

BANCA SISTEMA

**INTERIM CONSOLIDATED
FINANCIAL REPORT AT**

31 MARCH 2025

CONTENTS

DIRECTORS' REPORT	3
COMPOSITION OF THE PARENT'S MANAGEMENT BODIES	4
COMPOSITION OF THE INTERNAL COMMITTEES	5
FINANCIAL HIGHLIGHTS AT 31 MARCH 2025	6
SIGNIFICANT EVENTS FROM 1 JANUARY TO 31 MARCH 2025	8
FACTORING	10
SALARY- AND PENSION-BACKED LOANS AND QUINTOPUOI	13
COLLATERALISED LENDING AND KRUSO KAPITAL	15
FUNDING AND TREASURY ACTIVITIES	18
COMPOSITION AND STRUCTURE OF THE GROUP	20
INCOME STATEMENT RESULTS	22
THE MAIN STATEMENT OF FINANCIAL POSITION AGGREGATES	30
CAPITAL ADEQUACY	39
OTHER INFORMATION	42
BUSINESS OUTLOOK AND MAIN RISKS AND UNCERTAINTIES	43
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	44
STATEMENT OF FINANCIAL POSITION	45
INCOME STATEMENT	47
STATEMENT OF COMPREHENSIVE INCOME	48
STATEMENT OF CHANGES IN EQUITY AT 31/03/2025	49
STATEMENT OF CHANGES IN EQUITY AT 31/03/2024	50
STATEMENT OF CASH FLOWS (INDIRECT METHOD)	51
ACCOUNTING POLICIES	52
STATEMENT OF THE MANAGER IN CHARGE OF FINANCIAL REPORTING	56

DIRECTORS' REPORT

COMPOSITION OF THE PARENT'S MANAGEMENT BODIES

BOARD OF DIRECTORS

Chairperson	Ms. Luitgard Spögler
CEO and General Manager	Mr. Gianluca Garbi
	Mr. Gianpaolo Alessandro*
Directors	Mr. Marco Cuniberti*
	Ms. Giuliana Grassia*
	Ms. Alessandra Grendele*
	Mr. Daniele Pittatore
	Ms. Maria Gaia Soana*
	Mr. Andrea De Tomas*

BOARD OF STATUTORY AUDITORS

Chairperson	Mr. Guido Paolucci
Standing Auditors	Ms. Lucia Abati
	Ms. Anna Maria Allievi
Alternate Auditors	Mr. Marco Armarolli
	Ms. Daniela D'Ignazio

INDEPENDENT AUDITORS

BDO Italia S.p.A.

MANAGER IN CHARGE OF FINANCIAL REPORTING

Mr. Alexander Muz

As of the date of approval of this document, the members of the newly established Executive Committee have not been appointed

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

COMPOSITION OF THE INTERNAL COMMITTEES

APPOINTMENTS COMMITTEE

Chairperson	Mr. Marco Cuniberti
Members	Ms. Alessandra Grendele
	Ms. Maria Gaia Soana

SUPERVISORY BODY

Chairperson	Ms. Lucia Abati
Members	Mr. Daniele Pittatore
	Mr. Franco Pozzi

As at the date of approval of this document, the members of the Internal Control and Risk Management Committee and those of the Sustainability Committee, the Remuneration Committee and the Ethics Committee have not been appointed

FINANCIAL HIGHLIGHTS AT 31 MARCH 2025

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) and the Portuguese company Pignus - Credito Economico Popular SA (hereinafter also referred to as CEP), wholly owned subsidiaries of Kruso Kapital S.p.A..

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 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, in Greece and Portugal through the subsidiaries ProntoPegno Greece and CEP, 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 Professional Segment of Euronext Growth Milan.







KEY INDICATORS



Statement of financial position data (€,000)

Total Assets		4,515,322	-4.0%
		4,702,898	
Securities Portfolio		1,138,955	-12.4%
		1,300,313	
Loans - Factoring		1,518,616	-3.2%
		1,569,293	
Loans - Salary-backed loans		675,440	-3.7%
		701,494	
Funding - Banks and REPOs		759,670	-19.8%
		947,256	
Funding - Term Deposits		2,617,593	2.0%
		2,565,354	
Funding - Current Accounts		284,777	-1.2%
		288,186	

Income statement data (€,000)

Net interest income adjusted		33,341	106.4%
		16,150	
Net fee and commission income (expense)		5,679	-34.1%
		8,612	
Total income		42,819	59.7%
		26,819	
Personnel expense		(8,597)	5.9%
		(8,119)	
Other administrative expenses		(10,084)	15.6%
		(8,723)	
Profit for the period attributable to the owners of the Parent		11,608	180.1%
		4,144	

SIGNIFICANT EVENTS FROM 1 JANUARY TO 31 MARCH 2025

On 16 January 2025, the European Court of Human Rights (the "Court") issued a ruling (the "Ruling") in the case initiated in 2023 by Ontier Italia law firm on behalf of the Bank. The case sought to have the Court recognize a violation of the European Convention on Human Rights (the "Convention"). The alleged violations stemmed from the non-fulfilment by a financially distressed local authority (the "Local Authority") of its payment obligations, which had been confirmed by final court rulings issued long ago. These obligations amounted to over € 61 million in principal, plus default interest (estimated at € 43.7 million as of 31 December 2024), legal costs, and moral damages. Through the Ruling, the Court (among other things) explicitly declared that "the respondent state must, within three months, adopt appropriate measures to ensure the execution of the still-pending domestic court rulings," and that the Ruling is final and not subject to appeal. The decision aligns with the Court's established case law. According to the latest approved financial statements, as the Local Authority falls within the category of "financially distressed municipalities", the above-mentioned exposure was classified as non-performing, with a resulting 150% risk weighting. However, default interest was not recognised in the Bank's financial statements.

In March 2025, two further judgments were issued relating to five municipalities for total credit claims of approximately € 12 million (of which € 7 million as principal). Of the five municipalities, (i) four were insolvent on the date the lawsuits were lodged, while (ii) one became insolvent after the lodging of the lawsuit. In this context, it should be noted that, to date, the Bank has filed lawsuits with the Court similar to that closed by the judgments that found as original defaulting debtors entities belonging to the Public Administration (including other insolvent local authorities, but not only)

On 21 March 2025, the Board of Directors also approved the new Corporate Governance Project, one of the initiatives undertaken by the Bank at the request of the Supervisory Authority in connection with the findings of the aforementioned inspection. The new Corporate Governance Project, which adds an Executive Committee to the corporate governance bodies, was approved by the Shareholders' Meeting of 30 April 2025.

