

BANCA SISTEMA: APPROVED RESULTS AS AT 30 JUNE 2024

- **Business performance: double digit growth in factoring and pawn loans, CQ loans dipping but new volumes sharply increasing y/y**
 - **Factoring** turnover: €2,793 million, +13% y/y
 - **CQ** new volumes +42% y/y, loans outstanding: €761 million, -11% y/y
 - **Pawn loans:** €124 million outstanding, +10% y/y
- **Operating trends: net income picking up speed (+11% y/y), driven by factoring, pawn loans and guaranteed loans; income before tax excluding provisions for systemic risks (SRF and DGS) up by 19% y/y**
 - **Adjusted net interest income**¹: €32.5 million, -9% y/y (-22% y/y in Q1 2024)
 - **Total income:** €54.8 million, +11% y/y (+6% y/y in Q1 2024)
 - **Total operating costs:** €40.3 million, +15.3% y/y (stable y/y in Q1 2024), i.e., +5.3% y/y net of provisions for systemic risks (the contribution to the DGS, amounting to €5.1 million, was brought forward to Q2 as compared to the prior years when the book-entry was made in Q4)
 - **Loan loss provisions:** €3.9 million (CoR of 24bps vs 19bps in H1 2023)
 - **Income before tax:** €10.6 million, -9% y/y (+19% y/y net of provisions for systemic risks SRF and DGS)²
 - **Net income:** €6.0 million, -20% y/y (+11% y/y net of provisions for systemic risks SRF and DGS, net of the tax effect)
- **Solid capital position and liquidity: fully phased CET1 ratio ca. 300bps above SREP**
 - The Retail component accounts for 72% of total funding (57% in H1 2023)
 - **CET1 ratio at 12.4%, Total Capital ratio at 15.5%**³ (16.2% phased in), +42bps and +26bps respectively y/y
 - **LCR and NSFR** well above regulatory thresholds

¹ Adjusted net interest income includes superbonus trading revenues that come with a funding cost.

² The contribution to the Single Resolution Fund (SRF) was €1.6 million in 1H23 (zero in H1 2024), while the contribution to the Fondo Interbancario di garanzia dei depositi (DGS) was equal to zero in 1H23 (€5.1 million in H1 2024).

³ The approval of the new CRR has retroactive effects and will improve the capital ratios calculated as at 30 June 2024 by +70bps.

Milan, 31 July 2024

The Board of Directors of Banca Sistema has approved the consolidated financial statements as at 30 June 2024, reporting a **net income** of €6.0 million, as compared to €7.5 million in the same period of 2023.

Business Performance

The **factoring** business line reported a solid growth, with a turnover of €2,793 million, corresponding to a growth rate of +13% y/y.

On 30 June 2024, outstanding **factoring** receivables stood at €1,634 million, down from €1,800 million on 30 June 2023 and €1,808 million on 31 March 2024, due to certain significant short-duration transactions originated at the end of 2023, that were fully collected in H1 2024.

Non-recourse factoring, accounting for 76% of outstanding receivables under management accounts⁴, included tax receivables (17% of receivables, vs. 18% on 30.06.2023).

As to the **CQ** business line, the Group granted loans for €109 million (financed amount), up by +42% y/y (€77 million on 30.06.2023), almost exclusively originated by the Direct channel (*QuintoPuoi*).

Notwithstanding the increase in financed volumes, the loan stock on 30 June 2024 amounted to €761 million, -11.2% y/y (€856 million) and -4.8% compared to 31 December 2023 (€799 million), due to collections (€109 million), offsetting new business, and portfolio disposals, which in H1 2024 added up to €38 million.

On 30 June 2024, **pawn loans** stood at 124 million, up by +10% y/y and slightly on the rise q/q (€123 million).

