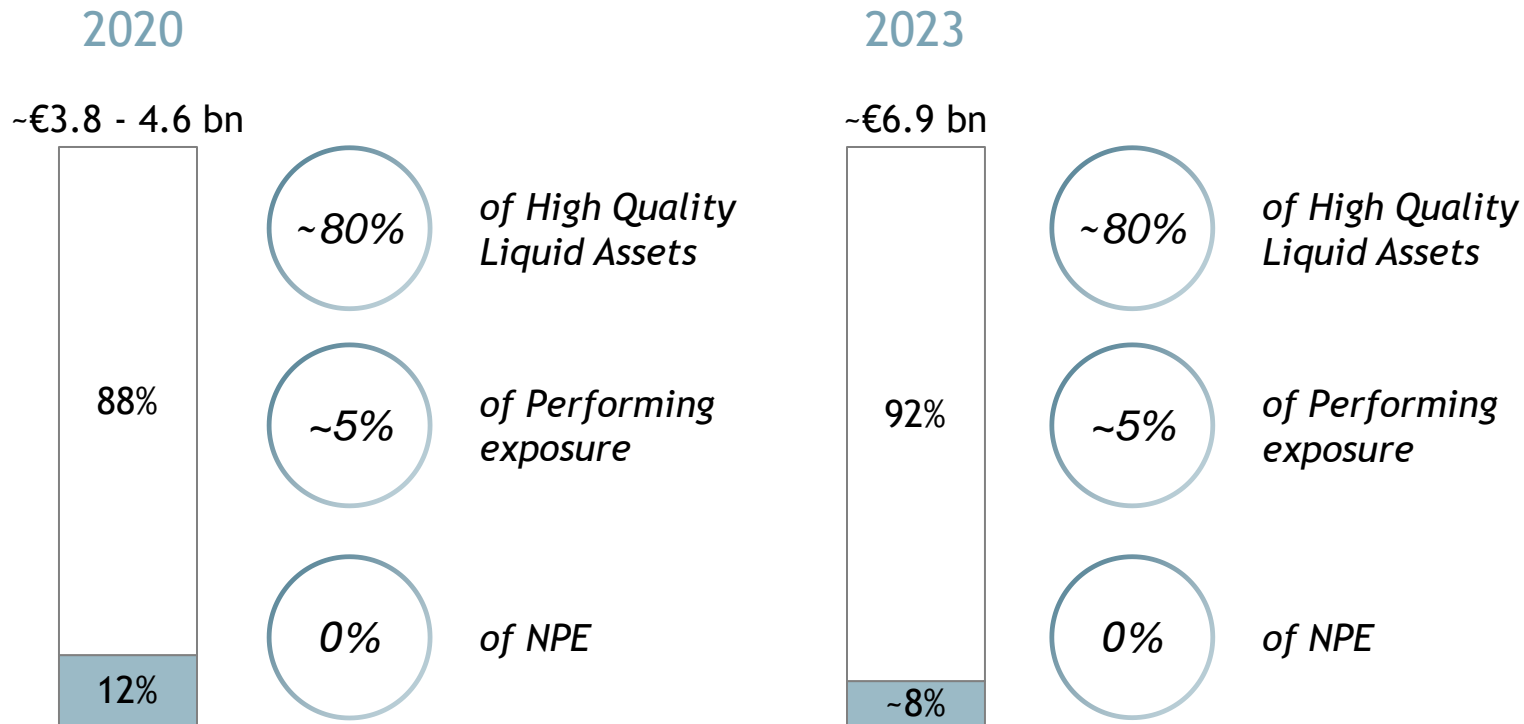
NSFR

125%

125%

...and plenty of room to extend further

Encumbrance ratio on Gross Assets (Total Encumbered Assets / Total Assets)



