

# **BANCA** **SISTEMA**

**INTERIM CONSOLIDATED  
FINANCIAL REPORT**

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**30 SEPTEMBER 2024**

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# **DIRECTORS' REPORT**

## COMPOSITION OF THE PARENT'S MANAGEMENT BODIES

### BOARD OF DIRECTORS

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<b>Chairperson</b>	Ms. Luitgard Spögler *
<b>Deputy Chairperson</b>	Mr. Giovanni Puglisi
<b>CEO and General Manager</b>	Mr. Gianluca Garbi
<b>Directors</b>	Mr. Daniele Pittatore
	Ms. Alessandra Grendele*
	Mr. Daniele Bonvicini*
	Ms. Maria Leddi*
	Ms. Francesca Granata*
	Mr. Marco Cuniberti*

### BOARD OF STATUTORY AUDITORS

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<b>Chairperson</b>	Ms. Lucia Abati
<b>Standing Auditors</b>	Ms. Daniela Toscano
	Mr. Luigi Ruggiero
<b>Alternate Auditors</b>	Mr. Marco Armarolli
	Ms. Daniela D'Ignazio

### INDEPENDENT AUDITORS

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**BDO Italia S.p.A.**

### MANAGER IN CHARGE OF FINANCIAL REPORTING

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**Mr. Alexander Muz**

Directors who have declared their independence are marked with an "\*\*".

## COMPOSITION OF THE INTERNAL COMMITTEES

### INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE AND SUSTAINABILITY COMMITTEE

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<b>Chairperson</b>	Mr. Daniele Bonvicini
<b>Members</b>	Mr. Marco Cuniberti Ms. Maria Leddi Mr. Daniele Pittatore

### APPOINTMENTS COMMITTEE

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<b>Chairperson</b>	Ms. Maria Leddi
<b>Members</b>	Mr. Daniele Bonvicini Mr. Giovanni Puglisi

### REMUNERATION COMMITTEE

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<b>Chairperson</b>	Ms. Francesca Granata
<b>Members</b>	Ms. Alessandra Grendele Mr. Giovanni Puglisi

### ETHICS COMMITTEE

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<b>Chairperson</b>	Mr. Giovanni Puglisi
<b>Members</b>	Mr. Marco Cuniberti Ms. Alessandra Grendele

### SUPERVISORY BODY

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<b>Chairperson</b>	Ms. Lucia Abati
<b>Members</b>	Mr. Daniele Pittatore Mr. Franco Pozzi

## FINANCIAL HIGHLIGHTS AT 30 SEPTEMBER 2024

The Banca Sistema Group comprises the Parent, Banca Sistema S.p.A., with registered office in Milan, the subsidiaries Kruso Kapital S.p.A., Largo Augusto Servizi e Sviluppo S.r.l., the Greek company Ready Pawn Single Member S.A. (hereinafter also referred to as ProntoPegno Greece), a wholly owned subsidiary of Kruso Kapital S.p.A., and Specialty Finance Trust Holdings Limited (a company incorporated under UK Law placed in liquidation in December 2021).

The scope of consolidation also includes the auction house Art-Rite S.r.l. (wholly owned by Kruso Kapital and outside the Banking Group), the Spanish Joint Venture EBNSistema Finance S.L. and the following special purpose securitisation vehicles whose receivables are not subject to derecognition: Quinto Sistema Sec. 2019 S.r.l., Quinto Sistema Sec. 2017 S.r.l. and BS IVA SPV S.r.l. The parent, Banca Sistema S.p.A., is a company registered in Italy, at Largo Augusto 1/A, ang. via Verziere 13 - 20122 Milan.

The Parent directly carries out factoring activities (mainly with the Italian public administration) and operates in the salary- and pension-backed loans segment through direct origination and through the sale and purchase of receivables generated also by other specialist operators, distributing its product through a network of single-company agents and specialised brokers located throughout Italy. Through its subsidiary Kruso Kapital S.p.A., the Group carries out collateralised lending activities in Italy through a network of branches, and in Greece through the ProntoPegno Greece subsidiary, as well as auction house activities. The Group also provides factoring services in Spain and Portugal through the joint venture EBNSistema Finance.

The Parent, Banca Sistema S.p.A., is listed on the Euronext STAR Milan segment of the Euronext Growth Milan market of Borsa Italiana and the subsidiary Kruso Kapital is listed in the Euronext Growth Milan market.

## KEY INDICATORS



## Statement of financial position data (€,'000)

	30-SEP-24	31-Dec-23	30-SEP-23	% Change
<b>Total Assets</b>	4,778,307	4,572,400		4.5%
<b>Securities Portfolio</b>	1,341,816	637,107		110.6%
<b>Loans - Factoring</b>	1,605,916	2,117,279		-24.2%
<b>Loans - Salary-backed loans</b>	747,112	798,695		-6.5%
<b>Funding - Banks and REPOs</b>	1,151,828	644,263		78.8%
<b>Funding - Term Deposits</b>	2,573,576	2,402,002		7.1%
<b>Funding - Current Accounts</b>	288,356	704,579		-59.1%

## Income statement data (€,'000)

	30-SEP-24	31-Dec-23	30-SEP-23	% Change
<b>Net interest income adjusted</b>	55,666	50,159		11.0%
<b>Net fee and commission income (expense)</b>	21,042	15,159		38.8%
<b>Total income</b>	84,950	71,287		19.2%
<b>Personnel expense</b>	(24,862)	(20,855)		19.2%
<b>Other administrative expenses</b>	(25,502)	(25,956)		-1.7%
<b>Profit for the period attributable to the owners of the Parent</b>	12,309	11,346		8.5%

## SIGNIFICANT EVENTS FROM 1 JANUARY TO 30 SEPTEMBER 2024

On 24 January 2024, the ordinary shares of the subsidiary Kruso Kapital started trading on the Professional Segment of Euronext Growth Milan, a multilateral trading system organised and managed by Borsa Italiana S.p.A. Based on the offer price of € 1.86 per share, the capitalisation of Kruso Kapital at the start of trading is approximately € 45.7 million. The "free float" as defined in the Euronext Growth Issuers' Regulation is approximately 15.29% of the share capital. As a result of the transaction, Kruso Kapital's share capital increased from the original € 23,162,393 to the current € 24,609,593. The nominal amount (€ 1.00) of the shares remains unchanged. On 7 February 2024, the Board of Directors of Kruso Kapital resolved to apply to Borsa Italiana for the transfer of the ordinary shares issued by Kruso Kapital from trading on the professional segment to the ordinary segment of the Euronext Growth Milan market, if the conditions are met.

Following the notification received from the Bank of Italy in relation to the completion of the 2023 Supervisory Review and Evaluation Process (SREP), Banca Sistema starting on 31 March 2024, will be required to comply with the following total capital requirements on a consolidated basis:

- CET1 ratio: 9.40%
- Tier1 ratio: 10.90%
- Total Capital ratio (TC ratio) 12.90%.

These capital ratios correspond to the Overall Capital Requirement (OCR) ratios as defined in the Guidelines and represent the sum of the binding provisions (Total SREP Capital Requirement ratio - TSCR) and the combined buffer requirement.

The Ordinary Shareholders' Meeting of Banca Sistema, which was held on single call on 24 April 2024, resolved to approve the Separate Financial Statements at 31 December 2023 and to allocate a dividend of € 5.2 million, corresponding to € 0.065 per ordinary share.

In addition, the Ordinary Shareholders' Meeting, following the expiry of the previous term of office, approved the reappointment of the Board of Directors for the 2024-2025-2026 financial years, confirming Luitgard Spögler as Chairperson.

The Shareholders' Meeting also approved the treasury share purchase plan, assigning, for a period of 18 months from the date of the Shareholders' Meeting's approval, authority to the Board of Directors to purchase and dispose of a maximum of 50,000 treasury shares, equal to 0.06% of the share capital, for a maximum value of € 90,000. The purpose of the plan is to supplement the stock of shares for allocation to personnel falling within the category of "key personnel" of the last deferred instalments of the variable incentives for the year 2021, in application of Banca Sistema's remuneration and incentive policies.

Following the reappointment, on 24 April, the Board of Directors confirmed Gianluca Garbi as Chief Executive Officer of the Bank, granting him the necessary operational powers, and approved the appointment of Giovanni Puglisi as Deputy Chairperson. On



20 May, the Board of Directors, after verifying that the requirements and criteria envisaged by current legislation were met, approved the composition of the following committees: Internal Control and Risk and Sustainability Management Committee, Appointments Committee, Remuneration Committee and Ethics Committee.

On 20 May 2024, the Banca Sistema Group's 2024-2026 Strategic Plan was approved. The plan is based on a strategic vision of strengthening its operating and financial model and continuing its role as the “epitome of the multi-specialist player” capable of positioning itself as a leader in highly specialised and highly profitable niche markets. The strategic initiatives planned are aimed at:

- consolidating Banca Sistema's specialist role in the factoring sector, both in Italy and internationally;
- transforming the CQ division into a Private Division, including by expanding the retail offering to include the distribution of third-party products;
- expanding the business in the collateralised lending sector through activities managed by the Kruso Kapital subsidiary, in Italy and internationally.

In a communication dated 5 July 2024, the Bank of Italy subjected the Banca Sistema Group to an audit pursuant to Articles 54 and 68 of Legislative Decree No. 385/93. At the date of approval of this financial report, the audit was completed and the Bank is awaiting the final results.

## FACTORING

### BANCA SISTEMA AND FACTORING ACTIVITIES

Banca Sistema was one of the pioneers in the factoring of receivables from the Public Administration, initially by purchasing receivables from suppliers to the public health sector, subsequently gradually expanding the business to other sectors of this niche, to include tax receivables and receivables from the entertainment sector. Since the project started, the Bank has been able to grow in the original factoring business with a prudent risk management, and to support businesses (from large multinationals to small and medium-sized enterprises) through the provision of financial and collection services, thus contributing to the businesses' growth and consolidation. Since December 2020, Banca Sistema has also been operating in Spain - through the company EBNSISTEMA Finance, which it owns together with the Spanish banking partner EBN Banco - mainly in the factoring segment for receivables from the Spanish Public Administration, specialising in the purchase of receivables mainly from entities in the public health sector. At the end of the third quarter of 2024, EBNSISTEMA's factoring turnover in the market reached € 153 million (€ 143 million at 30 September 2023).

The bank offers SACE- and MCC-guaranteed loans exclusively to its factoring customers and has purchased "110% Eco-Sisma bonus" tax credits for compensation purposes within the limits of its tax capacity and, in the last quarter of 2023, for trading purposes.