Operating results as at 30 June 2024

Net interest income was down year on year (-€14.8 million, equal to -41% y/y), and was affected by the increase in income expense, as a result of the interest hikes implemented by the ECB in 2023 and higher deposits (-€ 26.8 million y/y), that were only partially offset by the increase in the interest income stream from factoring (+€9.1 million y/y), guaranteed loans (+€4.5 million), pawn loans (+€1.8 million y/y), and

⁴ Amounting to 1,799 million on 30.06.2024, 2,176 million on 31.12.2023 and 1,937 million on 30.06.2023.

c/a and banks (+€4.3 million); the securities portfolio and CQ loans reported a y/y decline of €-6.1 million and €-1.5 million, respectively, driven by a reduction of their portfolios' average size.

The adjusted interest income (interest income + superbonus trading) posted a lower decline (-€3.4 million y/y), driven by €11.5 million worth of superbonus trading; worth noting is the mild linear q/q increase in the above aggregate revenues (€16.1 million in Q1 2024 vs 16.3 million in Q2 2024).

Part of the NII decline was driven also by the distribution of products featuring a greater commission component, which made it possible to recover part of the NII dip through the recognition of more commissions.

On 30 June 2024, the overall P&L contribution of LPI under legal actions came to €20.9 million, up by +5% y/y, mainly driven by an increased recovery (+€3.4 million y/y) offsetting the smaller contribution from the accrual component (€-2.5 million y/y), which in H1 2023 had benefitted from the ECB rate hike effect.

Total late-payment interest under legal action accrued on 30 June 2024, and relevant to the accrual model, came in at €146 million (€160 million when including the €40 commission charged per invoice), €240 million when including arrears of municipalities under conservatorship, against which no late-payment interest is accrued, while receivables already on the books totaled €86.1 million. The amount that was not recognized through profit and loss will be recognized, on an accrual or cash basis, in the next financial years, based on collection projections, that are still confirmed to exceed 80%.

The total cost of funding, at 3.6%, is stable q/q, and on the rise compared to 31.12.2023 (2.84%), in line with expectations. For the first time after 8 quarters, the cost of the wholesale component reports an uptick of about 15bps q/q, while the retail component is stabilizing (+5bps q/q). The spread between wholesale and retail funding is narrowing q/q (from 47bps to 28bps).

Net fees and commissions, at €15.9 million, increased by 58% y/y (€10.1 million on 30 June 2024), mainly driven by the factoring component (+€6.2 million y/y), which benefitted from the sale of products featuring higher commissions. Commissions from pawn loans (+€1.2 million y/y) also performed well, while banking business commissions tied to deposits (-€1.7 million y/y) and commissions from guaranteed loans (-€0.3 million y/y) acted as detractors.

Total income, amounting to €54.8 million, increased by 11% y/y, driven among other things by higher gains from treasury and loan disposals, adding up to €6.1 million (+€2.8 million y/y).

As to the performance of the single businesses, when comparing total revenues from factoring, including the Superbonus, to average loans and receivables, profitability reported a significant increase equal to 7.5% (+164bps y/y). For CQ loans the ratio of interest income to average loans stood at 2.6% (-3bps y/y and +27bps q/q), while pawn loans profitability reported a sharp increase of 22.1% (+314bps y/y).

On 30 June 2024, **loan loss provisions** added up to €3.9 million, (€2.8 million on 30 June 2023). The cost of risk tied to customer loans came in at 24bps (19bps on 30 June 2023).

The Group's **headcount** (FTE) added up to 308 employees, up from 297 on 30.06.2023, and was equally distributed across all the division.

Personnel expenses came in at €16.4 million, up by 11% y/y, driven by the increase in FTEs and by the cost hike following the renewal of the banking national labor contract.

Other administrative expenses (€17 million) decreased by 4% y/y, due to the discontinuation as of 2024 of the contribution to the SRF. Net of this item, administrative expenses grew by +5% y/y, mainly driven by the launch of new projects tied to the Strategic Plan, by expenses related to the lending process (origination, collection) and by insurance costs for corporate factoring.