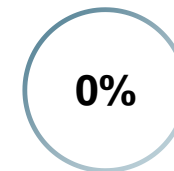
Key messages



Room to further leverage High Quality Liquid Assets for extra liquidity

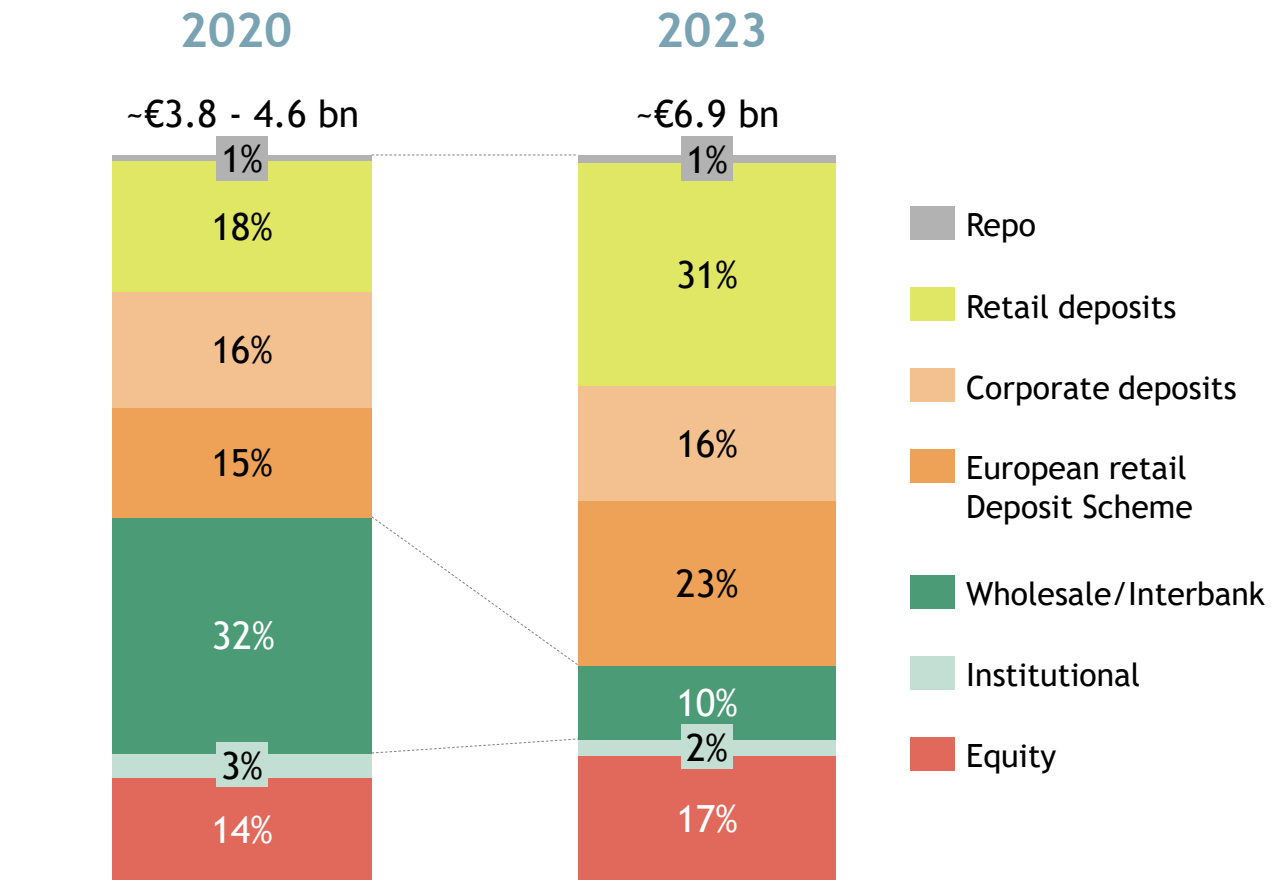


Significant room to leverage performing assets for further liquidity



No use of NPE

Funding: well diversified and competitive ...



Key messages

3

Balanced funding sources (Corporate, Retail, European retail deposit scheme)