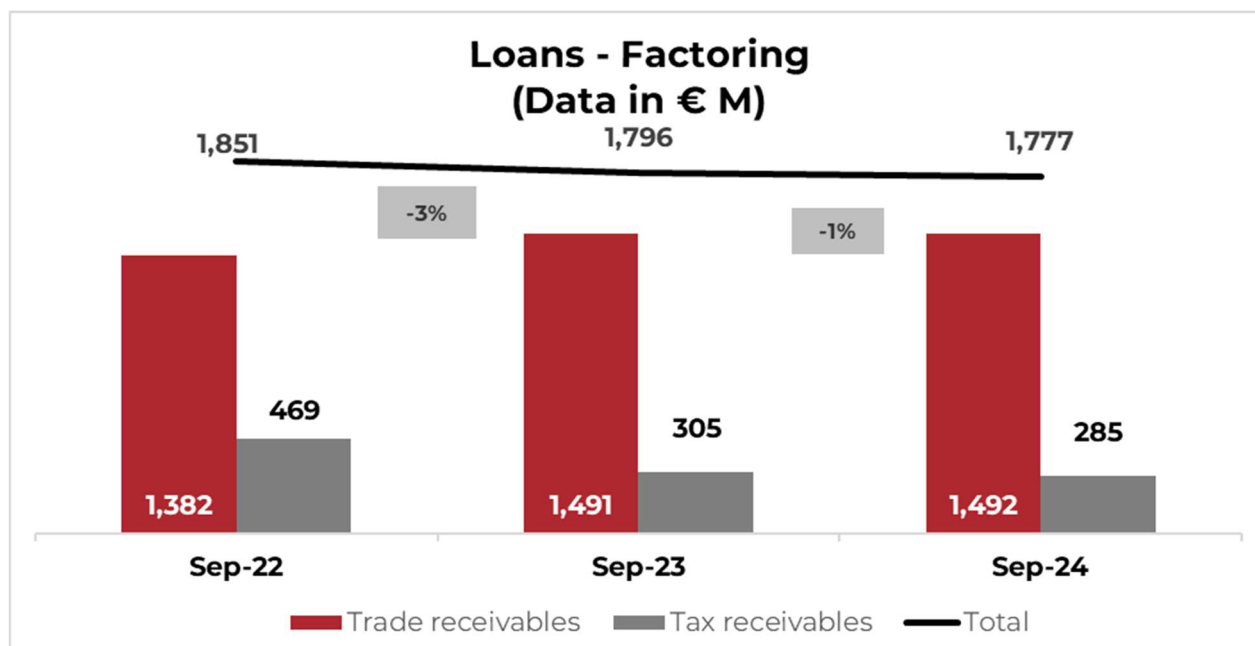
The following table shows the factoring volumes by product type:

Product (millions of Euro)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Trade receivables	3,383	3,176	207	6.5%
<i>of which, without recourse</i>	2,609	2,543	66	2.6%
<i>of which, with recourse</i>	775	633	141	22.3%
Tax receivables	261	386	(125)	-32.3%
<i>of which, without recourse</i>	261	386	(125)	-32.3%
<i>of which, with recourse</i>	-	-	-	<i>n.a.</i>
<i>Superbonus tax credits</i>	356	13	343	>100%
<i>of which, for trading purposes</i>	356	-	356	<i>n.a.</i>
<b>Total</b>	<b>4,000</b>	<b>3,575</b>	<b>425</b>	<b>11.9%</b>

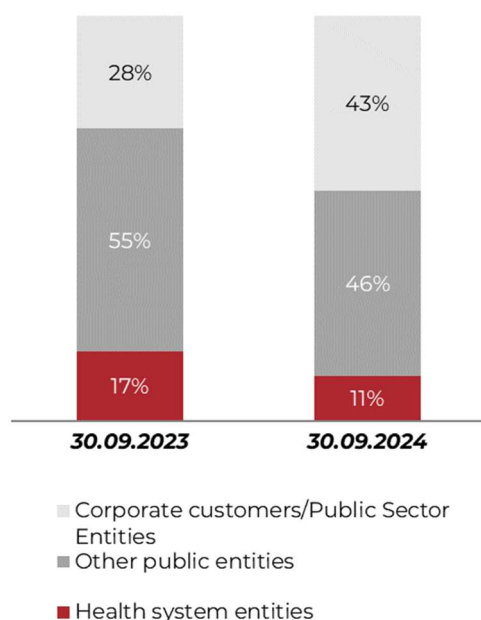
Volumes were generated through both its own internal commercial network and through other intermediaries with which the Group has entered into distribution agreements.

Factoring has proven to be the ideal tool both for small and medium-sized enterprises to finance their working capital and thus trade receivables, and for large companies, such as multinationals, to improve their net financial position, mitigate country risk and receive solid support in servicing and collection activities.

Loans and receivables amounted to € 1,777 million at 30 September 2024 (management figure), compared to € 1,796 million at 30 September 2023.



The following chart shows the ratio of debtors to the total exposure in the loans and receivables portfolio. The Group's core factoring business remains the Public Administration entities segment.



Volumes related to the management of third-party portfolios amounted to € 406 million (a decrease compared to the € 449 million recognised in the same period of last year).

## SALARY- AND PENSION-BACKED LOANS AND QUINTOPUOI

The market for salary- and pension-backed loans recovered somewhat in the third quarter, with the cumulative balance for September breaking even with the previous year and recording the highest monthly growth this year (+5%) - source: Assofin. This trend appears to be driven by financial institutions' efforts to meet their year-end targets, combined with a context of falling interest rates following the recent cuts in the ECB's benchmark rates, making the market particularly competitive in the final phase of the year.

The market for personal loans continues to grow steadily (+11% cumulative vs. 2023), as does the mortgage market, which recorded positive year-on-year growth in the final quarter.

In this environment, the division maintained a solid performance in salary- and pension-backed loan (CQ) product volumes (€ 153 million cumulative, +16% vs. 2023), continuing the trend of previous quarters, albeit with some slowdown, mainly concentrated in the credit broker segment, which is more sensitive to expected price changes by certain competitors.

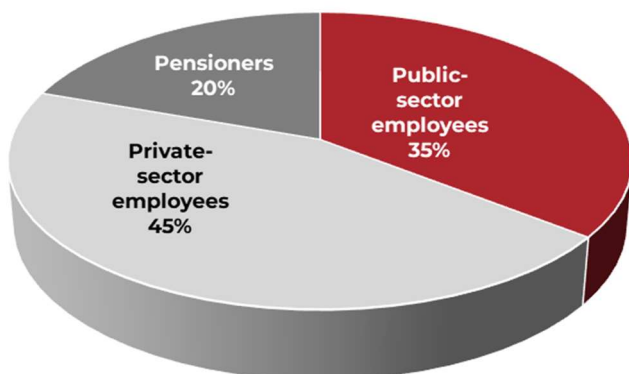
Other products distributed through partnerships are gaining traction, with rising volumes in personal loans and mortgages.

Outstanding capital continues to decrease compared to the previous quarter and stood at € 747 million at 30 September 2024, in line with the attrition of the non-recourse portfolio acquired in previous years.

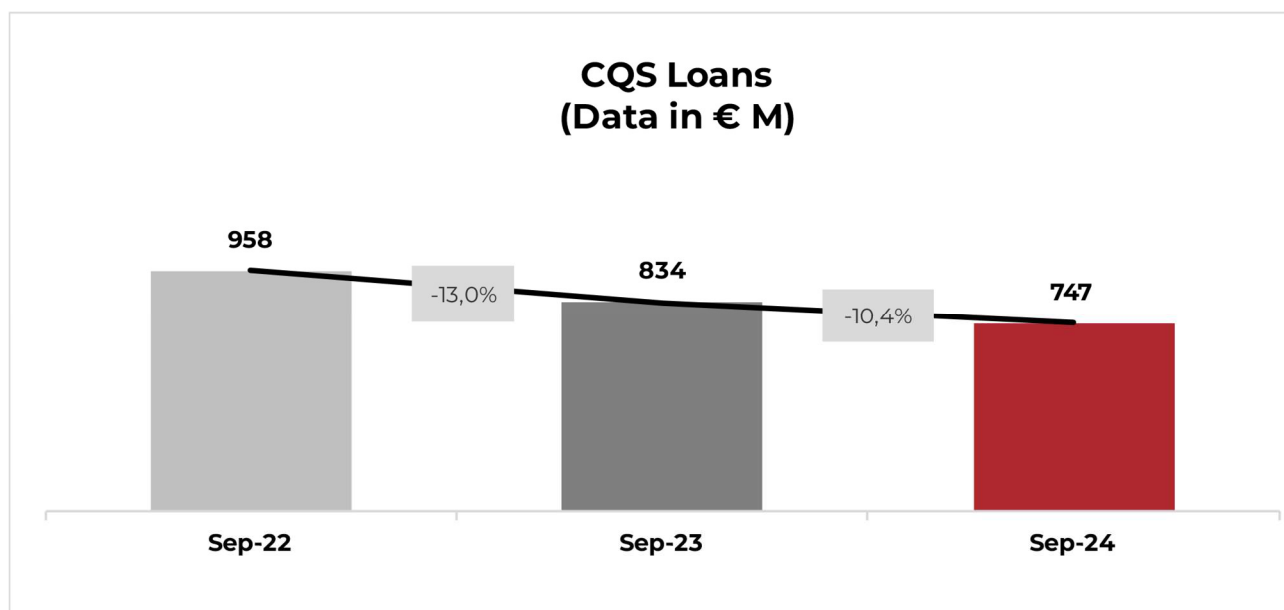
	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
No. of applications (#)	7,671	6,007	1,664	27.7%
<i>of which originated</i>	7,584	5,985	1,599	26.7%
Volumes disbursed (millions of Euro)	153	132	21	15.9%
<i>of which originated</i>	151	122	28	23.3%

CQ Loans are split between private-sector employees (20%), pensioners (45%) and public-sector employees (35%). Therefore, over 80% of the volumes refer to pensioners and employees of Public Administration, which remains the Bank's main debtor.

### CQ Loans - Breakdown



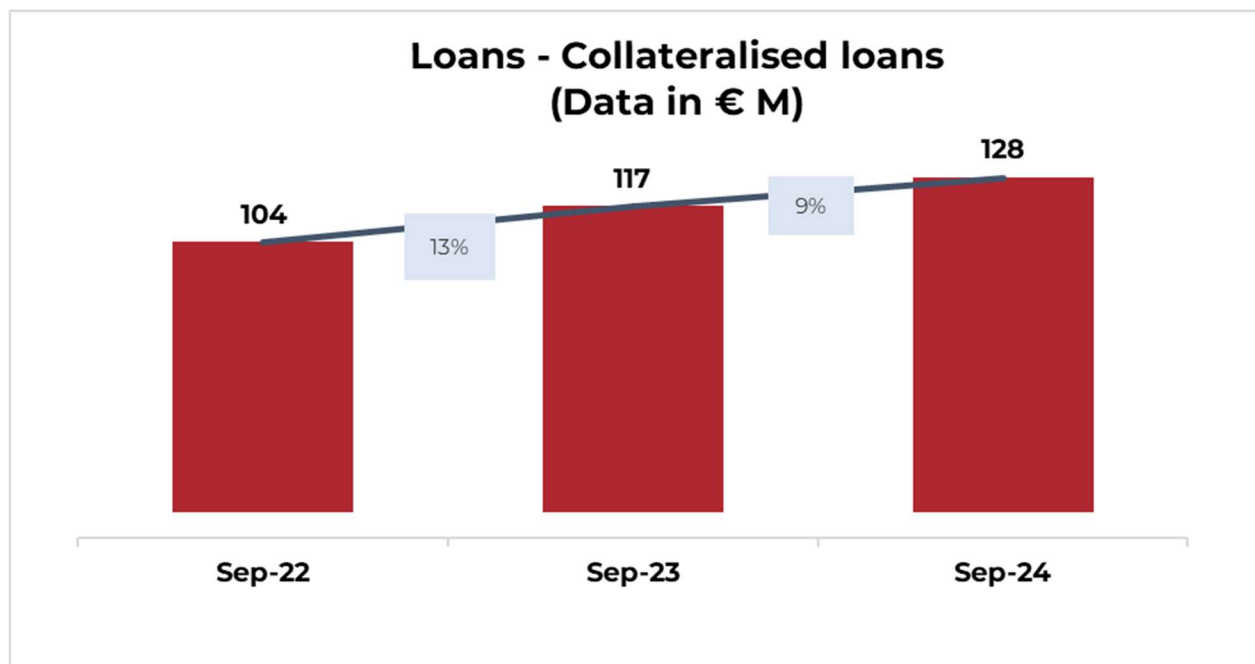
The following chart shows the performance of outstanding loans in the salary-/pension-backed loans (CQS/CQP) portfolio:



## COLLATERALISED LENDING AND KRUSO KAPITAL

At 30 September 2024, Kruso Kapital had approximately 76 thousand policies (collateralised loans) in Italy, with total loans of € 128.6 million, an increase of 5.9% compared to 31 December 2023 (€ 121.4 million).

The following chart shows the performance of outstanding loans:



The assets, which increased by 3.8%, consist mainly of loans and receivables with customers related to the collateralised lending business (up 3.8% from the previous year primarily due to the increase in loans in Italy) and goodwill of € 29.6 million.