The aggregate line-item **total operating costs** increased by +15% y/y, driven among other things by higher charges for systemic risks, totaling +€3.6 million y/y. More specifically, the contributions that were no longer collected by the SRF in H1 2024 (€ 1.6 million in H1 2023) have been more than offset by the recognition of the €5.1 million contribution to the FITD (amounting to zero in H1 2023 and to €4.0 million in Q4 2023). The payment of the annual contribution to the DGS (which previously was carried out in Q4) was brought forward in order to comply with the Fund's requests, as the latter had to set up the established financial endowment by 3 July 2024. Hence, in Q4 no provision will be set aside for the DGS.

On 30 June 2024, **net income before tax** added up to €10.6 million (-9% y/y). Net of systemic provisions, net income before tax came in at €15.7 million (+19% y/y). **Net income** came to €6 million, down by -20% y/y as a result of the greater share of net income attributable to minority interest and higher taxes y/y.

As to the breakdown by division, Factoring reported a net income of €13.1 million (€11.8 million in H1 2023), Pawn loans posted a net income of €1.4 million (€0.5 million in H1 2023), while Retail lending reported a net loss of €-8.1 million (-€4.5 million in H1 2023), in line with expectations.

Key balance sheet items as at 30 June 2024

The **securities portfolio** included Italian Government bonds, amounting to €1,163 million, of which €1,102 million classified as HTCS (duration of 10.5 months) and €61 million as HTC (duration of 37.7 months). The overall portfolio has increased compared to 31.12.2023 (€647 million), whose HTCS sleeve amounted to €586 million and the HTC sleeve to € 61 million.

Financial assets measured at amortized cost (€2,866 million) primarily included factoring receivables (€1,634 million), down by 9.2% y/y, salary- and pension-backed loans (CQS and CQP for €761 million), down by 11.2% y/y, State-guaranteed loans to SMEs (€253 million), up by 1.5% y/y, and pawn loans totaling €124 million, up by 10% y/y.

The **gross non-performing loans** stock, at €306 million, went up compared to 31 March 2024 (€287 million), mainly driven by the increase in past due loans (from €58 to €80 million), while unlikely-to-pay loans (€49 million) and bad loans (€177 million) were fairly stable compared to 31 March 2024.

At the end of the first half of 2024, **total funding** confirmed its recent trends, with retail funding accounting for 72% of the aggregate amount (78% on 31.12.2023).

Under the aggregate line-item **Financial liabilities measured at amortized cost (€4,172 million), Due to banks** declined compared to 31 March 2024 (€362million vs €397 million), Due to customers rose (€3,702 million vs €3,460 million), driven by the increase in repos (€623 million vs €362 million), while term deposits (€2,705 million vs €2,708 million) and current accounts (€265 million vs €267 million) remained basically unchanged.

Debt securities (€109 million) slightly declined compared to 31 March 2024 (€122 million), due to a reduced use of structured finance transactions as a funding source.

On 30 June 2024, **Total own funds** (Total Capital) added up to €232 million (€233 million on 31 March 2024), and in addition to the net income for the period (net of total estimated dividends), it included

the equity reserve for “Financial assets at fair value through other comprehensive income” (HTCS), in particular on Italian government bonds⁵.

Capital ratios⁶ declined versus the comparable data as at 31 March 2024, due to the increase in RWAs (€1,500 million on 30.06.2024 compared to €1,428 million on 31.03.2024), and stood at:

- **CET1 ratio 12.4%;**
- **TIER 1 ratio 15.5%;**
- **Total Capital ratio 15.5%.**

On 9 July 2024 the new temporary treatment of the prudential filter under article 468 CRR came into force, whose aim is to sterilize price changes in securities held in the HTCS portfolio reported in the valuation reserve under net equity. The filter application is retroactive, covering the period from 1 January 2024 to 31 December 2025, producing with respect to data as at 30 June 2024, as shown above, a benefit of 70bps on the CET1 ratio and of 70bps on the Total Capital ratio.