As previously announced on 7 February 2025, the same Shareholders' Meeting has also resolved to accelerate the replacement of part of the members of the Board of Directors and the Board of Statutory Auditors, as requested by the Bank of Italy in relation to the governance measures to be taken following the above-mentioned inspection. The Shareholders' Meeting also resolved to adjust the remuneration of the Board of Directors to take into account the establishment of the Executive Committee. The Shareholders' Meeting lastly approved the "Report on the remuneration policy and remuneration paid", first and second sections, pursuant to Article 123-ter of the Consolidated Law on Finance (TUF).

At the same meeting of 21 March 2025, the Board of Directors approved the new classification of some credit exposures as defaulted, in accordance with the findings made

in the inspection report issued on 20 December 2024. These findings have highlighted issues in the rules and practices followed by the Bank to classify exposures, considered by the Supervisory Authority not fully compliant with the EBA Guidelines on the application of the definition of default.

To implement that decision, with effect from 31 March 2025, the Bank reclassified prudentially the exposures concerned, thereby increasing past due exposures to a total of € 227 million compared to the value recorded at 31 December 2024, bringing the Group's past due total to € 333 million. These data remain subject to the outcome of the examination that the Supervisory Authority is conducting on them.

The increase mainly concerned the non-recourse factoring of exposures to public sector entities and, therefore, due to the type of underlying receivables, there continue to be no problems in terms of credit quality and likelihood of recovery. 92% of the Bank's overdue receivables, net of those referred to the Kruso Kapital Group, are attributable to public sector counterparties.

Since the date of the new classification, the affected exposures have been subject to calendar provisioning.

Since 31 March 2025, in application of the provisions introduced by the new Regulation (EU) no. 2024/1623 (CRR 3), the Group has carried out a prudential redetermination of the credit risk associated with collateralised loans. This adjustment was necessary because, according to the interpretation given by the national Supervisory Authority in its inspection report, a guarantee in gold, instead of in investment, is no longer considered admissible for the purposes of credit risk mitigation in the determination of RWAs. The new CRR3 applies to the Bank while, for the subsidiary Kruso Kapital, it will be applied no earlier than 1 January 2026.

In response to a specific request from the Bank of Italy, the Board of Directors also approved an updated capital plan for the 2025–2027 period. The outcomes of the plan confirm, in substance, the profit and capital ratio targets set out in the 2024–2026 Business plan approved in May 2024. The capital plan also takes into account the expected synthetic (SRT) and traditional securitisation transactions and the recent rulings of the European Court of Human Rights. Further managerial initiatives, new SRT (significant risk transfer) securitisations, issues of credit linked notes and new ECHR judgments are not counted in the capital plan.

The Capital Plan was submitted to the Bank of Italy at the end of March 2025, along with a descriptive report detailing the key actions required by the Supervisory Authority to address the findings communicated on 20 December. The report also includes assessments from the Board of Statutory Auditors and the control functions.

On 13 February 2025, the liquidation of Specialty Finance Trust Holdings Ltd was completed, and the company was deregistered from the UK Companies Register.

FACTORING

BANCA SISTEMA AND FACTORING ACTIVITIES

Banca Sistema was one of the pioneering banks in the factoring of receivables from the Public Administration, initially focused on the purchase of trade receivables from suppliers in the public health sector, and subsequently and gradually extended to other areas of the "receivables from public administrations" sector, to tax receivables and to receivables from the entertainment sector. Since its establishment, 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 and Portugal - where the company EBNSISTEMA Finance is located, owned by Banca Sistema together with the Spanish banking partner EBN Banco - mainly in the factoring segment for receivables from the Public Administration, specialising in the purchase of receivables mainly from entities in the public health sector.

The Bank also offers SACE- and MCC-guaranteed loans exclusively to its factoring (for a total of outstanding loans to 82 customers) and has purchased tax credits from the "Superbonus%" both for compensation purposes within the limits of its tax capacity and, from the last quarter of 2023, for trading purposes.

The following table shows the factoring volumes by product type:

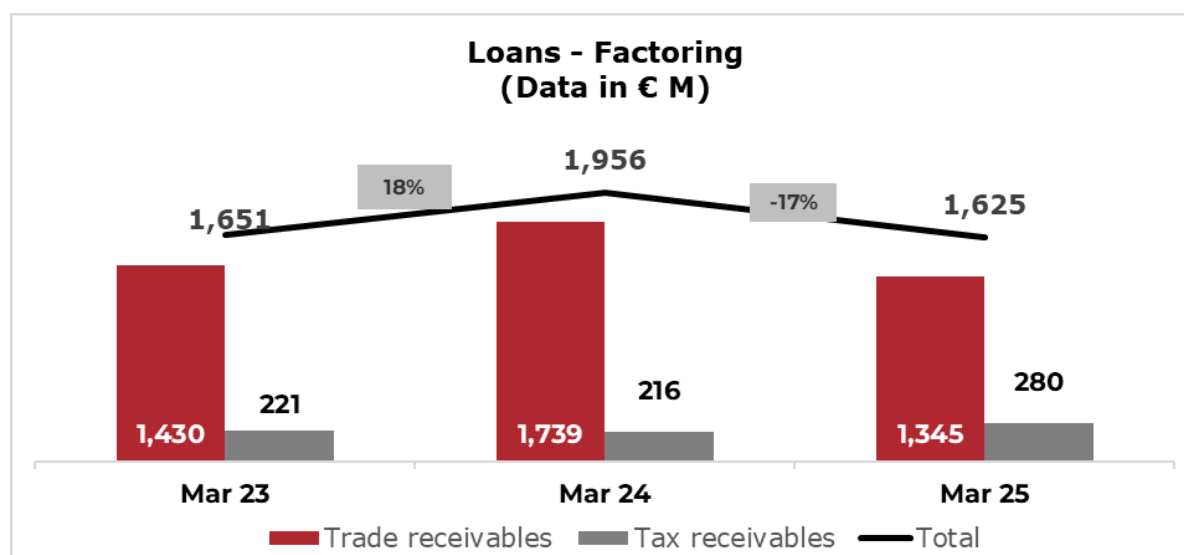
Product (millions of Euro)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Factoring receivables	1,065	1,184	(119)	-10.1%
Trade receivables	924	1,131	(207)	-18.3%
of which, without recourse	675	828	(152)	-18.4%
of which, with recourse	248	303	(55)	-18.2%
Tax receivables	142	53	88	>100%
of which, without recourse	142	53	88	>100%
of which, with recourse	-	-	-	n.a.
Superbonus tax credits	23	183	(160)	-87.3%
of which, for trading purposes	23	183	(160)	-87.3%
Total	1,089	1,368	(279)	-20.4%