Assets (€,000)	30.09.2024	31.12.2023	€ Change	% Change
Cash and cash equivalents	6,496	6,710	(214)	-3.2%
Financial assets measured at amortised cost	128,592	121,444	7,148	5.9%
a) loans and receivables with banks	274	35	239	>100%
b1) loans and receivables with customers - loans	128,318	121,409	6,909	5.7%
Property and equipment	3,954	4,334	(380)	-8.8%
Intangible assets	31,731	31,451	280	0.9%
of which: goodwill	29,606	29,606	-	0.0%
Tax assets	534	563	(29)	-5.2%
Other assets	2,785	3,189	(404)	-12.7%
<b>Total assets</b>	<b>174,092</b>	<b>167,691</b>	<b>6,401</b>	<b>3.8%</b>

Liabilities and equity (€,000)	30.09.2024	31.12.2023	€ Change	% Change
Financial liabilities measured at amortised cost	114,919	113,815	1,104	1.0%
Tax liabilities	3,537	2,273	1,264	55.6%
Other liabilities	5,974	7,544	(1,570)	-20.8%
Post-employment benefits	896	900	(4)	-0.4%
Provisions for risks and charges	963	705	258	36.6%
Valuation reserves	(39)	(27)	(12)	44.4%
Reserves	20,383	16,434	3,949	24.0%
Share capital	24,610	23,162	1,448	6.3%
Profit (loss) for the period	2,849	2,885	(36)	-1.2%
<b>Total liabilities and equity</b>	<b>174,092</b>	<b>167,691</b>	<b>6,401</b>	<b>3.8%</b>

The “financial liabilities measured at amortised cost” include the auction buyer’s premium of € 5 million. For 5 years, this amount is reported in the financial statements as due to customers which become a contingent asset if not collected. Based on historical information, approximately 90% of the auction buyer’s premium will become a contingent asset over the next 5 years. Amounts due to banks include loans from Banca Sistema and other banks (the latter amounting to around 15.5% of the total).

Equity at 30 September 2024 amounted to € 47.8 million, up from the amount at 31 December 2023 due to the capital increase in January 2024 (IPO) and profit for the period.

The consolidated income statement of Kruso Kapital at 30 September 2024 is provided below.

Income statement (€,'000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
<b>Total income</b>	<b>17,552</b>	<b>14,088</b>	<b>3,464</b>	<b>24.6%</b>
Net impairment losses on loans and receivables	(95)	(48)	(47)	97.9%
<b>Net financial income (expense)</b>	<b>17,457</b>	<b>14,040</b>	<b>3,417</b>	<b>24.3%</b>
Personnel expense	(6,219)	(5,016)	(1,203)	24.0%
Other administrative expenses	(5,330)	(4,572)	(758)	16.6%
Net impairment losses on property and equipment/intangible assets	(1,228)	(1,132)	(96)	8.5%
Other operating income (expense)	189	263	(74)	-28.1%
<b>Operating costs</b>	<b>(12,588)</b>	<b>(10,457)</b>	<b>(2,131)</b>	<b>20.4%</b>
<b>Pre-tax profit from continuing operations</b>	<b>4,869</b>	<b>3,583</b>	<b>1,286</b>	<b>35.9%</b>
Income taxes for the period	(2,020)	(1,229)	(791)	64.4%
<b>Profit (loss) for the period of Kruso Kapital Group</b>	<b>2,849</b>	<b>2,354</b>	<b>495</b>	<b>21.0%</b>

Total income, amounting to € 17.6 million, increased due to:

- the increasing contribution of Net interest income yoy, driven by higher interest income from increased lending and higher margins in collateralised lending, which more than offset higher interest expenses (driven by a cost of funding that is a function of the evolution of the 3M Euribor, which appears to have stabilised since the second quarter of 2024);
- the contribution of higher Net fee and commission income (expense) driven by higher lending/collateralised lending volumes and higher auction revenue in Italy for collateralised loans.

Revenues generated by Art-Rite accounted for less than 1% of Total income and were slightly down yoy also as a result of fewer auctions compared to the same period in 2023.

Credit impairments, which continue to be insignificant, are driven by write-downs in the first quarter of 2024 (€ 70 thousand) on a concentrated portfolio of policies, the underlying assets of which were seized.

Operating costs of € 12.6 million were 20% higher than the previous year due to:

- Higher personnel expenses related to salary increases due to the new national collective bargaining (CCNL) agreement commenced in 3Q24, to the accounting of an IPO bonus plan from 2Q24, and to the increase in the number of resources (98 as of 30 September 2024 vs 91 as of 30 September 2023);
- Higher other administrative expenses, which include non-recurring costs related to the IPO and the acquisition in Portugal (equivalent to € 199 thousand in 9M24) and which, net of these components, increase due to higher advertising, legal/consultancy, ICT/digital collateral and post-IPO running costs.



Net profit increased year on year by 21% and included the losses of the subsidiaries Pron-toPegno Greece and Art-Rite of € 432 thousand and € 552 thousand respectively, the latter in a volatile sector such as auctions and a sharp contraction in turnover at the sector level.

## FUNDING AND TREASURY ACTIVITIES

### TREASURY PORTFOLIO

A treasury portfolio has been established to support the Bank's liquidity commitments almost exclusively through investment in Italian government bonds.

The balance at 30 September 2024 was equal to a nominal € 1,311 million (€ 647 million at 31 December 2023).

The treasury portfolio allowed for optimal management of the Treasury commitments, which are characterised by a concentration of transactions in specific periods.

At 30 September 2024, the nominal amount of securities in the HTCS portfolio amounted to € 1,250 million (€ 586 million reported at 31 December 2023) with a duration of 4.2 months (13.8 months at 31 December 2023).

At 30 September 2024, the HTC portfolio amounted to € 61 million with a duration of 34.8 months (compared to € 61 million at 31 December 2023 with a duration of 43.6 months).

### FUNDING

At 30 September 2024, wholesale funding was about 31% of the total (22% at 31 December 2023), mainly comprising refinancing transactions with the ECB.

Securitisations with salary- and pension-backed loans as collateral completed with a partly-paid securities structure continue to allow Banca Sistema to efficiently refinance its CQS/CQP portfolio and to continue to grow its salary- and pension-backed loan business, whose funding structure is optimised by the securitisations. The Bank also continues to adhere to the ABACO procedure introduced by the Bank of Italy which was expanded to include consumer credit.

The Bank, in its role as arranger, successfully completed a modification of the tax receivables securitisation, with BNP Paribas joining as senior investor. The transaction, which originally closed in April 2020, provides for the revolving sale of tax receivables by the assignors, who are customers of Banca Sistema, with an initial maximum total amount of € 1.6 billion and a residual amount of approximately € 1 billion. BNP Paribas will finance the transaction up to € 150 million with an initial maturity of 24 months, allowing the Bank to diversify its funding sources in the institutional market and to extend the maturity of this specific funding source through a more efficient securitisation structure.

In terms of customer deposits, the Bank continued its strategy of reducing deposits from corporate customers, which are known to be less stable and more concentrated, in order to achieve greater diversification and focus on the more stable sources.

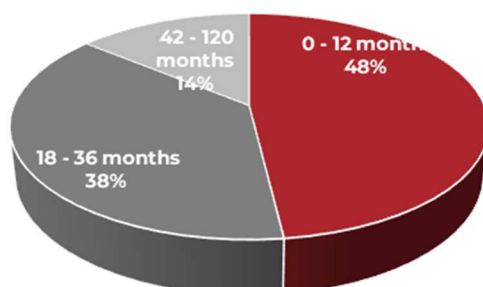
The stock of customer deposits reached € 3.8 billion as of 30 September 2024, almost entirely from term deposits.

Retail funding accounts for 69% of the total and is composed of the account SI Conto! Corrente and the product SI Conto! Deposito.

Total term deposits as at 30 September 2024 amounted to € 2,574 million, an increase of 7% compared to 31 December 2023. The above-mentioned amount also includes total term deposits of € 1,994 million (obtained with the help of partner platforms) held with foreign entities (accounting for 77% of total deposit funding), an increase of € 381 million over the same period of the previous year.

The breakdown of funding by term is shown below.

**Breakdown of deposit accounts as at 30 September 2024**



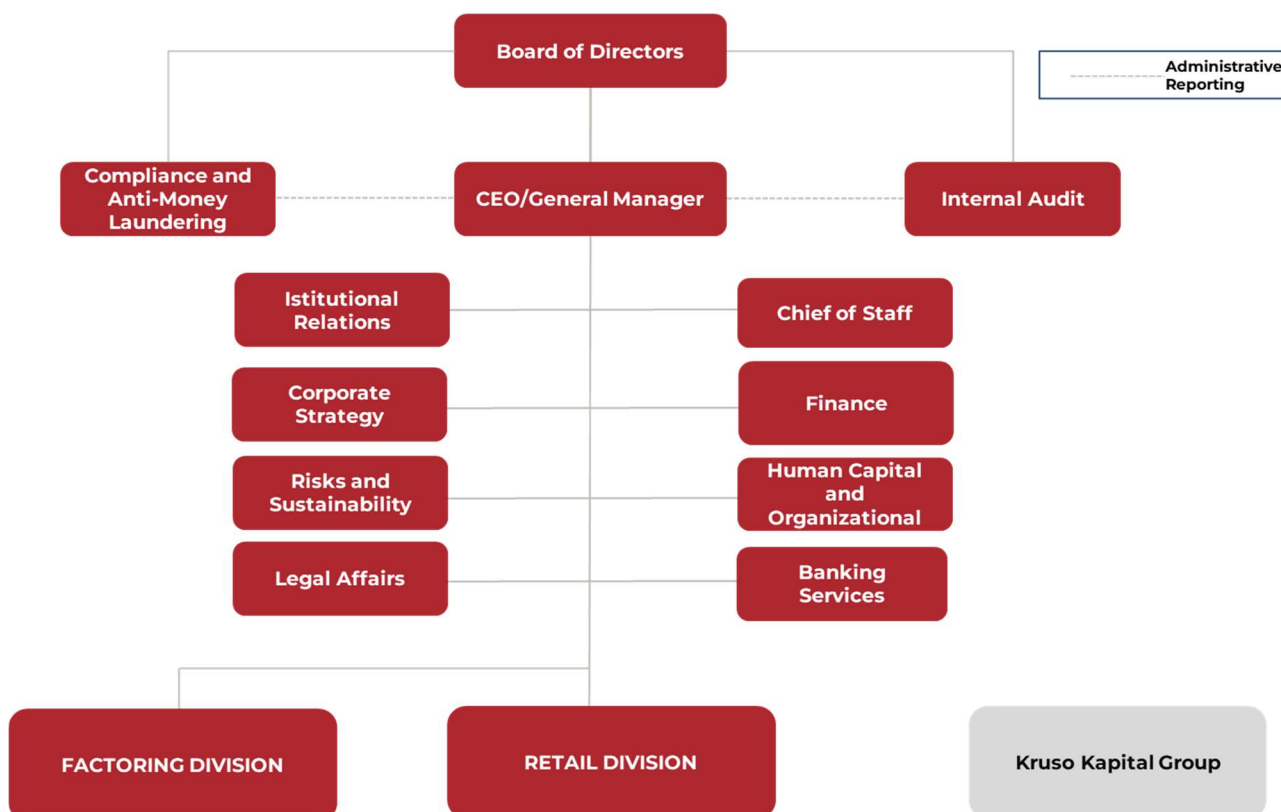
The average residual life is 16 months compared to 14 months in the same period of 2023.

## COMPOSITION AND STRUCTURE OF THE GROUP

### Organisational chart

Since 2020, the Bank's organisational structure has been based on the divisional organisational model which assigns specific powers and autonomy in terms of lending, sales and operations to each of the Factoring and Retail Financing (formerly named CQ) businesses, and more specifically, also allows the divisional organisational structures to evolve according to their respective needs and objectives.

