

BANCA SISTEMA

NEUTRAL

Sector: Banks

Price: Eu1.86 - Target: U.R.

2Q25 NII Falls Short of Expectations

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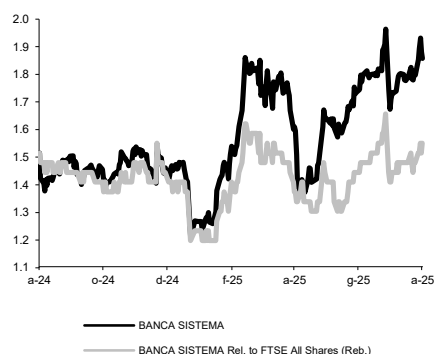
Stock Rating

Rating: from BUY to NEUTRAL

Target Price (Eu): under review

	2025E	2026E	2027E
Chg in Adj EPS	-16.3%	-15.7%	-15.5%

BANCA SISTEMA - 12M Performance



Stock Data

Reuters code: BSTA.MI

Bloomberg code: BST IM

Performance	1M	3M	12M
Absolute	11.0%	13.2%	22.6%
Relative	10.0%	6.8%	1.4%
12M (H/L)		1.96/1.21	
3M Average Volume (th):		505.55	

Shareholder Data

No. of Ord shares (mn):	80
Total no. of shares (mn):	80
Mkt Cap Ord (Eu mn):	149
Total Mkt Cap (Eu mn):	149
Mkt Float - Ord (Eu mn):	81
Mkt Float (in %):	54.0%
Main Shareholder:	
SGBS	23.1%

Balance Sheet Data

Tangible Equity (Eu mn):	277
TEPS (Eu):	3.45
CET1 Ratio Fully Loaded:	14.2%
Gross NPE Ratio:	18.6%

BST published its 2Q25 results on 1 August, which were well below estimates, mainly due to a sharp reduction in NII driven by the disposal of receivables and lower factoring turnover. We are now trimming our estimates in order to embed more realistic FY25 results, given the worse than expected operating results.

We also note that Banca CF+ launched a tender offer, not aimed at delisting, for all BST outstanding shares, offering a consideration lower than both the market price and our previous Target Price (€2.60 per share), but the CEO, and largest shareholder (ca. 24.86%), signed an agreement to tender its stake.

Given those considerations, we downgrade the stock to NEUTRAL and put our target price "Under review".

■ **2Q25 results (p. 3)** were below expectations, mainly because of lower NII. The top line was down QoQ and YoY, reflecting the decline in NII caused by a mild slowdown in factoring turnover and the disposal of some receivables; this was partially offset by higher fee income thanks to a solid performance in pawn-lending and collections, and by a strong trading result even though the ecobonus contribution fell. OpEx were in line with expectations and the CoR was 13bps, leading to net profit of €3mn vs. our €4mn estimate. A positive item was the sharp 20% QoQ reduction in past-due loans, which drove a significant drop in RWAs and pushed the CET1 ratio up to 13.8 %, above pre-reclassification levels.

■ **Change in estimates (p. 4):** We are trimming our estimates after BST's weaker results, which make our previous forecasts hard to achieve. We now anticipate a lower top line: NII falls because of disposals (though still seen growing in the next years), while fee income rises on strong collections and pawn-lending, and trading income gains from the core trading business, ptf disposals and ecobonus trading. This cuts total income by roughly 5-7%. OpEx dip slightly (lower staff costs, higher admin. costs), so operating profit comes down about 10-12%. Below the operating line, we assume a lower CoR in 2025. All told, adj. net profit is trimmed by roughly 15-16%, whereas our CET1 ratio projection moves up thanks to this quarter's improvement. As noted in the 2Q25 press release, the Banca CF+ tender offer would trigger a one-off €9.6mn charge in FY25 for retention agreements and possible BoD compensation on early termination; we exclude this item from our estimates.

■ **Banca CF+ launched a tender offer (p. 5)** on all the outstanding shares of BST, not aimed at delisting. The consideration is set to be €1.382 per share in cash, plus 21 KK shares (after a 1:98 KK stock split), to be recognized within 6 months from the completion of the PTO's payment date (the Deferred Consideration), for every BST share tendered. As of August 1, the total consideration would have been ~€1.785 per BST share. **As explained on p. 5**, if it's not possible to allocate the KK shares, the Deferred Consideration could be modified following three different cases.

■ **Valuation:** given the aforementioned change in estimates, and that the consideration offered, in any of the cases explained on p. 5, is below both market price and our previous Target Price (€2.60), we downgrade the stock to NEUTRAL and put our TP under review. The stock is now trading at 0.54/0.50/0.46x its FY25/26/27 TE.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Total income (Eu mn)	104	121	129	130	138
Net Operating Profit (Eu mn)	36	49	51	51	61
Net Profit Adj (Eu mn)	17	25	25	28	35
EPS New Adj (Eu)	0.213	0.314	0.307	0.353	0.434
EPS Old Adj (Eu)	0.213	0.314	0.367	0.419	0.513
DPS (Eu)	0.065	0.000	0.054	0.088	0.108
P/E Adj	8.7	5.9	6.1	5.3	4.3
Div. Yield	3.5%	0.0%	2.9%	4.7%	5.8%
P/TE	0.65	0.59	0.54	0.50	0.46
ROTE	7.4%	10.0%	8.9%	9.5%	10.7%

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	32.84%
OUTPERFORM:	36.57%
NEUTRAL:	30.59%
UNDERPERFORM:	00.00%
SELL:	00.00%

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BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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