Statement of the financial reporting officer

The financial reporting officer, Alexander Muz, in compliance with paragraph two of art. 154 bis of the Consolidated Act for Financial Intermediation, hereby states that the accounting information illustrated in this press release is consistent with documental evidence, accounting books and book-keeping entries.

Significant events after the reporting period

As per communication dated 5 July 2024, the Bank of Italy conducted an on-site supervisory inspection at Gruppo Banca Sistema pursuant to art. 54 and 68 of L.D. no. 385/93. Upon approving this half-yearly report, the inspection was still underway.

⁵The equity reserve for “Financial assets at fair value through other comprehensive income” (HTCS), in particular on Italian Government bonds, amounted to -15.6 million (-16.0 million on 31 March 2024).

⁶In compliance with EBA’s Guidelines on common SREP (Supervisory Review and Evaluation Process), the Bank of Italy required the compliance with the following minimum capital requirements as of 31 December 2023:

- Common Equity Tier 1 ratio (CET1 ratio) of 9.4%;
- Tier 1 ratio of 10.9%;
- Total capital ratio of 12.9%.

Operating outlook and main risks and uncertainties

On 20 May 2024, the 2024-2026 strategic plan of Gruppo Banca Sistema was approved, hinging on the strategic vision of a bolstered operational and financial model and the consolidation of our role as a «multi-specialist powerhouse», capable of taking up a leadership position in highly specialized and highly profitable market niches.

The factoring division is expected to confirm the recent trends in terms of turnover, whereas the contribution from the Superbonus component of factoring will probably increase in the second half compared to the first part of the year. The subsidiary Kruso Kapital is going to finalize the acquisition in Portugal by the end of the year, while the Retail Financial Services division (CQ) is expected to report a loan stock decline due to the natural runoff of the legacy portfolio and possible targeted disposals of the loan portfolio; from a profitability standpoint, we expect the Retail Financial services division to report a loss for the year, due to the legacy portfolio component that is still more sizable compared to the overall loan stock, while we expect to see some improvement as of 2025. As to operating trends, having brought forward the DGS contribution from Q4 to Q2, will ensure that there will be no further impact of this item on the current fiscal year, which will have a positive effect on the results of the fourth quarter. Finally, the cost of funding is expected to remain fairly stable in the second half of the year.

Attachments

- **Consolidated balance sheet**
- **Consolidated income statement**
- **Restated Consolidated income statement**
- **Asset Quality**