The organisational chart in force since 1 July 2024 is as follows:



## HUMAN RESOURCES

As at 30 September 2024, the Group had a staff of 312, broken down by contract category as follows:

FTES	30.09.2024	31.12.2023	30.09.2023
Senior managers	28	26	26
Middle managers (QD3 and QD4)	67	67	66
Other personnel	217	206	203
<b>Total</b>	<b>312</b>	<b>299</b>	<b>295</b>

At 30 September 2024, 34 people were recruited and hired to support business expansion, fill staff vacancies or to replace long-term absentee workers. More than 98% of these were on permanent contracts and mainly for activities in the Factoring Division and the Corporate Centre. Voluntary turnover in September 2024 was 5.87%, up from the same period in 2023.

Regarding skills development, the Bank identified professional and technical training requirements related to legal and regulatory issues. In September 2024, the Bank organized training sessions conducted by both internal and external trainers. These sessions focused on technical and professional training in areas such as anti-money laundering, Mifid II, cybersecurity, and language training, as well as organising meetings and discussions with off-site teambuilding activities for a total of 648 hours.

The Bank has supported the financial well-being of employees by reviewing and reducing the spreads applied to loans and mortgages granted to employees in accordance with the "Loan Assistance Policy".

Always as part of its commitment to the financial well-being of employees, the initiative to assist employees in purchasing a minimum number of shares in the subsidiary Kruso Kapital, in accordance with the provisions of the specific regulation, continues.

The average age of Group employees is 47.7 for men and 44.3 for women. The breakdown by gender is essentially balanced, with men accounting for 54.5% and women for 46.1% of the total.

## INCOME STATEMENT RESULTS

Income statement (€,000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Net interest income	32,624	50,159	(17,535)	-35.0%
Net trading income from Superbonus (1)	23,042	-	23,042	n.a.
<b>Net interest income adjusted</b>	<b>55,666</b>	<b>50,159</b>	<b>5,507</b>	<b>11.0%</b>
Net fee and commission income (expense)	21,042	15,159	5,883	38.8%
Dividends and similar income	227	227	-	0.0%
Net trading income (expense)	906	(145)	1,051	<100%
Net hedging result	(7)	1	(8)	<100%
Gain from sales or repurchases of financial assets/liabilities	7,116	5,886	1,230	20.9%
<b>Total income</b>	<b>84,950</b>	<b>71,287</b>	<b>13,663</b>	<b>19.2%</b>
Net impairment losses on loans and receivables	(4,842)	(3,623)	(1,219)	33.6%
Gains/losses from contract amendments without derecognition	(102)	(1)	(101)	>100%
<b>Net financial income (expense)</b>	<b>80,006</b>	<b>67,663</b>	<b>12,343</b>	<b>18.2%</b>
Personnel expense	(24,862)	(20,855)	(4,007)	19.2%
Other administrative expenses	(25,502)	(25,956)	454	-1.7%
Net accruals to provisions for risks and charges	(2,806)	(2,446)	(360)	14.7%
Net impairment losses on property and equipment/intangible as	(2,351)	(2,332)	(19)	0.8%
Other operating income (expense)	(3,413)	1,516	(4,929)	<100%
<b>Operating costs</b>	<b>(58,934)</b>	<b>(50,073)</b>	<b>(8,861)</b>	<b>17.7%</b>
Gains (losses) on equity investments	(28)	8	(36)	<100%
<b>Pre-tax profit from continuing operations</b>	<b>21,044</b>	<b>17,598</b>	<b>3,446</b>	<b>19.6%</b>
Income taxes for the period	(7,897)	(5,666)	(2,231)	39.4%
<b>Profit for the period</b>	<b>13,147</b>	<b>11,932</b>	<b>1,215</b>	<b>10.2%</b>
Profit (loss) attributable to non-controlling interests	(838)	(586)	(252)	43.0%
<b>Profit for the period attributable to the owners of the parent</b>	<b>12,309</b>	<b>11,346</b>	<b>963</b>	<b>8.5%</b>

(1) The net trading income from Superbonus was reclassified from the item Trading income and restated in a separate item to supplement Net interest income.

The first nine months of 2024 ended with a profit of € 12.3 million, up 8.5% on the same period last year.

Total income rose sharply to € 13.7 million (+19.2% compared to 30 September 2023), mainly due to the contribution of the Factoring Division.

The increase in operating costs is due to the payment of the contribution to the inter-bank fund amounting to € 5.1 million, which was paid in advance due to the requirement of the guarantee systems to build up the pre-established financial provision by 3 July 2024 (the previous year the contribution had been paid and allocated in December 2023 and amounted to € 4 million).

Net interest income (€,'000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
<b>Interest and similar income</b>				
Loans and receivables portfolios	121,001	105,277	15,724	14.9%
Factoring	81,720	69,912	11,808	16.9%
CQ	13,233	16,661	(3,428)	-20.6%
Collateralised lending	10,631	7,949	2,682	33.7%
Government-backed loans to SMEs	15,417	10,755	4,662	43.3%
Securities portfolio	13,683	20,438	(6,755)	-33.1%
Other	8,871	3,838	5,033	>100%
Financial liabilities	-	1	(1)	-100.0%
<b>Total interest income</b>	<b>143,555</b>	<b>129,554</b>	<b>14,001</b>	<b>10.8%</b>
<b>Interest and similar expense</b>				
Due to banks	(13,145)	(14,965)	1,820	-12.2%
Due to customers	(93,121)	(59,103)	(34,018)	57.6%
Securities issued	(4,665)	(5,327)	662	-12.4%
Financial assets	-	-	-	n.a.
<b>Total interest expense</b>	<b>(110,931)</b>	<b>(79,395)</b>	<b>(31,536)</b>	<b>39.7%</b>
<b>Net interest income</b>	<b>32,624</b>	<b>50,159</b>	<b>(17,535)</b>	<b>-35.0%</b>
Net trading income from Superbonus	23,042	-	23,042	n.a.
<b>Net interest income adjusted</b>	<b>55,666</b>	<b>50,159</b>	<b>5,507</b>	<b>11.0%</b>

Interest income showed solid growth compared with the same period of the previous year, reflecting the good performance of the Factoring Division (which includes revenue from “factoring” and “Government-backed loans to SMEs”), which offset the increase in the cost of funding allocated to the Division. Interest expense, however, increased as a result of the continued rise in market interest rates in 2023, although the Group's average cost of funding is still below the ECB rate, as well as the increase in absolute value of funding.

The total contribution of the Factoring Division to interest income was € 97.1 million, equal to 80% of the entire loans and receivables portfolio, to which the commission component associated with the factoring business, the revenue generated by the assignment of some receivables from the factoring portfolio and the income component from superbonus receivables purchased for trading purposes need to be added.

The component owed for late payments pursuant to Legislative Decree 231/02 (consisting of default interest and compensation) legally enforced at 30 September 2024 amounted to € 25.9 million (€ 26.8 million at 30 September 2023):

- of which € 6.7 million resulting from the current recovery estimates (€14.5 million at 30 September 2023);

- of which € 5.5 million resulting from the updated recovery estimates and expected collection times (€ 1.2 million at 30 September 2023). At 30 September 2023, €4.2 million were recorded following the increases in benchmark rates (ECB) in 2022, which led to an increase in the "Legislative Decree No. 231 of 9 October 2002" rate (decree implementing European legislation on late payments) from 8% to 10.5% from 1 January 2023 to 30 June 2023, and to 12% from 1 July 2023;
- of which € 11.3 million (€ 4.9 million at 30 September 2023) which is the difference between the amount collected during the period, equal to € 17.9 million (€ 7.8 million at 30 September 2023) and that recognised on an accrual basis in previous years;
- of which € 2.4 million resulting from the current estimates for the recovery of the € 40 component of the compensation claims pursuant to Article 6 of Legislative Decree No. 231/02 (€ 1.9 million at 30 September 2023).

The amount of the stock of interest pursuant to Legislative Decree 231/02 at 30 September 2024, relevant for the allocation model, was € 145 million (€ 137 million at the end of 2023), which becomes € 244 million when including default interest related to positions with troubled local authorities, a component for which default interest is not allocated in the financial statements, whereas the loans and receivables recognised in the financial statements amount to € 89.8 million. Therefore, the amount of interest pursuant to Legislative Decree No. 231/02 accrued and not yet recognised in the income statement is € 154 million.

The contribution from interest from the salary-and pension-backed portfolios amounted to € 13.2 million, down from the same period of the previous year from the impact of prepayments on portfolios purchases in previous years, only partially offset by higher yields on new loans originated at higher rates.

The sustained growth of the Collateralised Lending Division was confirmed, whose contribution to the income statement amounted to € 10.6 million, compared to € 7.9 million in the first nine months of 2023.

The interest component from government-backed loans also had a positive and significant impact.

The lower contribution from the Securities portfolio compared to the same period last year is related to the lower holdings in the securities portfolios compared to previous year.

Other interest income includes the use of overnight deposits with the ECB, which rose due to the increase in unused liquidity and the increase in the remuneration rate.

The increase in interest expense is entirely due to the rise in market interest rates following the ECB rate hikes.



The Superbonus trading income of € 23 million is generated from the trading of these loans and the valuation of these loans at fair value.

<b>Net fee and commission income (€,'000)</b>	<b>Third Quarter of 2024</b>	<b>Third Quarter of 2023</b>	<b>€ Change</b>	<b>% Change</b>
<b>Fee and commission income</b>				
Factoring activities	15,872	9,399	6,473	68.9%
Fee and commission income - off-premises CQ	8,219	7,048	1,171	16.6%
Collateralised loans (fee and commission income)	10,080	8,135	1,945	23.9%
Collection activities	1,548	1,137	411	36.1%
Other fee and commission income	703	1,136	(433)	-38.1%
<b>Total fee and commission income</b>	<b>36,422</b>	<b>26,855</b>	<b>9,567</b>	<b>35.6%</b>
<b>Fee and commission expense</b>				
Factoring portfolio placement	(1,007)	(747)	(260)	34.8%
Placement of other financial products	(4,807)	(2,681)	(2,126)	79.3%
Fees - off-premises CQ	(7,719)	(6,716)	(1,003)	14.9%
Other fee and commission expense	(1,847)	(1,552)	(295)	19.0%
<b>Total fee and commission expense</b>	<b>(15,380)</b>	<b>(11,696)</b>	<b>(3,684)</b>	<b>31.5%</b>
<b>Net fee and commission income</b>	<b>21,042</b>	<b>15,159</b>	<b>5,883</b>	<b>38.8%</b>

Net fee and commission income (expense), amounting to € 21.0 million, increased by 38.8%, due to growth in commissions from the factoring business.

Fee and commission income from factoring should be considered together with interest income, since it makes no difference from a management point of view whether profit is recognised in the commissions and fees item or in interest in the without recourse factoring business.

Fee and commission income from the collateral-backed loans business grew by € 1.9 million compared to the previous year thanks to the continuing growth of the business.

Commissions on collection activities, related to the service of reconciliation of third-party invoices collected from the Public Administration are up 36.1% compared to the same period last year, driven by the recent development of the servicer business for third-party securitisations which generated revenues for € 740 thousand.

Other Fee and commission income, includes commissions and fees related to current account services and auction fees related to the Art-Rite subsidiary amounting to € 0.2 million.

Fee and commission income - off-premises CQ refers to the commissions on the salary- and pension-backed loan (CQ) origination business of € 8.2 million, which should be considered together with the item Fees - off-premises CQ, amounting to € 7.7 million, which

are composed of the commissions paid to financial advisers for the off-premises placement of the salary- and pension-backed loan product.

Fees and commissions for the placement of financial products paid to third parties are attributable to returns to third party intermediaries for the placement of the SI Conto! Deposito product under the passporting regime, whereas the fee and commission expense of placing the factoring portfolios is linked to the origination costs of factoring receivables.