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

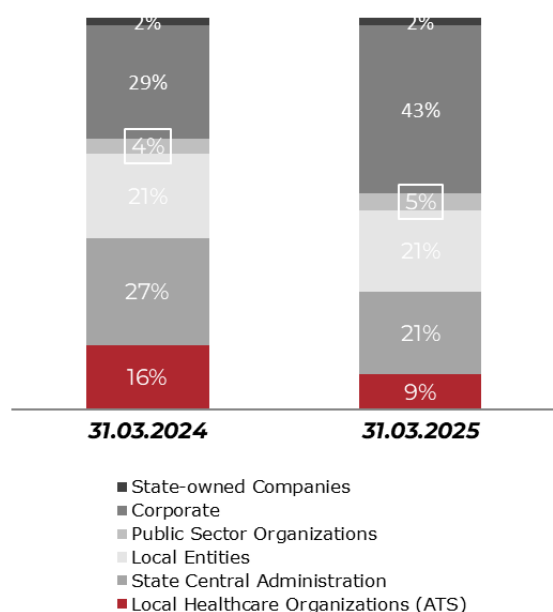
At the end of the first quarter of 2025, turnover factoring on the Spanish market was € 110 million and € 3 million on the Portuguese market (€ 28 million in the first quarter of 2024 on the Spanish market).

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 at 31 March 2025 (management figures) amounted to € 1,625 million compared to € 1,956 million at 31 March 2024.



The following chart shows the ratio of debtors to the total exposure in the loans and receivables portfolio. In factoring, the Group's core business remains the Public Administration segment, although exposure to private debtors has increased significantly compared to the previous year, in line with the strategic guidelines of the 2024-2026 Business plan.



Volumes related to the management of third-party portfolios amounted to € 145 million (an increase compared to the € 125 million recognised in the same period of last year).

Since 2024, the consolidation of the Bank's operations in the servicing of debt transactions and structured finance of third-party transactions has continued, with a diversified offer that has included credit securitisation transactions and assistance to corporate customers in the issuance of bonds, liaising with several counterparties and institutional investors.

As at 31 March 2025, the Bank has taken on key roles such as Master Servicer, Special Servicer, Programme Administrator, Account Bank and Paying Agent in 15 securitisation transactions and 3 bond issues.

In a specific securitisation transaction related to super-bonus loans, the Bank also played the role of senior investor and co-arranger, strengthening its position in the market.

SALARY- AND PENSION-BACKED LOANS AND QUINTOPUOI

The Assofin data for the first quarter of 2025 show a strong recovery in the consumer credit market, +9% compared to the same quarter of 2024. The growth was driven by personal loans which increased by 12.6%, while salary- and pension-backed loans reached +7.6% with a more volatile trend during the quarter.

The mortgage sector grew considerably more, registering +50.2% at the market level, driven by subrogation, which clearly benefited from the easing of benchmark rates.

In this context, the division recorded a decline in the volumes disbursed for salary- and pension-backed loans compared to last year (€ 29m of capital financed, -48% compared to 2024). The data is the result of the market environment, which has seen a strong intensification of price competitiveness, in the wake of the lowering of the reference ECB rates that some operators have anticipated with the aim of gaining market share. The division opted to act more conservatively on margins at this stage, giving up a significant part of the placement activity on credit intermediaries, which are more exposed to price competition.

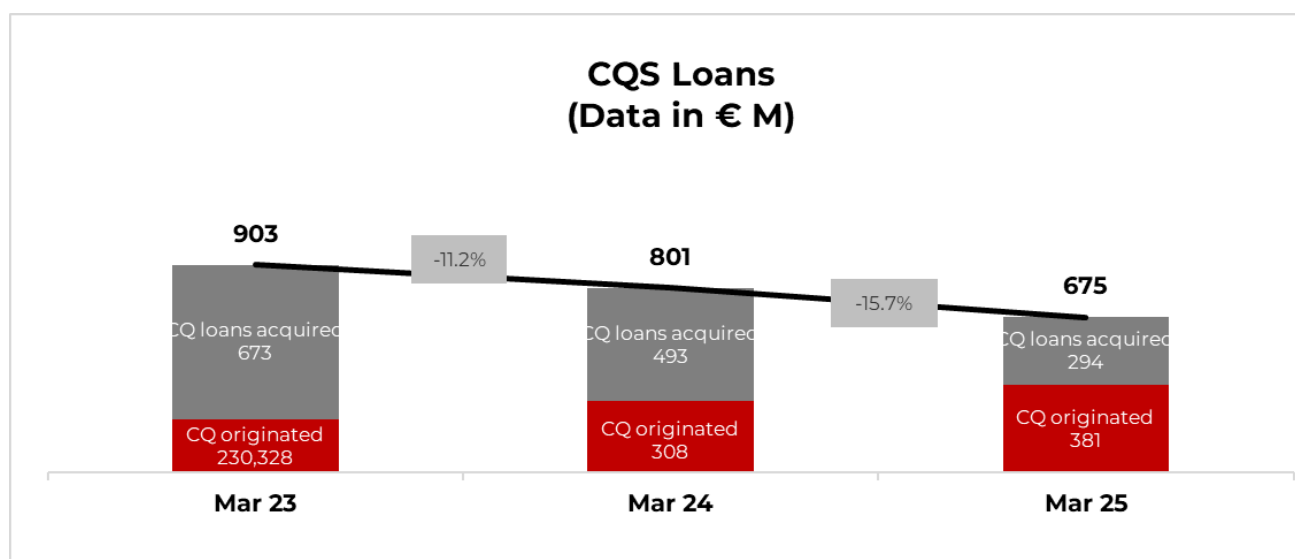
For the other products, distributed through partnerships, the results were materially in line with last year.

Outstanding capital continues to decrease compared to the previous quarter and stood at € 675 million at 31 March 2025, in line with the attrition of the non-recourse portfolio acquired in previous years. The portfolio component relating to receivables that was originated after 1 January 2023 (and therefore optimised in terms of margins) rises to 40% of the total.