BANCA SISTEMA GROUP: CONSOLIDATED BALANCE SHEET

Figures in thousands of Euro

	30.06.2024	31.03.2024	31.12.2023	Difference	Difference %	
	A		B	A - B	A - B	
ASSETS						
10	Cash and cash equivalents	269,439	246,124	250,496	18,943	8%
30	Financial assets held to collect and sell (HTCS)	1,099,796	753,574	576,002	523,794	91%
40	Financial assets held to collect (HTC)	2,865,645	3,091,206	3,396,281	(530,636)	-16%
	a) Loans and advances to banks	821	1,074	926	(105)	-11%
	b) Loans and advances to customers	2,864,824	3,090,132	3,395,355	(530,531)	-16%
	of which: Factoring	1,634,239	1,807,782	2,117,279	(483,040)	-23%
	of which: Salary-/pension-backed loans (CQS/CQP)	760,586	801,469	798,695	(38,109)	-5%
	of which: Collateralised loans	123,954	122,559	121,315	2,639	2%
	of which: Securities	61,083	61,701	61,705	(22)	0%
60	Fair value change of financial assets in hedged portfolios (+/-)	1,422	2,132	3,651	(2,229)	-61%
70	Equity investments	970	1,020	995	(25)	-3%
90	Property, plant and equipment	40,008	40,307	40,659	(651)	-2%
100	Intangible assets	35,800	35,729	35,449	351	1%
	of which: goodwill	33,526	33,526	33,526	-	0%
110	Tax assets	27,863	34,922	25,211	2,652	11%
120	Non-current assets and disposal groups classified as held for sale	70	69	64	6	9%
130	Other assets	398,797	316,932	243,592	155,205	64%
	Total assets	4,739,810	4,522,015	4,572,400	167,410	4%
LIABILITIES AND EQUITY						
10	Financial liabilities at amortised cost	4,171,659	3,978,651	4,042,105	129,554	3%
	a) Due to banks	360,701	396,846	644,263	(283,562)	-44%
	b) Due to customers	3,702,260	3,460,170	3,232,767	469,493	15%
	of which: Term Deposits	2,705,412	2,708,052	2,402,002	303,410	13%
	of which: Currents Accounts	264,550	267,486	704,579	(440,029)	-62%
	c) Debt securities issued	108,698	121,635	165,075	(56,377)	-34%
40	Hedging derivatives	1,428	2,140	3,646	(2,218)	-61%
60	Tax liabilities	28,103	27,675	24,816	3,287	13%
70	Liabilities associated with non-current assets held for sale and discontinued operations	42	42	37	5	14%
80	Other liabilities	215,057	184,400	181,902	33,155	18%
90	Post-employment benefits	4,907	4,731	4,709	198	4%
100	Provisions for risks and charges:	37,581	38,932	37,836	(255)	-1%
140	Equity instruments	45,500	45,500	45,500	-	0%
120 + 150 + 160 + 170 + 180	Share capital, share premiums, reserves, valuation reserves and treasury shares	215,254	222,022	204,710	10,544	5%
190	Minority interests	14,319	13,778	10,633	3,686	35%
200	Profit for the period	5,960	4,144	16,506	(10,546)	-64%
	Total liabilities and equity	4,739,810	4,522,015	4,572,400	167,410	4%

BANCA SISTEMA GROUP: CONSOLIDATED INCOME STATEMENT

Figures in thousands of Euro

		30.06.2024			30.06.2023			Difference	Difference %
		A	1Q 2024	2Q 2024	B	1Q 2023	2Q 2023	A - B	A - B
10	Interest income	95,784	48,207	47,577	83,387	40,103	43,284	12,397	15%
20	Interest expenses	(74,760)	(36,408)	(38,352)	(47,544)	(19,460)	(28,084)	(27,216)	57%
30	Net interest income	21,024	11,799	9,225	35,843	20,643	15,200	(14,819)	-41%
40	Fee and commission income	26,737	14,031	12,706	16,863	7,675	9,188	9,874	59%
50	Fee and commission expense	(10,795)	(5,419)	(5,376)	(6,784)	(3,088)	(3,696)	(4,011)	59%
60	Net fee and commission income	15,942	8,612	7,330	10,079	4,587	5,492	5,863	58%
70.	Dividends and similar income	227	-	227	227	-	227	-	0%
80	Net income from trading	12,442	4,810	7,632	(34)	(250)	216	12,476	nm
90	Fair value adjustments in hedge accounting	(6)	(7)	1	30	7	23	(36)	nm
100	Profits (Losses) on disposal or repurchase of:	5,161	1,605	3,556	3,289	323	2,966	1,872	57%
	a) financial assets measured at amortised cost	3,719	930	2,789	2,746	200	2,546	973	35%
	b) financial assets measured at fair value through other comprehensive income	1,442	675	767	543	123	420	899	nm
120	Operating income	54,790	26,819	27,971	49,434	25,310	24,124	5,356	11%
130	Net impairment losses on loans	(3,866)	(1,379)	(2,487)	(2,837)	(1,046)	(1,791)	(1,029)	36%
140	Profits (Losses) on changes in contracts without derecognition	(2)	(2)	-	(1)	-	(1)	(1)	100%
150	Net operating income	50,922	25,438	25,484	46,596	24,264	22,332	4,326	9%
190 a)	Staff costs	(16,396)	(8,119)	(8,277)	(14,738)	(7,492)	(7,246)	(1,658)	11%
190 b)	Other administrative expenses	(16,960)	(8,723)	(8,237)	(17,689)	(9,030)	(8,659)	729	-4%
200	Net allowance for risks and charges	(1,391)	(1,310)	(81)	(2,197)	(1,494)	(703)	806	-37%
210 + 220	Net impairment losses on property and intangible assets	(1,564)	(777)	(787)	(1,579)	(763)	(816)	15	-1%
230	Other net operating income/expense	(4,026)	463	(4,489)	1,232	399	833	(5,258)	nm
240	Operating expenses	(40,337)	(18,466)	(21,871)	(34,971)	(18,380)	(16,591)	(5,366)	15%
250	Profits of equity-accounted investees	(25)	25	(50)	(16)	(10)	(6)	(9)	56%
290	Pre-tax profit from continuing operations	10,560	6,997	3,563	11,609	5,874	5,735	(1,049)	-9%
300	Tax expenses (income) for the period from continuing operations	(4,039)	(2,615)	(1,424)	(3,915)	(2,041)	(1,874)	(124)	3%
310	Profit after tax from continuing operations	6,521	4,382	2,139	7,694	3,833	3,861	(1,173)	-15%
330	Profit for the period	6,521	4,382	2,139	7,694	3,833	3,861	(1,173)	-15%
340	Profit for the period attributable to the Minority interests	(561)	(238)	(323)	(239)	(114)	(125)	(322)	nm
350	Profit for the period attributable to the shareholders of the Parent	5,960	4,144	1,816	7,455	3,719	3,736	(1,495)	-20%