Other fee and commission expense includes commissions for trading third-party securities and for interbank collections and payment services.

Net trading results (€,'000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Trading results from financial instruments	906	(145)	1,051	<100%
Trading Superbonus 110				
<b>Total</b>	<b>906</b>	<b>(145)</b>	<b>1,051</b>	<b>&lt;100%</b>

The item includes the income from trading Italian government bonds.

Gain (loss) from sales or repurchases (€,'000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Gains from HTCS portfolio debt instruments	2,494	804	1,690	>100%
Gains from HTC portfolio debt instruments	-	2,103	(2,103)	-100.0%
Gains from receivables (Factoring portfolio)	3,573	1,228	2,345	>100%
Gains from receivables (CQ portfolio)	1,049	1,751	(702)	-40.1%
<b>Total</b>	<b>7,116</b>	<b>5,886</b>	<b>1,230</b>	<b>20.9%</b>

The item Gain (loss) from sales or repurchases includes, in addition to net realised gains on the securities portfolio, gains from the sale of factoring and CQ receivables.

Impairment losses on loans and receivables at 30 September 2024 amounted to € 4.8 million (€ 3.6 million at 30 September 2023). The loss rate increased to 0.20% at 30 September 2024 from 0.18% in 2023.

Personnel expense (€,'000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Wages and salaries	(19,809)	(16,117)	(3,692)	22.9%
Social security contributions and other costs	(3,788)	(3,560)	(228)	6.4%
Directors' and statutory auditors' remuneration	(1,265)	(1,178)	(87)	7.4%
<b>Total</b>	<b>(24,862)</b>	<b>(20,855)</b>	<b>(4,007)</b>	<b>19.2%</b>

The increase in Personnel expense compared with the previous year is due to the revised banking contract, which applies to a large part of the staff, and to the increase in the number of employees, the average number of which rose from 293 to 303.

Other administrative expenses (€,000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Consultancy	(5,454)	(5,272)	(182)	3.5%
IT expenses	(5,812)	(5,335)	(477)	8.9%
Servicing and collection activities	(1,375)	(1,478)	103	-7.0%
Indirect taxes and duties	(2,713)	(2,440)	(273)	11.2%
Insurance	(1,701)	(895)	(806)	90.1%
Other	(888)	(924)	36	-3.9%
Expenses related to management of the SPVs	(378)	(412)	34	-8.3%
Outsourcing and consultancy expenses	(605)	(495)	(110)	22.2%
Car hire and related fees	(642)	(554)	(88)	15.9%
Advertising and communications	(1,444)	(2,222)	778	-35.0%
Expenses related to property management and logistics	(1,999)	(2,154)	155	-7.2%
Personnel-related expenses	(52)	(70)	18	-25.7%
Entertainment and expense reimbursement	(641)	(481)	(160)	33.3%
Infoprovder expenses	(789)	(602)	(187)	31.1%
Membership fees	(308)	(304)	(4)	1.3%
Audit fees	(353)	(290)	(63)	21.7%
Telephone and postage expenses	(276)	(386)	110	-28.5%
Stationery and printing	(72)	(74)	2	-2.7%
<b>Total operating expenses</b>	<b>(25,502)</b>	<b>(24,388)</b>	<b>(1,114)</b>	<b>4.6%</b>
Resolution Fund	-	(1,568)	1,568	-100.0%
<b>Total</b>	<b>(25,502)</b>	<b>(25,956)</b>	<b>454</b>	<b>-1.7%</b>

Administrative expenses decreased overall following the discontinuation of the contribution to the Resolution Fund, due to meeting the pre-determined system targets.

IT expenses consist of costs for services rendered by the IT outsourcer providing the legacy services and costs related to the IT infrastructure which are increasing slightly due to higher investments.

Consulting expenses are mainly composed of costs incurred for upgrades and development and legal expenses for debt collection.

Expenses for indirect taxes and duties increased as a result of higher contributions paid for enforceable injunctions against public administration debtors.

Net impairment losses on property and equipment/intangible assets (€,'000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Depreciation of buildings used for operations	(621)	(619)	(2)	0.3%
Depreciation of furniture and equipment	(287)	(284)	(3)	1.1%
Amortisation of value in use	(959)	(1,082)	123	-11.4%
Amortisation of software	(456)	(312)	(144)	46.2%
Amortisation of other intangible assets	(28)	(35)	7	-20.0%
<b>Total</b>	<b>(2,351)</b>	<b>(2,332)</b>	<b>(19)</b>	<b>0.8%</b>

The impairment losses on property and equipment/intangible assets are the result of higher depreciation and amortisation for property used for business purposes, as well as the depreciation of the "right-of-use" asset following the application of IFRS 16.

Other operating income (expense) (€,'000)	Third Quarter of 2024	Third Quarter of 2023	€ Change	% Change
Auction buyer's premiums	445	368	77	20.9%
Recovery of expenses and taxes	1,102	776	326	42.0%
Deposit Scheme contribution	(5,145)	(10)	(5,135)	>100%
Amortisation of multiple-year improvement costs	(497)	(476)	(21)	4.4%
Other income (expense)	116	175	(59)	-33.7%
Contingent assets and liabilities	566	683	(117)	-17.1%
<b>Total</b>	<b>(3,413)</b>	<b>1,516</b>	<b>(4,929)</b>	<b>&lt;100%</b>

The decrease in the item "Other operating income (expense)" compared to the same period of the previous year is due to the allocation of the contribution to the interbank fund amounting to € 5.1 million, which was paid in advance due to the requirement of the guarantee systems to build up the pre-established financial provision by 3 July 2024 (the previous year the contribution had been paid and allocated in December 2023 and amounted to € 4 million).

The increase in the Group's tax rate is due to the elimination, starting from the tax period after 31 December 2023, of the Ace, as defined by the first form of the tax reform.

## THE MAIN STATEMENT OF FINANCIAL POSITION AGGREGATES

Assets (€,'000)	30.09.2024	31.12.2023	€ Change	% Change
Cash and cash equivalents	110,491	250,496	(140,005)	-55.9%
Financial assets measured at fair value through other comprehensive income	1,269,240	576,002	693,238	>100%
Financial assets measured at amortised cost	2,877,568	3,396,281	(518,713)	-15.3%
a) loans and receivables with banks	21,904	926	20,978	>100%
b1) loans and receivables with customers - loans	2,783,088	3,334,250	(551,162)	-16.5%
b2) loans and receivables with customers - debt instruments	72,576	61,105	11,471	18.8%
Hedging derivatives	-	-	-	n.a.
Changes in fair value of portfolio hedged items (+/-)	3,706	3,651	55	1.5%
Equity investments	967	995	(28)	-2.8%
Property and equipment	39,986	40,659	(673)	-1.7%
Intangible assets	35,705	35,449	256	0.7%
<i>of which: goodwill</i>	33,526	33,526	-	0.0%
Tax assets	18,215	25,211	(6,996)	-27.7%
Non-current assets held for sale and disposal groups	71	64	7	10.9%
Other assets	422,358	243,592	178,766	73.4%
<b>Total assets</b>	<b>4,778,307</b>	<b>4,572,400</b>	<b>205,907</b>	<b>4.5%</b>

At 30 September 2024, total assets were up by 4.5% over the end of 2023 and equal to € 4.8 billion.

The securities portfolio relating to Financial assets measured at fair value through other comprehensive income ("HTCS") of the Group continues to be mainly comprised of Italian government bonds with an average duration of about 4.2 months (the average remaining duration at the end of 2023 was 13.8 months). The nominal amount of the government bonds held in the HTCS portfolio amounted to € 1.250 million at 30 September 2024 (€ 586 million at 31 December 2023). The associated valuation reserve was negative at the end of the period, amounting to € 4 million before the tax effect.

Loans and receivables with customers (€,'000)	30.09.2024	31.12.2023	€ Change	% Change
Factoring receivables	1,605,916	2,117,279	(511,363)	-24.2%
Salary-/pension-backed loans (CQS/CQP)	747,112	798,695	(51,583)	-6.5%
Collateralised loans	128,318	121,315	7,003	5.8%
Loans to SMEs	232,807	285,772	(52,965)	-18.5%
Current accounts	1,027	412	615	>100%
Compensation and Guarantee Fund	63,787	7,511	56,276	>100%
Other loans and receivables	4,121	3,266	855	26.2%
<b>Total loans</b>	<b>2,783,088</b>	<b>3,334,250</b>	<b>(551,162)</b>	<b>-16.5%</b>
Securities	72,576	61,105	11,471	18.8%
<b>Total loans and receivables with customers</b>	<b>2,855,664</b>	<b>3,395,355</b>	<b>(539,691)</b>	<b>-15.9%</b>

The item loans and receivables with customers under Financial assets measured at amortised cost (hereinafter HTC, or “Held to Collect”), is composed of loan receivables with customers and the “held-to-maturity securities” portfolio.

Outstanding loans for factoring receivables compared to Total loans, therefore excluding the amounts of the securities portfolio, were 57% (64% at the end of 2023). The volumes generated during the period amounted to € 4,000 million (€ 3,575 million at 30 September 2023).

Salary- and pension-backed loans were largely unchanged from the end of the previous year, with volumes disbursed directly by the agent network amounting to € 151 million (€ 122 million at the end of September 2023).

Government-backed loans to small and medium-sized enterprises decreased despite new disbursements amounting to € 18.4 million.

The collateralised lending business, which is conducted through the Kruso Kapital subsidiary, grew during the period, with loans granted at 30 September 2024 amounting to € 128 million.

HTC Securities are composed of Italian government securities with an average duration of 34.8 months for an amount of € 61 million. The mark-to-market valuation of the securities at 30 September 2024 shows a pre-tax unrealised loss of € 3.8 million. The item also includes the investment in an ABS security for an amount of € 11.5 million linked to a securitisation transaction for the purchase of tax receivables, of which the Bank was one of the joint arrangers and for which it will also play the role of Master Servicer of the newly constituted vehicle; the transaction involves the purchase of approximately € 300 million of tax receivables.

The following table shows the quality of receivables in the loans and receivables with customers item, excluding the securities positions.

Status	30.09.2023	31.12.2023	31.03.2024	30.06.2024	30.09.2024
Bad exposures - gross	174,216	173,767	177,760	177,112	177,997
Unlikely to pay - gross	59,246	59,172	51,140	49,315	49,362
Past due - gross	53,904	64,176	57,940	79,541	89,787
<b>Non-performing - gross</b>	<b>287,366</b>	<b>297,115</b>	<b>286,840</b>	<b>305,968</b>	<b>317,146</b>
<b>Performing - gross</b>	<b>2,740,646</b>	<b>3,108,776</b>	<b>2,814,181</b>	<b>2,565,119</b>	<b>2,534,254</b>
Stage 2 - gross	89,457	90,912	66,143	80,022	52,057
Stage 1 - gross	2,651,189	3,017,864	2,748,038	2,485,097	2,482,197
<b>Total loans and receivables with customers</b>	<b>3,028,012</b>	<b>3,405,891</b>	<b>3,101,021</b>	<b>2,871,087</b>	<b>2,851,400</b>
<b>Individual impairment losses</b>	<b>64,167</b>	<b>65,359</b>	<b>65,853</b>	<b>60,941</b>	<b>61,697</b>
Bad exposures	48,331	49,119	49,789	43,341	43,341
Unlikely to pay	14,677	15,080	14,907	17,395	17,395
Past due	1,159	1,160	1,157	961	961
<b>Collective impairment losses</b>	<b>6,345</b>	<b>6,282</b>	<b>6,137</b>	<b>6,405</b>	<b>6,616</b>
Stage 2	653	694	456	522	341
Stage 1	5,692	5,588	5,681	5,883	6,275
<b>Total impairment losses</b>	<b>70,512</b>	<b>71,641</b>	<b>71,990</b>	<b>67,346</b>	<b>68,313</b>
<b>Net exposure</b>	<b>2,957,500</b>	<b>3,334,250</b>	<b>3,029,031</b>	<b>2,803,741</b>	<b>2,783,087</b>