The following table shows volumes per channel:

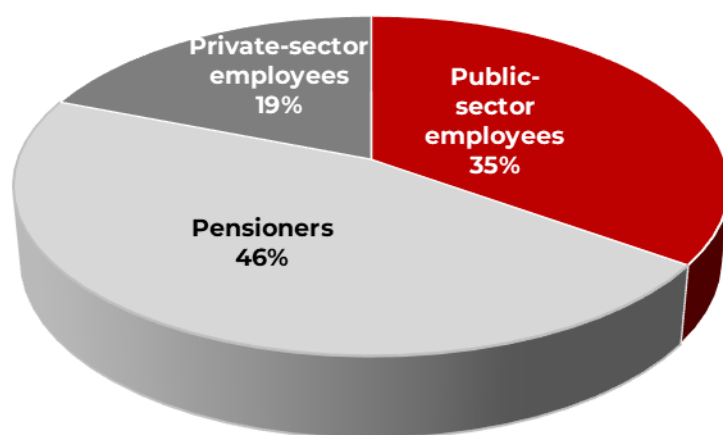
	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
No. of applications (#)	1,430	2,810	(1,380)	-49.1%
<i>of which originated</i>	1,430	2,723	(1,293)	-47.5%
Volumes disbursed (millions of Euro)	29	56	(27)	-48.3%
<i>of which originated</i>	29	54	(25)	-46.3%

Below is an overview of the changes in the outstanding balance reported in the financial statements, broken down into "direct" and "indirect" components. The direct component refers to contracts originated directly through our network, while the indirect component concerns the purchase of portfolios from third-party intermediaries. In these cases, except for one acquired portfolio with an outstanding balance of € 36 million as of the reporting date, the Bank has not taken over the financing contracts with individual customers but has only acquired the credit.



CQ Loans are split between private-sector employees (19%), pensioners (46%) 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.

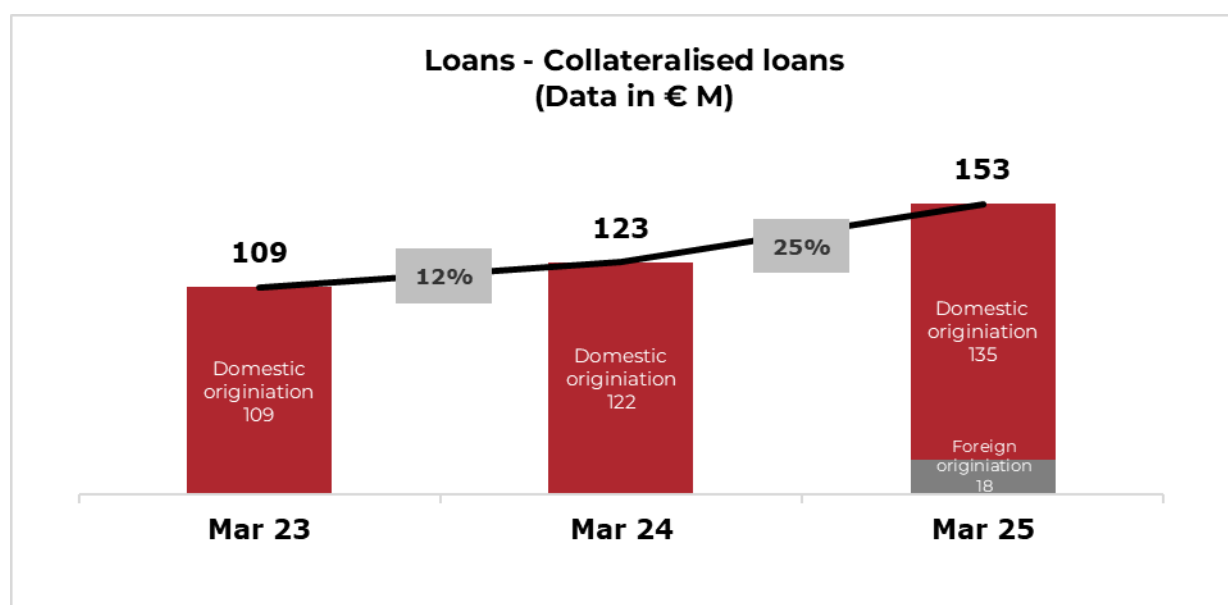
CQ Loans - Breakdown



COLLATERALISED LENDING AND KRUSO KAPITAL

At 31 March 2025, Kruso Kapital had approximately 98 thousand policies (collateralised loans) in Italy, with total loans of € 153.4 million, an increase of 6.6% compared to 31 December 2024 (€ 143.8 million). This sharp increase in the first quarter is also due to the acquisition of a loan portfolio in Tuscany in January 2025.

The following chart shows the performance of outstanding loans:



Total assets, which increased by 5.3%, consist mainly of loans and receivables with customers for the collateralised lending business (loans and receivables with customers) and goodwill for a total of € 41.2 million; intangible assets increased compared to December 2024 for part of the premium due to the acquisition of the loan portfolio in Italy (equal to € 1.6 million, compared to a loans and receivables portfolio of € 8.9 million).

The statement of consolidated financial position of the Kruso Kapital Group as at 31 March 2025 is provided below.

Assets (€,'000)	31.03.2025	31.12.2024	€ Change	% Change
Cash and cash equivalents	8,359	9,016	(657)	-7.3%
Financial assets measured at amortised cost	153,451	143,879	9,572	6.7%
a) loans and receivables with banks	59	34	25	73.5%
b1) loans and receivables with customers - loans	153,392	143,845	9,547	6.6%
Property and equipment	4,402	4,612	(210)	-4.6%
Intangible assets	44,735	43,264	1,471	3.4%
of which: goodwill	41,155	41,155	-	0.0%
Tax assets	465	404	61	15.1%
Other assets	4,000	3,309	691	20.9%
Total assets	215,412	204,484	10,928	5.3%

Liabilities and equity (€,'000)	31.03.2025	31.12.2024	€ Change	% Change
Financial liabilities measured at amortised cost	149,426	141,830	7,596	5.4%
Tax liabilities	4,982	3,998	984	24.6%
Other liabilities	7,818	7,354	464	6.3%
Post-employment benefits	830	872	(42)	-4.8%
Provisions for risks and charges	975	971	4	0.4%
Share capital	24,610	24,610	-	0.0%
Reserves	24,883	20,383	4,500	22.1%
Valuation reserves	(34)	(34)	-	0.0%
Profit (loss) for the period	1,922	4,500	(2,578)	-57.3%
Total liabilities and equity	215,412	204,484	10,928	5.3%

The “financial liabilities measured at amortised cost” include the auction buyer’s premium of € 6.6 million. For 5 years, this amount is reported in the financial statements as due to customers, and becomes a contingent asset if not collected. Financial liabilities also include amounts due to banks (71% from Banca Sistema credit lines).

At 31.3.2025, equity amounted to € 51.4 million.

The consolidated income statement of the Kruso Kapital Group at 31 March 2025 is provided below.