~ 2%

Competitive cost of funding

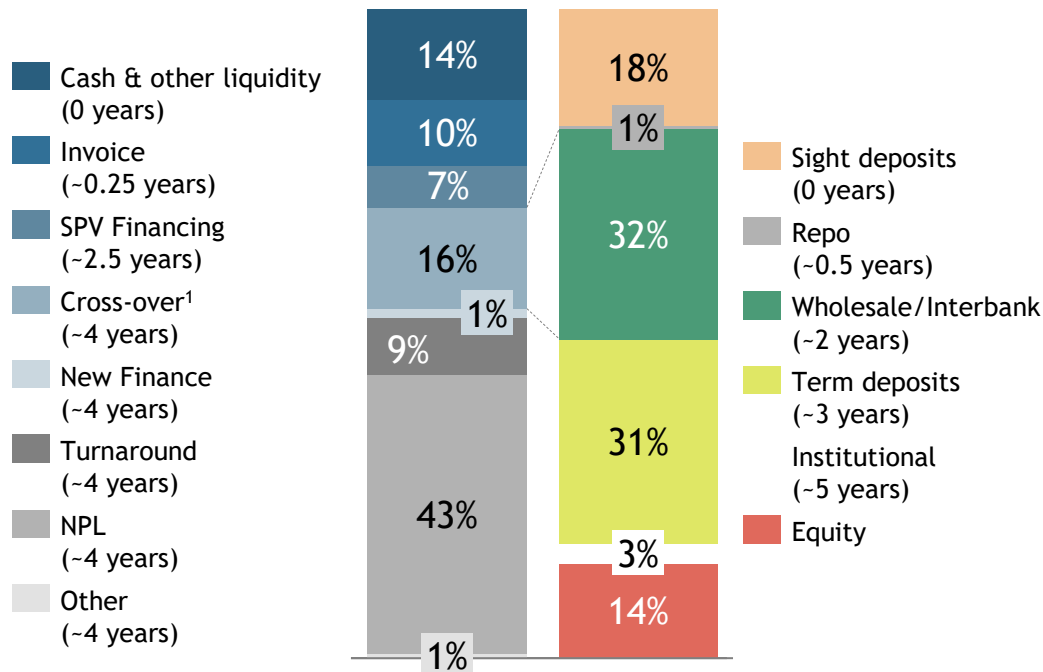
10%

Exposure to wholesale 2023

... with no asset & liability maturity mismatch

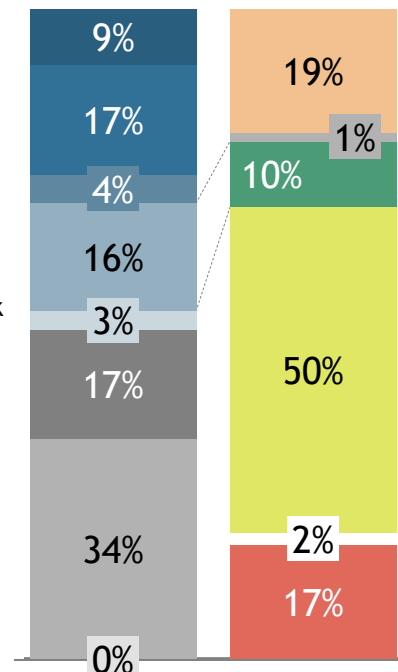
2020

Assets Liabilities



2023

Assets Liabilities



Key messages



No ALM mismatch



Liquid assets significantly covering short-term liabilities



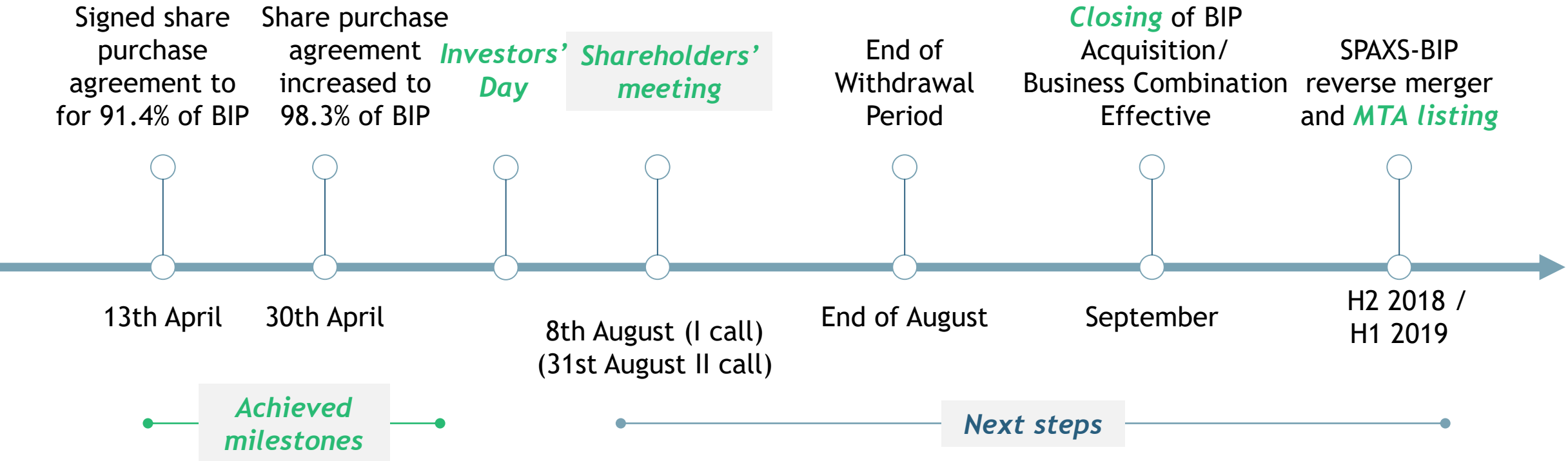
Long-term assets fully funded by stable and diversified sources



Strong leverage on stable funding (~80%) in 2023

1. Includes Banca Interprovinciale

A clear roadmap to reach our targets



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