The ratio of gross non-performing loans to the total portfolio rose to 11.1% compared to 8.7% at 31 December 2023, due to a decrease in the absolute value of performing loans and a simultaneous increase in non-performing loans, which remain high because of the entry into force of the new definition of default on 1 January 2021 ("New DoD"). Past due loans are associated with factoring receivables without recourse from Public Administration and are considered normal for the sector. Despite the new technical rules used to report past due loans for regulatory purposes, this continues not to pose particular problems in terms of credit quality and probability of collection.<sup>1</sup>

<sup>1</sup> Below is reported a list of Public Administration entities that, due to the new definition of default, are classified, as of 30 September 2024, in default. Comuni di: Acquafondata; Ailano; Airola; Andria; Aquara; Auletta; Aurigo; Bellegra; Belmonte In Sabina; Bernalda; Bogliasco; Bomarzo; Cagnano Amiterno; Camigliano; Campolattaro; Campolongo Maggiore; Cansano; Casal di Principe; Casnigo; Castel di Sangro; Castelfranco in Miscano; Castellina Marittima; Castelvecchio Subequo; Castiglione del Genovesi; Cavriglia; Cento; Ceranova; Cerreto Sannita; Certaldo; Cessanico; Chianciano Terme; Civitella Roveto; Cona; Contigliano; Crespina Lorenzana; Crispiano; Cusano Mutri; Dronero; Filadelfia; Fisciano; Foggia; Foligno; Furnari; Galatro; Giano Vetusto; Grassano; Gričignano di Aversa; Gualdo Tadino; Guardia Perticara; Guardia Piemontese; Iglesias; Ischitella; Lecce; Luco dei Marsi; Lupara; Lustra; Maddaloni; Maissana; Malito; Maratea; Mariglianella; Martone; Massa d'Albe; Massa Martana; Melito Irpino; Molini di Triora; Moncalieri; Moncrivello; Montalto di Castro; Montecorvino Pugliano; Monteleone di Puglia; Montemagno; Monterosso Calabro; Monterotondo Marittimo; Montescudaio; Nereto; Noci; Novoli; Orta di Atella; Orte; Ortonovo; Osiglia; Parona; Pazzano; Pennadomo; Pertosa; Pesco Sannita; Petriolo; Pianopoli; Pietrasanta; Pignola; Poggio Imperiale; Poggio Nativo; Pontelatone; Presicce - Acquarica; Proceno; Ravello; Riardo; Riofreddo; Roccabernarda; Roccafortita; Rotonda; S. Sofia d'Epiro; San Felice sul Panaro; San Nicola da Crissa; Sannicandro di Bari; Santa Marinella; Sant'Agata del Bianco; Sanza; Saonara; Sassano; Sava; Sciolze; Senise; Seravezza; Sinopoli; Solagna; Soriano nel Cimino; Sorrento; Soveria Simeri; Statte; Sturzo; Suni; Teglio Veneto; Terzigno; Tessennano; Tocco Caudio; Torgiano; Torriglia; Trivigliano; Trivigno; Tufo; Umbriatico; Val d'Elsa; Vallelonga; Vallepietra; Verolengo; Vinci; Zerbolò; Fara Sabina. Province di: Cosenza; Crotone; Messina; Taranto. Other Public Administration entities: Amministrazione Prov. di Rieti; Amministrazione Provinciale dell'Aquila; Amministrazione Provinciale di Catanzaro; Asl Avezzano-Sulmona-L'Aquila; Asl di Foggia; Asl Lecce; Asl Napoli 3 Sud; Asp. N. 1 Prov. Teramo; Azienda Ospedaliera Santobono Pausilipon; Azienda Ospedaliera Universitaria L. Vanvitelli; Azienda Ospedaliera Universitaria Federico II Napoli; Azienda Ospedaliera Universitaria Renato Dulbecco; Azienda per la Tutela della Salute - Ats; Azienda Pubblica di Servizi alla Persona; Azienda Sanitaria Locale Napoli 1 Centro; Azienda Sanitaria Locale Salerno; Azienda Sanitaria Provinciale di Crotone; Azienda Sanitaria Provinciale Vibo Valentia; Azienda USL Latina; A.Fo.R Azienda Forestale Regione Calabria; A.Spe.Co.N. Azienda Speciale Comune di Noto; Agenzia Campana per l'Edilizia Residenziale; Agenzia Fo.Re.S.T.A.S.; Automobile Club Italia; Automobile Club Palermo; Autorità Ambito Territoriale Ottimale 1; Autorità Di Sistema Portuale del Mar Tirreno; Autorità di Sistema Portuale del Mare Adriatico; Autorità Portuale di Messina; Casa di Riposo di G. De Benedictis; CFI Consorzio Farmaceutico Intercomunale; Comunità Montana Trasimeno Medio Tevere; E.N.F.A.P.; E.R.S.U. - Ente Regionale per il Diritto allo Studio Regionale; Fondazione Policlinico Universitario Agostino Gemelli; Fondazione Scuola Paolo VI; I.N.F.N-Istituto Nazionale di Fisica Nucleare; IPAB Residence Salvatore Bellia San Luigi Gonzaga Costanzo Cutore; Irccs Istituto Nazionale Tumori-Fondazione Pascale; Istituto Autonomo Case Popolari di Salerno; Istituto Nazionale di Geofisica e Vulcanologia; Istituto Nazionale per l'assicurazione - Inai; Istituto per Ciechi Martuscelli; Istituto Zootecnico Sperimentale della Sicilia; Opera Pia Scillitani; Provincia Italiana della Congregazione dei Figli dell'Immacolata Concezione; Sardegna Ricerche; Soggetto Attuatore Emergenza Covid-19 Calabria; U.S. Army Hospital; Università degli Studi di Messina; Università del Salento; Università della Calabria



The coverage ratio for non-performing loans is 19.5%, up from 22% at 31 December 2023; in particular, the ratio of bad exposures excluding those to the public administration in temporary distress is 89.8%.

Property and equipment includes the property located in Milan, which is also being used as Banca Sistema's offices, and the building in Rome. The carrying amount of the properties, including capitalised items, is € 34.3 million after accumulated depreciation. The other capitalised costs include furniture, fittings and IT devices and equipment, as well as the right of use relating to the lease payments of the branches and company cars.

Intangible assets refer to goodwill of € 33.5 million, broken down as follows:

- the goodwill originating from the merger of the former subsidiary Solvi S.r.l. which took place in 2013 amounting to € 1.8 million;
- the goodwill generated by the acquisition of Atlantide S.p.A. on 3 April 2019 amounting to € 2.1 million;
- the goodwill amounting to € 28.4 million arising from the acquisition of the former Intesa Sanpaolo collateralised lending business unit completed on 13 July 2020;
- goodwill of € 1.2 million, resulting from the acquisition of Art-Rite which was completed on 2 November 2022.

The investment recognised in the financial statements relates to the joint venture with EBN Banco de Negocios S.A. in EBNSISTEMA. At the end of the third quarter of 2024, EBNSISTEMA had originated loans of € 406 million, compared to € 449 million in 2023.

Non-current assets held for sale and disposal groups include the assets of SF Trust Holding, which was put into liquidation in December 2021.

Other assets is mainly composed of "Superbonus 110" tax credits purchased for trading purposes with a carrying amount of € 351 million. Credits were purchased during the year for a nominal amount of € 356 million. This item also includes work in progress at the end of the period, advance tax payments and "Superbonus 110" tax credits of € 34 million acquired as compensation.

Comments on the main aggregates on the liability side of the statement of financial position are shown below.

Liabilities and equity (€,'000)	30.09.2024	31.12.2023	€ Change	% Change
Financial liabilities measured at amortised cost	4,211,436	4,042,105	169,331	4.2%
a) due to banks	320,435	644,263	(323,828)	-50.3%
b) due to customers	3,797,416	3,232,767	564,649	17.5%
c) securities issued	93,585	165,075	(71,490)	-43.3%
Hedging derivatives	3,712	3,646	66	1.8%
Tax liabilities	28,242	24,816	3,426	13.8%
Liabilities associated with disposal groups	44	37	7	18.9%
Other liabilities	194,424	181,902	12,522	6.9%
Post-employment benefits	5,048	4,709	339	7.2%
Provisions for risks and charges	39,995	37,836	2,159	5.7%
Valuation reserves	(3,255)	(12,353)	9,098	-73.7%
Reserves	216,708	207,767	8,941	4.3%
Equity instruments	45,500	45,500	-	0.0%
Equity attributable to non-controlling interests	14,595	10,633	3,962	37.3%
Share capital	9,651	9,651	-	0.0%
Treasury shares (-)	(102)	(355)	253	-71.3%
Profit for the period	12,309	16,506	(4,197)	-25.4%
<b>Total liabilities and equity</b>	<b>4,778,307</b>	<b>4,572,400</b>	<b>205,907</b>	<b>4.5%</b>

Wholesale funding, which represents about 31% of the total (22% at 31 December 2023), increased in absolute terms from the end of 2023 mainly following an increase in funding through repurchase agreements while remaining in line in terms of mix with customer deposits, which themselves increased due to higher funding from term deposits.

Due to banks (€,'000)	30.09.2024	31.12.2023	€ Change	% Change
Due to Central banks	277,776	556,012	(278,236)	-50.0%
Due to banks	42,659	88,251	(45,592)	-51.7%
Current accounts with other banks	25,659	56,251	(30,592)	-54.4%
Deposits with banks (repurchase agreements)	-	-	-	n.a.
Financing from other banks	17,000	32,000	(15,000)	-46.9%
<b>Total</b>	<b>320,435</b>	<b>644,263</b>	<b>(323,828)</b>	<b>-50.3%</b>

The item "Due to banks" decreased by 50.3%, compared to 31 December 2023, for early repayments of TLTRO III; by 31 December 24 the Bank will repay the remaining € 262 million.

Due to customers (€,'000)	30.09.2024	31.12.2023	€ Change	% Change
Term deposits	2,573,576	2,402,002	171,574	7.1%
Financing (repurchase agreements)	831,393	-	831,393	n.a.
Financing - other	59,103	65,154	(6,051)	-9.3%
Customer current accounts	288,356	704,579	(416,223)	-59.1%
Due to assignors	39,836	56,444	(16,608)	-29.4%
Other payables	5,152	4,588	564	12.3%
<b>Total</b>	<b>3,797,416</b>	<b>3,232,767</b>	<b>564,649</b>	<b>17.5%</b>

The item "Due to customers" increased compared to the end of the previous year, reflecting an increase in funding from term deposits and also from repurchase agreement financing, while funding from current accounts decreased. The period-end amount of term deposits increased from the end of 2023 (+7.1%), reflecting net positive funding (net of interest accrued) of € 223 million; gross funding from the beginning of the year were € 1,464 million.

"Due to assignors" includes payables related to the unfunded portion of acquired receivables.

Bonds issued (€,'000)	30.09.2024	31.12.2023	€ Change	% Change
Bond - AT1	45,500	45,500	-	0.0%
Bond - Tier II	-	-	-	n.a.
Bonds - other	93,585	165,075	(71,490)	-43.3%

The amount of bonds funding is in line with 31 December 2023; the change is attributable to the trend of redemptions and/or further subscriptions of senior shares in ABS financed by third-party investors.

The bonds issued are as follows:

- ATI subordinated loan of € 8 million, with no maturity (perpetual basis) and a variable coupon starting from 19 June 2023, issued on 18 December 2012 and 18 December 2013 (reopening date);
- ATI subordinated loan of € 37.5 million, with no maturity (perpetual basis) and a fixed coupon until 25 June 2031 at 9% issued on 25 June 2021.

Other bonds include the senior shares of the ABS in the securitisations subscribed by third-party institutional investors.

All ATI instruments, based on their main characteristics, are classified under equity item 140 "Equity instruments".