Income statement (€,'000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Total income	8,266	5,543	2,723	49.1%
Net impairment losses on loans and receivables	(42)	(70)	28	-40.0%
Net financial income (expense)	8,224	5,473	2,751	50.3%
Personnel expense	(2,408)	(1,877)	(531)	28.3%
Other administrative expenses	(2,238)	(1,819)	(419)	23.0%
Net impairment losses on property and equipment/intangible assets	(656)	(396)	(260)	65.7%
Other operating income (expense)	90	10	80	>100%
Operating costs	(5,212)	(4,082)	(1,130)	27.7%
Pre-tax profit from continuing operations	3,012	1,391	1,621	>100%
Income taxes for the period	(1,090)	(582)	(508)	87.3%
Profit (loss) for the period of Kruso Kapital Group	1,922	809	1,113	>100%

Total income, amounting to € 8.3 million, increased due to:

- the increase in net interest income (€ 3.5 million, +58% YoY), which is affected by higher interest income, mainly driven by higher loans (in Italy), the contribution from CEP (a subsidiary in Portugal, consolidated in November '24) and higher margins, which more than offset the negative impact of the premium portion (€ 0.3 million) of the portfolio purchased in January '24 (accounted for in net interest income) and higher interest expense;
- the contribution of higher net fee and commission income (€ 4.8 million, +44% YoY) driven by higher uses, the consolidation of CEP and, to a significant extent, increased contributions from loan auctions, resulting from the higher number of auctions and number of lots YoY.

Credit adjustments, substantially unchanged YoY, in the first quarter of 2025 were driven by the new credit policies (for KK in Italy and CEP) which, in addition to the different classification of receivables, introduced new collective hedging percentages.

Operating costs of € 5.2 million were 33% higher due to:

- Higher personnel expenses essentially related to the consolidation of CEP. The number of resources is 148 as at 31.03.2025 vs 91 as at 31.03.2024;
- Increase in "other administrative expenses", essentially for € 0.4 million due to the consolidation of CEP and extraordinary consultancy expenses such as those related to the structuring of the Credit Linked Note, issued by the company in April '25.

Net profit, amounting to € 1.9 million, is more than double the result of the previous year.

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.

At 31 March 2025, the balance amounted to € 1,073 million (€ 1,178 million at 31 December 2024) with a duration of approximately 20.4 months.

At 31 March 2025, the nominal amount of securities in the HTCS portfolio amounted to € 1,012 million (€ 1,117 million reported at 31 December 2024) with a duration of 19.8 months (15.2 months at 31 December 2024).

At 31 March 2025, the HTC portfolio amounted to € 61 million, with a duration of 28.9 months (compared to € 61 million at 31 December 2024 with a duration of 31 months).

FUNDING

At 31 March 2025, wholesale funding was about 25% of total funding (against 32% at 31 December 2024).

Securitisations with salary- and pension-backed loans as underlying, carried out 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 thus optimised. The Bank also continues to adhere to the ABACO procedure introduced by the Bank of Italy which was expanded to include consumer credit.

With regard to customer deposits, the Bank continued with its strategy of diversifying sources, favouring at the same time the most stable ones, which resulted in a continuous and progressive increase in deposits from natural persons and an almost invariable increase in deposits from legal entities.

Retail funding accounts for 95% of the total and is composed of the account SI Conto! Corrente and the product SI Conto! Deposito.

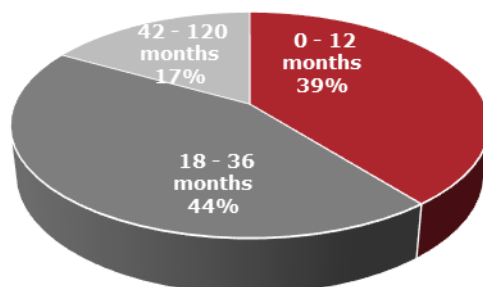
As at 31 March 2025, the stock of customer deposits amounted to € 2.8 billion, 90% of which from term deposits.

In particular, funding from natural persons' deposits amounted to € 2,618 million with a duration of approximately 18 months (compared to € 2,566 million with a duration of 17 months at 31 December 2024).

The above amount also includes total term deposits held with foreign entities of € 2,094 million, (obtained with the help of partner platforms) for a total of € 2,094 million (compared to € 2,021 million at 31 December 2024), making up 80% of total deposit funding.

The breakdown of funding by term is shown below.

Breakdown of deposit accounts as at 31 March 2025



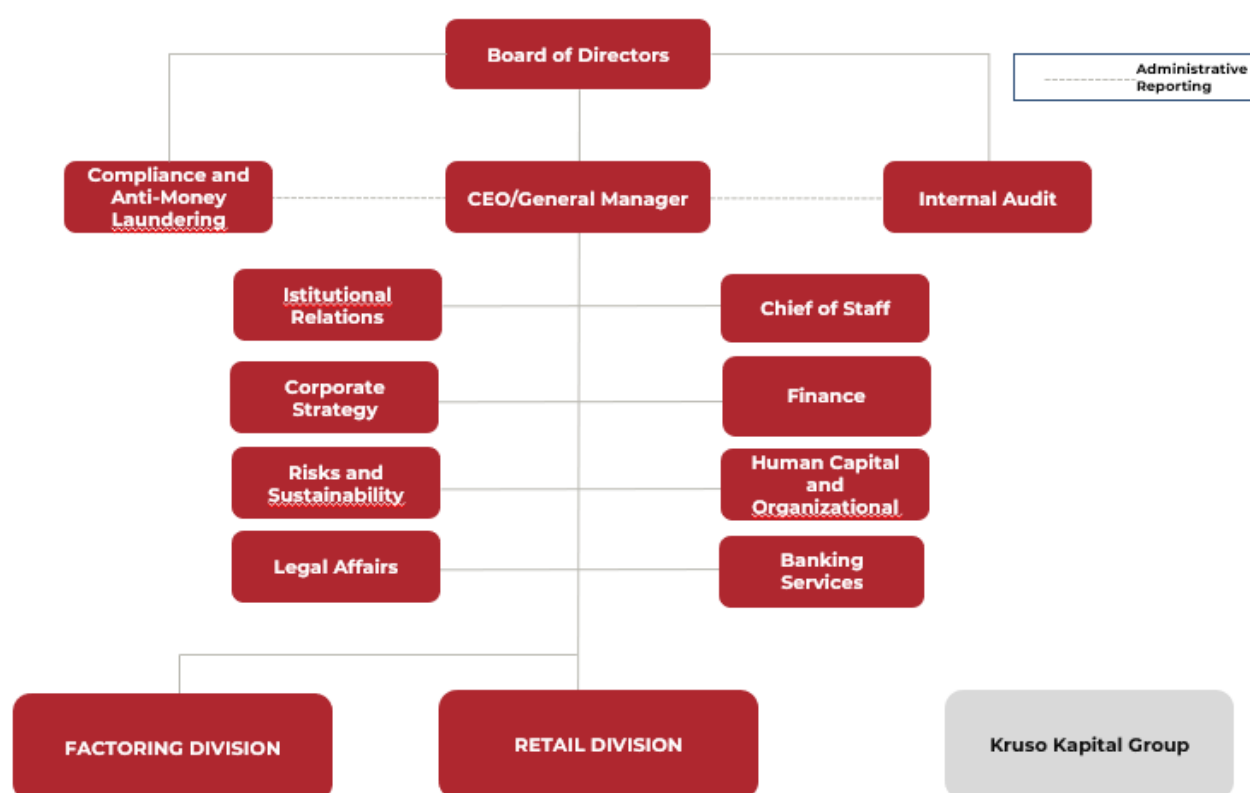
The average residual life is 18 months compared to 16 months at the end of 2024.