BANCA SISTEMA GROUP: RESTATED CONSOLIDATED INCOME STATEMENT

Figures in thousands of Euro

	30.06.2024	1Q 2024	2Q 2024	30.06.2023	1Q 2023	2Q 2023	Difference	Difference %
	A			B			A - B	A - B
10 Interest income	95,784	48,207	47,577	83,387	40,103	43,284	12,397	15%
20 Interest expenses	(74,760)	(36,408)	(38,352)	(47,544)	(19,460)	(28,084)	(27,216)	57%
30 Net interest income	21,024	11,799	9,225	35,843	20,643	15,200	(14,819)	-41%
Net income from Superbonus trading	11,466	4,351	7,115	-	-	-	11,466	nm
Net interest income adjusted	32,490	16,150	16,340	35,843	20,643	15,200	(3,353)	-9%
40 Fee and commission income	26,737	14,031	12,706	16,863	7,675	9,188	9,874	59%
50 Fee and commission expense	(10,795)	(5,419)	(5,376)	(6,784)	(3,088)	(3,696)	(4,011)	59%
60 Net fee and commission income	15,942	8,612	7,330	10,079	4,587	5,492	5,863	58%
70. Dividends and similar income	227	-	227	227	-	227	-	0%
80 Net income from trading	976	459	517	(34)	(250)	216	1,010	nm
90 Fair value adjustments in hedge accounting	(6)	(7)	1	30	7	23	(36)	nm
100 Profits (Losses) on disposal or repurchase of:	5,161	1,605	3,556	3,289	323	2,966	1,872	57%
a) financial assets measured at amortised cost	3,719	930	2,789	2,746	200	2,546	973	35%
b) financial assets measured at fair value through other comprehensive income	1,442	675	767	543	123	420	899	nm
120 Operating income	54,790	26,819	27,971	49,434	25,310	24,124	5,356	11%
130 Net impairment losses on loans	(3,866)	(1,379)	(2,487)	(2,837)	(1,046)	(1,791)	(1,029)	36%
140 Profits (Losses) on changes in contracts without derecognition	(2)	(2)	-	(1)	-	(1)	(1)	100%
150 Net operating income	50,922	25,438	25,484	46,596	24,264	22,332	4,326	9%
190 a) Staff costs	(16,396)	(8,119)	(8,277)	(14,738)	(7,492)	(7,246)	(1,658)	11%
190 b) Other administrative expenses	(16,960)	(8,723)	(8,237)	(17,689)	(9,030)	(8,659)	729	-4%
200 Net allowance for risks and charges	(1,391)	(1,310)	(81)	(2,197)	(1,494)	(703)	806	-37%
210 + 220 Net impairment losses on property and intangible assets	(1,564)	(777)	(787)	(1,579)	(763)	(816)	15	-1%
230 Other net operating income/expense	(4,026)	463	(4,489)	1,232	399	833	(5,258)	nm
240 Operating expenses	(40,337)	(18,466)	(21,871)	(34,971)	(18,380)	(16,591)	(5,366)	15%
250 Profits of equity-accounted investees	(25)	25	(50)	(16)	(10)	(6)	(9)	56%
290 Pre-tax profit from continuing operations	10,560	6,997	3,563	11,609	5,874	5,735	(1,049)	-9%
300 Tax expenses (income) for the period from continuing operations	(4,039)	(2,615)	(1,424)	(3,915)	(2,041)	(1,874)	(124)	3%
310 Profit after tax from continuing operations	6,521	4,382	2,139	7,694	3,833	3,861	(1,173)	-15%
330 Profit for the period	6,521	4,382	2,139	7,694	3,833	3,861	(1,173)	-15%
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350 Profit for the period attributable to the shareholders of the Parent	5,960	4,144	1,816	7,455	3,719	3,736	(1,495)	-20%