The provision for risks and charges of € 40.0 million includes the provision for possible liabilities attributable to past acquisitions of € 1.1 million, the estimated amount of personnel-related charges mainly for the portion of the bonus for the period, the deferred portion of the bonus accrued in previous years, and the estimates related to the non-compete agreement and the 2022 retention plan, totalling € 5.3 million (the item includes the estimated variable and deferred components, accrued but not paid). The provision also includes an estimate of charges related to possible liabilities to assignors that have yet to be settled and other estimated charges for ongoing lawsuits and legal disputes amounting to € 17.3 million. With reference to the CQ portfolio (Salary- and Pension-Backed Loans), there is also a provision for claims, a provision for the estimated negative effect of possible early repayments on existing portfolios and portfolios sold, as well as repayments related to the Lexitor ruling amounting to € 12.7 million.

"Other liabilities" mainly include payments received after the end of the year from the assigned debtors and which were still being allocated and items being processed during the days following year-end, as well as trade payables and tax liabilities.

The reconciliation between the profit for the period and equity of the parent and the figures from the consolidated financial statements is shown below.

(€ .000)	PROFIT (LOSS)	EQUITY
<b>Profit (loss)/equity of the parent</b>	<b>10,138</b>	<b>276,612</b>
Assumption of value of investments	-	(45,980)
Consolidated profit (loss)/equity	3,043	64,773
Gain (loss) on equity investments	(34)	-
Adjustment to profit (loss) from discontinued operations	-	-
<b>Equity attributable to the owners of the parent</b>	<b>13,147</b>	<b>295,405</b>
Equity attributable to non-controlling interests	(838)	(14,595)
<b>Profit (loss)/equity of the Group</b>	<b>12,309</b>	<b>280,810</b>

## CAPITAL ADEQUACY

Provisional information concerning the regulatory capital and capital adequacy of the Banca Sistema Group is shown below.

Own funds (€,000) and capital ratios	30.09.2024 Transitional	30.09.2024 Fully loaded	31.12.2023
<b>Common Equity Tier 1 (CET1)</b>	<b>200,563</b>	<b>197,877</b>	<b>184,308</b>
ADDITIONAL TIER 1	45,500	45,500	45,500
<b>Tier 1 capital (T1)</b>	<b>246,063</b>	<b>243,377</b>	<b>229,808</b>
TIER2	319	319	252
<b>Total Own Funds (TC)</b>	<b>246,382</b>	<b>243,696</b>	<b>230,060</b>
<b>Total risk-weighted assets</b>	<b>1,551,301</b>	<b>1,551,301</b>	<b>1,427,705</b>
of which, credit risk	1,353,335	1,353,335	1,234,050
of which, market risk	7,502	7,502	3,191
of which, operational risk	190,464	190,464	190,464
<b>Ratio - CET1</b>	<b>12.9%</b>	<b>12.8%</b>	<b>12.9%</b>
<b>Ratio - T1</b>	<b>15.9%</b>	<b>15.7%</b>	<b>16.1%</b>
<b>Ratio - TCR</b>	<b>15.9%</b>	<b>15.7%</b>	<b>16.1%</b>

Total "Fully loaded" own funds were € 244 million at 30 September 2024 and included the profit, net of dividends estimated on the profit for the period which were equal to the amount in the previous year with the pay-out of 37% of the Parent's profit. On 09 July 2024, the reintroduction of the temporary treatment of the prudential filter provided for in Article 468 CRR to neutralise price changes of securities held in the HTCS category recorded in the equity valuation reserve came into force. This filter, used from the third quarter of 2024 onwards, yielded a benefit of 17 basis points.

The Group's new consolidated capital requirements, which came into effect on 31 March 2024, are as follows:

- CET1 ratio of 9.4%;
- TIER1 ratio of 10.90%;
- Total Capital Ratio of 12.90%.

At 30 September 2024, the LCR stood at 1.280%, compared to 547% at 31 December 2023.

The reconciliation of equity and CET1 is provided below:

	30.09.2024	31.12.2023
Share capital	9,651	9,651
Equity instruments	45,500	45,500
Income-related and share premium reserve	216,708	207,767
Treasury shares (-)	(102)	(355)
Valuation reserves	(3,255)	(12,353)
Profit	12,309	16,506
<b>Equity attributable to the owners of the parent</b>	<b>280,811</b>	<b>266,716</b>
Dividends distributed and other foreseeable expenses	(3,699)	(5,227)
<b>Equity assuming dividends are distributed to shareholders</b>	<b>277,112</b>	<b>261,489</b>
Regulatory adjustments	(41,046)	(39,929)
Eligible equity attributable to non-controlling interests	9,997	8,248
Equity instruments not eligible for inclusion in CET1	(45,500)	(45,500)
<b>Common Equity Tier 1 (CET1)</b>	<b>200,563</b>	<b>184,308</b>

## **OTHER INFORMATION**

### **RESEARCH AND DEVELOPMENT ACTIVITIES**

No research and development activities were carried out in 2024.

### **RELATED PARTY TRANSACTIONS**

Related party transactions, including the relevant authorisation and disclosure procedures, are governed by the "Procedure governing related party transactions" approved by the Board of Directors and published on the internet site of the Parent, Banca Sistema S.p.A.

Transactions between Group companies and related parties were carried out in the interests of the Bank, including within the scope of ordinary operations; these transactions were carried out in accordance with market conditions and, in any event, based on mutual financial advantage and in compliance with all procedures.

### **ATYPICAL OR UNUSUAL TRANSACTIONS**

During 2024, the Group did not carry out any atypical or unusual transactions, as defined in Consob Communication no. 6064293 of 28 July 2006.

### **SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

At the date of approval of this financial report, the audit was completed and the Bank is awaiting the final results.

On 7 November 2024, Kruso Kapital completed the acquisition of the collateralised lending business of Banco Invest S.A. in Portugal. The transaction, which was approved by both the Bank of Portugal and the Bank of Italy, initially involved the spin-off of Banco Invest's collateralised lending business unit into a new company, Pignus Credito Economico Popular (CEP), wholly owned by Banco Invest's shareholders. Subsequently, Kruso Kapital acquired 100% of the shares of the new company for a total consideration of € 11.55 million. The company, which will operate under the brand name Credito Economico Popular, has 16 branches throughout Portugal (including four in Lisbon and two in Porto) and will have 44 employees when fully staffed (compared to 40 in the original business unit), with collateralised loans of approximately € 16 million, almost all of which are secured by gold.

After the reporting date of this Report, there were no events worthy of mention which would have had an impact on the financial position, results of operations and cash flows of the Bank and Group.



## **BUSINESS OUTLOOK AND MAIN RISKS AND UNCERTAINTIES**

On 20 May 2024, the Banca Sistema Group's 2024-2026 Strategic Plan was approved. The plan is based on a strategic vision of strengthening its operating and financial model and continuing its role as the “epitome of the multi-specialist player” capable of positioning itself as a leader in highly specialised and highly profitable niche markets.

In 2024, the Factoring Division is expected to consolidate and improve the results achieved in 2023, maintaining current turnover trends, with a growing contribution from Superbonus Factoring in 2H24 compared to 1H24. In the Retail Financing Division (CQ), the loan stock is expected to decrease as a result of the natural amortisation of the legacy portfolio and targeted portfolio sales. In terms of profitability, the Retail Financing Division is expected to post a higher annual loss than in 2023, due to the weight of the legacy portfolio relative to the total stock, with an improvement expected from 2025 onwards. In terms of operating trends, the front-loading of the Interbank Deposit Protection Fund contribution from Q4 to Q2 should free up resources in Q4 and increase the seasonality of Q4 results. Finally, the cost of funding is expected to be generally stable, with a real decrease expected starting next year.

Milan, 8 November 2024

On behalf of the Board of Directors

The Chairperson

Luitgard Spögler

The CEO

Gianluca Garbi

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of Euro)

Assets	30.09.2024	31.12.2023
10. Cash and cash equivalents	110,491	250,496
30. Financial assets measured at fair value through other comprehensive income	1,269,240	576,002
40. Financial assets measured at amortised cost	2,877,568	3,396,281
verso   a) loans and receivables with banks	21,904	926
b) loans and receivables with customers	2,855,664	3,395,355
50. Hedging derivatives	-	-
60. Changes in fair value of portfolio hedged items (+/-)	3,706	3,651
70. Equity investments	967	995
90. Property and equipment	39,986	40,659
100. Intangible assets	35,705	35,449
of which:	-	-
o goodwill	33,526	33,526
110. Tax assets	18,215	25,211
ti a) current	6,360	7,139
b) deferred	11,855	18,072
120. Non-current assets held for sale and disposal groups	71	64
130. Other assets	422,358	243,592
vo <b>Total Assets</b>	<b>4,778,307</b>	<b>4,572,400</b>

<b>Liabilities and equity</b>		<b>30.09.2024</b>	<b>31.12.2023</b>
10.	Financial liabilities measured at amortised cost	4,211,436	4,042,105
	a) due to banks	320,435	644,263
	b) due to customers	3,797,416	3,232,767
	c) securities issued	93,585	165,075
40.	Hedging derivatives	3,712	3,646
60.	Tax liabilities	28,242	24,816
	a) current	1,329	456
	b) deferred	26,913	24,360
70.	Liabilities associated with disposal groups	44	37
80.	Other liabilities	194,424	181,902
90.	Post-employment benefits	5,048	4,709
100.	Provisions for risks and charges:	39,995	37,836
	a) commitments and guarantees issued	63	59
	c) other provisions for risks and charges	39,932	37,777
120.	Valuation reserves	(3,255)	(12,353)
140.	Equity instruments	45,500	45,500
150.	Reserves	177,608	168,667
160.	Share premium	39,100	39,100
170.	Share capital	9,651	9,651
180.	Treasury shares (-)	(102)	(355)
190.	Equity attributable to non-controlling interests (+/-)	14,595	10,633
200.	Profit for the period/year	12,309	16,506
	<b>Total liabilities and equity</b>	<b>4,778,307</b>	<b>4,572,400</b>

# INCOME STATEMENT

(Amounts in thousands of Euro)

	Third Quarter of 2024	Third Quarter of 2023
10. Interest and similar income	143,555	129,554
attività calcolate di cui: interest income calculated with the effective interest method	132,862	121,605
20. Interest and similar expense	(110,931)	(79,395)
<b>30. Net interest income</b>	<b>32,624</b>	<b>50,159</b>
40. Fee and commission income	36,422	26,855
50. Fee and commission expense	(15,380)	(11,696)
<b>60. Net fee and commission income (expense)</b>	<b>21,042</b>	<b>15,159</b>
70. Dividends and similar income	227	227
80. Net trading income (expense)	23,948	(145)
90. Net gains (losses) on hedge accounting	(7)	1
100. Gain (loss) from sales or repurchases of:	7,116	5,886
risorse finanziarie a) financial assets measured at amortised cost	4,622	5,082
b) financial assets measured at fair value through other comprehensive income	2,494	804
<b>120. Total income</b>	<b>84,950</b>	<b>71,287</b>
130. Net impairment losses/gains on:	(4,842)	(3,623)
risorse finanziarie a) financial assets measured at amortised cost	(4,654)	(3,756)
b) financial assets measured at fair value through other comprehensive income	(188)	133
140. Gains/losses from contract amendments without derecognition	(102)	(1)
<b>150. Net financial income (expense)</b>	<b>80,006</b>	<b>67,663</b>
190. Administrative expenses	(50,364)	(46,811)
amministrative a) personnel expense	(24,862)	(20,855)
b) other administrative expenses	(25,502)	(25,956)
200. Net accruals to provisions for risks and charges	(2,806)	(2,446)
garanzie a) commitments and guarantees issued	(3)	(8)
b) other net accruals	(2,803)	(2,438)
210. Net impairment losses on property and equipment	(1,867)	(1,985)
220. Net impairment losses on intangible assets	(484)	(347)
230. Other operating income (expense)	(3,413)	1,516
<b>240. Operating costs</b>	<b>(58,934)</b>	<b>(50,073)</b>
250. Gains (losses) on equity investments	(28)	8
<b>290. Pre-tax profit (loss) from continuing operations</b>	<b>21,044</b>	<b>17,598</b>
300. Income taxes	(7,897)	(5,666)
<b>310. Post-tax profit from continuing operations</b>	<b>13,147</b>	<b>11,932</b>
320. Post-tax profit (loss) from discontinued operations	-	-
<b>330. Profit for the period</b>	<b>13,147</b>	<b>11,932</b>
340. Profit (Loss) for the period attributable to non-controlling interests	(838)	(586)
<b>350. Profit for the period attributable to the owners of the parent</b>	<b>12,309</b>	<b>11,346</b>

## STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of Euro)

		Third Quarter of 2024	Third Quarter of 2023
<b>10.</b>	<b>Profit (loss) for the period</b>	<b>12,309</b>	<b>11,346</b>
	<b>Items, net of tax, that will not be reclassified subsequently to profit or loss</b>	-	-
70.	Defined benefit plans	(143)	59
	<b>Items, net of tax, that will be reclassified subsequently to profit or loss</b>	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other comprehensive income	9,241	5,475
<b>170.</b>	<b>Total other comprehensive income (expense), net of income tax</b>	<b>9,098</b>	<b>5,534</b>
<b>180.</b>	<b>Comprehensive income (Items 10+170)</b>	<b>21,407</b>	<b>16,880</b>
<b>190.</b>	<b>Comprehensive income attributable to non-controlling interests</b>	-	-
<b>200.</b>	<b>Comprehensive income attributable to the owners of the parent</b>	<b>21,407</b>	<b>16,880</b>

## STATEMENT OF CHANGES IN EQUITY AT 30/09/2024

Amounts in thousands of Euro

	Balance at 31.12.2023	Change in opening balances	Balance at 1.1.2024	Allocation of prior year profit		Changes during the year							Equity attributable to the owners of the parent at 30.09.2024	Equity attributable to non-controlling interests at 30.09.2024
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on equity					Comprehensive income for Third Quarter of 2024		
							Issue of new shares	Repurchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares			
Share capital:														
a) ordinary shares	9,651		9,651										9,651	
b) other shares														
Share premium	39,100		39,100										39,100	
Reserves	168,667		168,667	11,282		(2,341)							177,608	
a) income-related	167,361		167,361	11,282		(2,385)							176,258	
b) other	1,306		1,306			44							1,350	
Valuation reserves	(12,353)		(12,353)								9,098		(3,255)	
Equity instruments	45,500		45,500										45,500	
Treasury shares	(355)		(355)					253					(102)	
Profit (loss) for the year	16,506		16,506	(11,282)	(5,224)						12,309		12,309	
<b>Equity attributable to the owners</b>	<b>266,716</b>		<b>266,716</b>	<b>(5,224)</b>	<b>(2,341)</b>	<b>253</b>						<b>21,407</b>	<b>280,811</b>	
<b>Equity attributable to non-controlling interests</b>	<b>10,633</b>		<b>10,633</b>							<b>3,962</b>			<b>14,595</b>	

## STATEMENT OF CHANGES IN EQUITY AT 30/09/2023

Amounts in thousands of Euro

	Balance at 31.12.2022	Change in opening balances	Balance at 1.1.2023	Allocation of prior year profit		Changes during the year							Equity attributable to the owners of the parent at 30.09.2023	Equity attributable to non-controlling interests at 30.09.2023	
				Reserves	Dividends and other allocations	Changes in reserves	Transactions on equity								Comprehensive income for Third Quarter of 2023
							Issue of new shares	Repurchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options			
Share capital:															
a) ordinary shares	9,651		9,651										9,651		
b) other shares															
Share premium	39,100		39,100										39,100		
Reserves	155,037		155,037	16,818		(1,703)							170,152		
a) income-related	153,332		153,332	16,818		(1,309)							168,841		
b) other	1,705		1,705			(394)							1,311		
Valuation reserves	(24,891)		(24,891)									5,534	(19,357)		
Equity instruments	45,500		45,500										45,500		
Treasury shares	(559)		(559)					204					(355)		
Profit (loss) for the year	22,034		22,034	(16,818)	(5,216)							11,346	11,346		
<b>Equity attributable to the owners</b>	<b>245,872</b>		<b>245,872</b>		<b>(5,216)</b>	<b>(1,703)</b>	<b>204</b>					<b>16,880</b>	<b>256,037</b>		
<b>Equity attributable to non-controlling interests</b>	<b>10,024</b>		<b>10,024</b>								<b>480</b>		<b>10,504</b>		



# STATEMENT OF CASH FLOWS (INDIRECT METHOD)

Amounts in thousands of Euro

	Amount	
	Third Quarter of 2024	Third Quarter of 2023
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations</b>	<b>86,484</b>	<b>33,470</b>
Profit (loss) for the year (+/-)	12,309	11,346
Gains/losses on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)		
Gains/losses on hedging activities (-/+)		
Net impairment losses/gains due to credit risk (+/-)	4,654	3,756
Net impairment losses/gains on property and equipment and intangible assets (+/-)	2,351	2,332
Net accruals to provisions for risks and charges and other costs/income (+/-)	2,806	2,446
Taxes, duties and tax assets not yet paid (+/-)	6,977	2,336
Other adjustments (+/-)	57,387	11,254
<b>2. Cash flows generated by (used for) financial assets</b>	<b>(330,221)</b>	<b>50,815</b>
Financial assets held for trading		
Financial assets designated at fair value through profit or loss		
Other assets mandatorily measured at fair value through profit or loss		
Financial assets measured at fair value through other comprehensive income	(684,140)	(19,729)
Financial assets measured at amortised cost	522,928	62,692
Other assets	(169,009)	7,852
<b>3. Cash flows generated by (used for) financial liabilities</b>	<b>109,653</b>	<b>(50,120)</b>
Financial liabilities measured at amortised cost	98,271	(49,344)
Financial liabilities held for trading		
Financial liabilities designated at fair value through profit or loss		
Other liabilities	11,382	(776)
<b>Net cash flows generated by (used for) operating activities</b>	<b>(134,084)</b>	<b>34,165</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flows generated by</b>	<b>-</b>	<b>-</b>
Sales of equity investments		
Dividends from equity investments		
Sales of property and equipment		
Sales of intangible assets		
Sales of business units		
<b>2. Cash flows used in</b>	<b>(950)</b>	<b>(842)</b>
Purchases of equity investments		
Purchases of property and equipment	(234)	(168)
Purchases of intangible assets	(716)	(674)
Purchases of business units		
<b>Net cash flows generated by (used in) investing activities</b>	<b>(950)</b>	<b>(842)</b>
<b>C. FINANCING ACTIVITIES</b>		
Issues/repurchases of treasury shares	253	204
Issues/repurchases of equity instruments		
Dividend and other distributions	(5,224)	(5,216)
<b>Net cash flows generated by (used in) financing activities</b>	<b>(4,971)</b>	<b>(5,012)</b>
<b>NET CASH FLOWS FOR THE PERIOD</b>	<b>(140,005)</b>	<b>28,311</b>
<b>Cash and cash equivalents at the beginning of the year</b>		
	<b>250,496</b>	<b>126,589</b>
Total net cash flows for the year	(140,005)	28,311
Cash and cash equivalents: effect of change in exchange rates		
<b>Cash and cash equivalents at the end of the period</b>	<b>110,491</b>	<b>154,900</b>

# ACCOUNTING POLICIES

## GENERAL BASIS OF PREPARATION

This interim consolidated financial report at 30 September 2024 was drawn up in accordance with art. 154-ter of Legislative Decree no. 58 of 24 February 1998 and Legislative Decree no. 38 of 28 February 2005, pursuant to the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, as established by Regulation (EC) no. 1606 of 19 July 2002, from which there were no derogations.

The interim consolidated financial report at 30 September 2024 comprises the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the notes to the interim consolidated financial report and is accompanied by a Directors' Report on the performance, the financial results achieved and the financial position of the Banca Sistema Group.

Pursuant to the provisions of art. 5 of Legislative Decree no. 38/2005, the financial statements use the Euro as the currency for accounting purposes. The amounts in the financial statements and the notes thereto are expressed (unless expressly specified) in thousands of Euro.

The financial statements were drawn up in accordance with the specific financial reporting standards endorsed by the European Commission, as well as pursuant to the general assumptions laid down by the Framework for the preparation and presentation of financial statements issued by the IASB.

This interim consolidated financial report includes Banca Sistema S.p.A. and the companies directly or indirectly controlled by or connected with it. No changes to the scope of consolidation have been made compared to 31 December 2023.

This interim consolidated financial report at 30 September 2024 is accompanied by a statement by the manager in charge of financial reporting, pursuant to art. 154-bis of the Consolidated Law on Finance. The consolidated financial statements have been subject to review by BDO Italia S.p.A.

### Events after the reporting date

After the reporting date of this interim financial report, there were no events worthy of mention in the Accounting Policies which would have had an impact on the financial position, operating results and cash flows of the Bank and Group.

## Information on the main items of the consolidated financial statements

### General basis of preparation

The interim consolidated financial report was prepared by applying IFRS and valuation criteria on a going concern basis, and in accordance with the principles of accruals and

materiality of information, as well as the general principle of the precedence of economic substance over legal form.

Within the scope of drawing up the financial statements in accordance with the IFRS, bank management must make assessments, estimates and assumptions that influence the amounts of the assets, liabilities, costs and income recognised during the period.

The use of estimates is essential to preparing the financial statements. In particular, the most significant use of estimates and assumptions in the financial statements can be attributed to:

- the valuation of loans and receivables with customers: the acquisition of performing receivables from companies that supply goods and services represents the Bank's main activity. Estimating the value of these receivables is a complex activity with a high degree of uncertainty and subjectivity. Their value is estimated by using models that include numerous quantitative and qualitative elements. These include the historical data for collections, expected cash flows and the related expected recovery times, the existence of indicators of possible impairment, the valuation of any guarantees, and the impact of risks associated with the sectors in which the Bank's customers operate;
- the valuation of default interest and compensatory indemnities pursuant to Legislative Decree no. 231 of 9 October 2002 on performing receivables acquired without recourse: estimating the expected recovery percentages of default interest is complex, with a high degree of uncertainty and subjectivity. Internally developed valuation models are used to determine these percentages, which take numerous qualitative and quantitative elements into consideration;
- the estimate related to the possible impairment losses on goodwill and equity investments recognised in the financial statements;
- the quantification and estimate made for recognising liabilities in the provisions for risks and charges, the amount or timing of which are uncertain;
- the recoverability of deferred tax assets.

It should be noted that an estimate may be adjusted following a change in the circumstances upon which it was formed, or if there is new information or more experience. Any changes in estimates are applied prospectively and therefore will have an impact on the income statement for the year in which the change takes place.

The accounting policies adopted for the drafting of this interim consolidated financial report, with reference to the classification, recognition, valuation and derecognition criteria for the various assets and liabilities, like the guidelines for recognising costs and

revenue, have remained unchanged compared with those adopted in the separate and consolidated financial statements at 31 December 2023, to which reference is made.

### **Other aspects**

The interim consolidated financial report was approved on 8 November 2024 by the Board of Directors, which authorised its disclosure to the public in accordance with IAS 10.

## **STATEMENT OF THE MANAGER IN CHARGE OF FINANCIAL REPORTING**

The undersigned, Alexander Muz, in his capacity as Manager in charge of financial reporting of Banca Sistema S.p.A., hereby states, having taken into account the provisions of art. 154-bis, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, that the accounting information in this interim consolidated financial report at 30 September 2024 is consistent with the company documents, books and accounting records.

Milan, 8 November 2024

Alexander Muz

Manager in charge of financial reporting