COMPOSITION AND STRUCTURE OF THE GROUP

Organisational chart

The Bank's organisational structure is 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 31 March 2025, the Group had a staff of 358, broken down by contract category as follows:

FTES	Banca Sistema	Kruso Kapital	ProntoPegno Greece	Pignus CEP	Art-Rite	Total
Senior managers	24	3	1	0	-	28
Middle managers (QD3 and QD4)	54	13	0	0	-	67
Middle managers (QD1 and QD2)	47	17	0	0	-	64
Other personnel	91	52	2	43	11	199
Total	216	85	3	43	11	358

At 31 March 2025, 15 people were recruited and hired to support business expansion, fill staff vacancies or replace long-term absentee workers. The new recruits, all (100%) on permanent contracts, were mainly assigned to the Factoring Division and the Corporate Centre.

In terms of skills development, after identifying professional and technical training needs related to the Group's legal and regulatory issues, in March 2025, the Bank organised training sessions conducted by external trainers, with a focus on technical, professional and language training, for a total of 273 hours.

With reference to Flexible Benefits, in continuity with 2024, in addition to the basic benefits and the additional fee provided for employees who cannot work remotely, the payment of an extra contribution for each child who, on 31 December 2024, has not exceeded 25 years of age has also been maintained for 2025.

Furthermore, a digital healthcare service has been rolled out. The service provides qualified health support to directors, employees and their families anytime, anywhere via the app and the web.

The average age of Group employees is 47 for men and 43.7 for women. The breakdown by gender is essentially balanced, with men accounting for 55.6% and women for 44.4% of the total.

INCOME STATEMENT RESULTS

Income statement (€,'000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Net interest income	24,548	11,799	12,749	>100%
Net trading income from Superbonus (1)	8,793	4,351	4,442	>100%
Net interest income adjusted	33,341	16,150	17,191	>100%
Net fee and commission income (expense)	5,679	8,612	(2,933)	-34.1%
Dividends and similar income	-	-	-	n.a.
Net trading income (expense)	(5)	459	(464)	<100%
Net hedging result	5	(7)	12	<100%
Gain from sales or repurchases of financial assets/liabilities	3,799	1,605	2,194	>100%
Total income	42,819	26,819	16,000	59.7%
Net impairment losses on loans and receivables	(3,681)	(1,379)	(2,302)	>100%
Gains/losses from contract amendments without derecognition	-	(2)	2	-100.0%
Net financial income (expense)	39,138	25,438	13,700	53.9%
Personnel expense	(8,597)	(8,119)	(478)	5.9%
Other administrative expenses	(10,084)	(8,723)	(1,361)	15.6%
Net accruals to provisions for risks and charges	(1,632)	(1,310)	(322)	24.6%
Net impairment losses on property and equipment/intangible assets	(1,036)	(777)	(259)	33.3%
Other operating income (expense)	1,282	463	819	>100%
Operating costs	(20,067)	(18,466)	(1,601)	8.7%
Gains (losses) on equity investments	(37)	25	(62)	<100%
Pre-tax profit from continuing operations	19,034	6,997	12,037	>100%
Income taxes for the period	(6,861)	(2,615)	(4,246)	>100%
Post-tax profit for the period	12,173	4,382	7,791	>100%
Profit for the period	12,173	4,382	7,791	>100%
Profit (loss) attributable to non-controlling interests	(565)	(238)	(327)	>100%
Profit for the period attributable to the owners of the parent	11,608	4,144	7,464	>100%

(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 quarter of 2025 ended with a profit of € 11.6 million, up € 7.5 million on the same period of the previous year.

Total income rose sharply by € 16.0 million (+59.7% compared to 31 March 2024), mainly due to the increase in revenues generated by the Factoring Division, including with its trading activity on Superbonus, the increase in the yield of the government bond portfolio, and the reduction in interest expense.

Net interest income (€'000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Interest and similar income				
Loans and receivables portfolios	45,684	42,855	2,829	6.6%
Factoring	32,228	29,375	2,853	9.7%
CQ	5,001	4,578	423	9.2%
Collateralised lending	4,735	3,312	1,423	43.0%
Government-backed loans to SMEs	3,720	5,590	(1,870)	-33.5%
Securities portfolio	9,220	705	8,515	>100%
ABS securities	1,495	-	1,495	n.a.
Other	1,139	4,647	(3,508)	-75.5%
Total interest income	57,538	48,207	9,331	19.4%
Interest and similar expense				
Due to banks	(413)	(5,997)	5,584	-93.1%
Due to customers	(24,179)	(26,609)	2,430	-9.1%
Repos	(6,653)	(1,799)	(4,854)	>100%
Securities issued	(1,745)	(2,004)	259	-12.9%
Total interest expense	(32,990)	(36,409)	3,419	-9.4%
Net interest income	24,548	11,798	12,750	>100%
Net trading income from Superbonus	8,793	4,351	4,442	>100%
Net interest income adjusted	33,341	16,149	17,192	>100%

Interest income showed solid growth compared to the previous year, reflecting the good performance of the Factoring Division (which includes income from “factoring” and “Government-backed loans to SMEs”), and the contribution of the Italian government bond portfolio. Interest expense decreased thanks to a reduction in the average cost of funding.

The total contribution of the Factoring Division to interest income was € 35.9 million, equal to 79% of the interest income generated by the entire loans and receivables portfolio; the rest comes from the commission component associated with the factoring business, the revenue generated by the assignment of some receivables from private debtors in the factoring portfolio and the income component from the superbonus receivables purchased for trading purposes.