BANCA SISTEMA GROUP: ASSET QUALITY

Figures in thousands of Euro

30.06.2024	Gross exposure	Impairment losses	Net exposure
Gross Non Performing Exposures	305,968	60,941	245,027
<i>Bad loans</i>	177,112	43,502	133,610
<i>Unlikely to pay</i>	49,315	16,293	33,022
<i>Past-dues</i>	79,541	1,146	78,395
Performing Exposures	2,565,119	6,405	2,558,714
Total Loans and advances to customers	2,871,087	67,346	2,803,741

31.03.2024	Gross exposure	Impairment losses	Net exposure
Gross Non Performing Exposures	286,840	65,853	220,987
<i>Bad loans</i>	177,760	49,789	127,971
<i>Unlikely to pay</i>	51,140	14,907	36,233
<i>Past-dues</i>	57,940	1,157	56,783
Performing Exposures	2,814,181	6,137	2,808,044
Total Loans and advances to customers	3,101,021	71,990	3,029,031

31.12.2023	Gross exposure	Impairment losses	Net exposure
Gross Non Performing Exposures	297,115	65,359	231,756
<i>Bad loans</i>	173,767	49,119	124,648
<i>Unlikely to pay</i>	59,172	15,080	44,092
<i>Past-dues</i>	64,176	1,160	63,016
Performing Exposures	3,108,776	6,282	3,102,494
Total Loans and advances to customers	3,405,891	71,641	3,334,250

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Banca Sistema Group

Founded in 2011 and listed on the Euronext Star Milan segment of the Italian Stock Exchange since 2015, Banca Sistema is a financial company specialising in the purchase of trade receivables from the PA and tax credits. The bank is active in the assignment of one fifth of salaries and pensions, both through the purchase of credit portfolios and the direct origination of the QuintoPuoi product. The bank is also active in financing products, including current accounts, deposit accounts and securities accounts, and offers other types of services such as securitisation servicing, credit management and recovery, guarantees and sureties, certification of PA credits and electronic invoicing. Kruso Kapital S.p.A., part of the Banca Sistema Group, is the first operator of a banking group operating both in the pawnbroking sector, through the ProntoPegno brand, and in the market of auction houses for precious metals, art objects and other collectables, through Art-Rite. With offices in Milan and Rome, the Banca Sistema Group is now also present in Bologna, Pisa, Naples, Palermo, Asti, Brescia, Civitavecchia, Florence, Livorno, Mestre, Parma, Rimini and Turin in Italy, as well as in Spain and Greece. It has over 100,000 customers and employs 308 people in a multi-channel structure.