The component owed for late payments pursuant to Legislative Decree 231/02 (consisting of default interest and compensation) legally enforced at 31 March 2025 amounted to € 10.7 million (€ 13.3 million in the first quarter of 2024):

- of which € 7.2 million resulting from the current recovery estimates (€ 9.7 million in the first quarter of 2024);

- of which € 3.4 million (€ 3.3 million in the first quarter of 2024) coming from the difference between the amount collected during the period, amounting to € 6.5 million (€ 4.4 million in the first quarter of 2024), and that recognised on an accruals basis in previous years.
- of which € 0.1 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 (€ 0.3 million in the first quarter of 2024).

In the first quarter of 2025, following the update of the policy relating to the accounting of default interest for Public Administration debtors in situations of financial distress or probable default, default interest was recorded for an amount of € 10.3 million relating to positions subject to judgments by the ECHR that found the Italian State liable for the debt in cases where the debtor is in default.

The amount of the stock of interest pursuant to Legislative Decree 231/02 accrued at 31 March 2025, relevant for the allocation model, was € 189 million (€ 149 million at the end of 2024), which becomes € 248 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, except in the case of ECHR judgments as stated above, whereas the loans and receivables recognised in the financial statements amount to € 95 million. Therefore, the amount of interest pursuant to Legislative Decree No. 231/02 accrued and not yet recognised in the income statement is € 153 million.

The contribution from interest from the salary- and pension-backed portfolios amounted to € 5 million, up from the same period of the previous year due to lower prepayment on portfolios purchased in previous years, and to the higher yields on new loans originated at higher rates.

The sustained growth of the Collateralised Lending Division was confirmed: its contribution to Interest income amounted to € 4.7 million, compared to € 3.3 million in the same period of the previous year.

The positive contribution of the interest component from the government-backed loans is confirmed, albeit down compared to the first quarter of the previous year due to a lower outstanding and a decrease in the yield indexed at a variable rate.

The securities portfolio contributed significantly and increased compared to 31 March 2024 thanks to an increase in the average stock of the existing portfolio and a higher portfolio return.

"Other interest income" decreased due to a lower use in overnight deposits with the ECB and a decrease in the rate of return.

The decrease in interest expense is due to the decrease in market rates.

The Superbonus trading income of € 8.8 million is generated by the trading of these receivables and by the change in their fair value, which grew also due to higher portfolio stocks.

Net fee and commission income (€,'000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Fee and commission income				
Factoring activities	2,476	7,288	(4,812)	-66.0%
Fee and commission income - off-premises CQ	1,509	2,867	(1,358)	-47.4%
Collateralised loans (fee and commission income)	4,766	3,272	1,494	45.7%
Collection activities	1,173	435	738	>100%
Other fee and commission income	127	169	(42)	-24.9%
Total fee and commission income	10,051	14,031	(3,980)	-28.4%
Fee and commission expense				
Factoring portfolio placement	(399)	(528)	129	-24.4%
Placement of other financial products	(1,753)	(1,508)	(245)	16.2%
Fees - off-premises CQ	(1,340)	(2,678)	1,338	-50.0%
Other fee and commission expense	(880)	(705)	(175)	24.8%
Total fee and commission expense	(4,372)	(5,419)	1,047	-19.3%
Net fee and commission income	5,679	8,612	(2,933)	-34.1%

Net fee and commission income (expense), amounting to € 5.7 million, decreased by 34.1%, due to decrease 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 € 1.5 million compared to the same period of the previous year thanks to the increase in the number of auctions, to the continuous growth of the business and the contribution of the newly acquired Portuguese pledge company.

Fees and commissions from collection activities include both revenues from the traditional service of reconciling third-party invoice receipts with the Public Administration amounting to € 0.3 million (-33.6% YoY) and revenues from the recent development of the Master/Corporate Servicer business for third-party securitisations amounting to € 0.9 million.

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 € 0.1 million.

Fee and commission income - off-premises CQ refers to both the commissions on the salary- and pension-backed loan (CQ) origination business and the placement of third-party products totalling € 1.5 million, which should be considered together with the item Fees - off-premises CQ, amounting to € 1.3 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 and management 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 the 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)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Trading results from financial instruments	(5)	459	(464)	<100%
Total	(5)	459	(464)	<100%

The item includes the income from trading Italian government bonds.

Gain (loss) from sales or repurchases (€,'000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Gains from HTCS portfolio debt instruments	929	675	254	37.6%
Gains from HTC portfolio debt instruments	-	-	-	n.a.
Gains from receivables (Factoring portfolio)	2,870	930	1,940	>100%
Gains from receivables (CQ portfolio)	-	-	-	n.a.
Total	3,799	1,605	2,194	>100%

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 receivables.

Impairment losses on loans and receivables at 31 March 2025 amounted to € 3.7 million (€ 1.4 million at 31 March 2023). The loss rate at 31 March 2025 stands at 0.57% compared to 0.18% recorded in 2024 (0.30% excluding an extraordinary impairment gain).

Personnel expense (€,000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Wages and salaries	(6,761)	(6,460)	(301)	4.7%
Social security contributions and other costs	(1,361)	(1,267)	(94)	7.4%
Directors' and statutory auditors' remuneration	(475)	(392)	(83)	21.2%
Total	(8,597)	(8,119)	(478)	5.9%

The increase in personnel expense compared with the previous year is due to the increase in the fixed component of the remuneration, as a result of the changes in the banking contract, which apply to the majority of staff, and to the increase in the number of human resources, whose average number rose from 298 to 327, due to the inclusion in November of 44 new resources from the Portuguese company Pignus - Credito Economico Popular, which was acquired by the subsidiary Kruso Kapital. As requested by the Supervisory Authority, no variable component was allocated.

Other administrative expenses (€0,000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
IT expenses	2,890	2,267	623	27.5%
Consultancy and professional services	1,135	891	244	27.4%
Regulatory development and compliance consultancy	592	685	(93)	-13.6%
Legal and professional consultancy	433	106	327	308.5%
Audit expenses	110	100	10	10.0%
Credit-related expenses	2,923	2,582	341	13.2%
Insurance coverage expenses	1,119	358	761	212.6%
Credit recovery expenses	773	943	(170)	-18.0%
Origination expenses	489	728	(239)	-32.8%
Servicing and collection activities	458	452	6	1.3%
Legal dispute expenses	84	101	(17)	-16.8%
Other operating expenses	931	813	118	14.5%
Outsourcing and consultancy expenses	271	207	64	30.9%
Additional operating expenses	241	205	36	17.6%
Vehicle management expenses	179	156	23	14.7%
Association contributions	124	142	(18)	-12.7%
Cash transport expenses	69	53	16	30.2%
Insurance	47	50	(3)	-6.0%
Advertising and communication expenses	411	445	(34)	-7.6%
Real estate-related expenses	569	519	50	9.6%
Other real estate-related expenses	161	116	45	38.8%
Maintenance expenses	155	188	(33)	-17.6%
Utility and cleaning expenses	153	118	35	29.7%
Concierge and surveillance expenses	100	97	3	3.1%
Personnel-related expenses	545	581	(36)	-6.2%
Vehicle rental and related expenses	194	188	6	3.2%
Travel and representation reimbursements	150	164	(14)	-8.5%
Other personnel-related expenses	122	103	19	18.4%
Agent-related expenses	79	126	(47)	-37.3%
Indirect taxes and duties	680	625	55	8.8%
Total operating costs	10,084	8,723	1,361	15.6%

Administrative expenses increased by 15.6%, mainly due to costs related to business development and compliance with new legislation.

Consulting expenses consisted largely of the costs incurred to comply with the feedback received from the supervisory authority.

IT expenses include costs for services provided by the outsourcer responsible for managing legacy systems, as well as those related to IT infrastructure, increasing as a result of both increased investments and changes to legislation.

Indirect taxes and fees increased, mainly due to the increase in contributions paid in relation to enforceable injunctions activated against public administration debtors.

Net impairment losses on property and equipment/intangible assets (€,000)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Depreciation of buildings used for operations	(201)	(206)	5	-2.4%
Depreciation of furniture and equipment	(118)	(95)	(23)	24.2%
Amortisation of value in use	(408)	(324)	(84)	25.9%
Amortisation of software	(157)	(141)	(16)	11.3%
Amortisation of other intangible assets	(152)	(11)	(141)	>100%
Total	(1,036)	(777)	(259)	33.3%

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)	First Quarter of 2025	First Quarter of 2024	€ Change	% Change
Auction buyer's premiums	223	124	99	79.8%
Recovery of expenses and taxes	1,073	314	759	>100%
Deposit Scheme contribution	(22)	(20)	(2)	10.0%
Amortisation of multiple-year improvement costs	(167)	(166)	(1)	0.6%
Other income (expense)	74	32	42	>100%
Contingent assets and liabilities	101	179	(78)	-43.6%
Total	1,282	463	819	>100%

The increase in the item "Other operating income (expense)" compared to the previous year is due to the increase in recoveries of expenses from previous years.

THE MAIN STATEMENT OF FINANCIAL POSITION AGGREGATES

Assets (€,'000)	31.03.2025	31.12.2024	€ Change	% Change
Cash and cash equivalents	165,705	93,437	72,268	77.3%
Financial assets measured at fair value through other comprehensive income	1,035,620	1,147,197	(111,577)	-9.7%
Financial assets measured at amortised cost	2,763,333	2,873,051	(109,718)	-3.8%
a) loans and receivables with banks	14,043	23,024	(8,981)	-39.0%
b1) loans and receivables with customers - loans	2,645,955	2,696,911	(50,956)	-1.9%
b2) loans and receivables with customers - debt instruments	103,335	153,116	(49,781)	-32.5%
Hedging derivatives	-	-	-	n.a.
Changes in fair value of portfolio hedged items (+/-)	3,081	3,557	(476)	-13.4%
Equity investments	948	984	(36)	-3.7%
Property and equipment	53,740	53,433	307	0.6%
Intangible assets	48,700	47,233	1,467	3.1%
<i>of which: goodwill</i>	45,075	45,075	-	0.0%
Tax assets	21,509	13,415	8,094	60.3%
Non-current assets held for sale and disposal groups	-	-	-	n.a.
Other assets	422,686	470,591	(47,905)	-10.2%
Total assets	4,515,322	4,702,898	(187,576)	-4.0%

At 31 March 2025 total assets were down by 4.0% over the end of 2024 and equal to € 4.5 billion.

The Group's securities portfolio, as to the component of Financial assets measured at fair value through other comprehensive income ("HTCS") continues to mainly comprise Italian government bonds with an average duration of about 15.2 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 € 1,012 million at 31 March 2025 (€ 1,116 million at 31 December 2024). The associated valuation reserve was positive at the end of the period, amounting to € 0.9 million before the tax effect.

Loans and receivables with customers (€,'000)	31.03.2025	31.12.2024	€ Change	% Change
Factoring receivables	1,518,616	1,569,293	(50,677)	-3.2%
Salary-/pension-backed loans (CQS/CQP)	675,440	701,494	(26,054)	-3.7%
Collateralised loans	153,392	143,845	9,547	6.6%
Loans to SMEs	210,391	223,702	(13,311)	-6.0%
Current accounts	413	593	(180)	-30.4%
Compensation and Guarantee Fund	84,519	55,016	29,503	53.6%
Other loans and receivables	3,184	2,968	216	7.3%
Total loans	2,645,955	2,696,911	(50,956)	-1.9%
Securities	103,335	153,116	(49,781)	-32.5%
Total loans and receivables with customers	2,749,290	2,850,027	(100,737)	-3.5%

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% (58% at the end of 2024). The volumes generated during the quarter amounted to € 1,089 million (€ 1.368 million at 31 March 2024).

Salary- and pension-backed loans were down from the end of the previous year, with volumes disbursed directly by the agent network amounting to € 29 million (€ 54 million at the end of the first quarter of 2024).

Loans to small and medium-sized enterprises guaranteed by the State are decreasing as a result of lower disbursements, amounting to € 1.2 million in 2025.

The collateralised lending business, which is conducted through the Kruso Kapital Group, grew during the period, with loans granted at 31 March 2025 amounting to € 135 million.

HTC Securities are composed of Italian government securities with an average duration of 31 months for an amount of € 61 million. The mark-to-market valuation of the securities at 31 March 2025 shows a pre-tax unrealised loss of € 3 million. The item also includes the investment in an ABS security for an amount of € 42.2 million (€ 92 million at the end of 2024) linked to a securitisation transaction for the purchase of tax receivables, of which the Bank is a joint arranger and also holds the role of Master Servicer.

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

Status	31.03.2025	31.12.2024	€ Change	% Change
Bad exposures - gross	187,966	179,957	8,009	4.5%
Unlikely to pay - gross	60,235	51,716	8,519	16.5%
Past due - gross	333,281	101,129	232,152	>100%
Non-performing - gross	581,482	332,802	248,680	74.7%
Performing - gross	2,131,609	2,429,261	(297,652)	-12.3%
Stage 2 - gross	69,659	58,129	11,530	19.8%
Stage 1 - gross	2,061,951	2,371,132	(309,181)	-13.0%
Total loans and receivables with customers	2,713,091	2,762,063	(48,972)	-1.8%
Individual impairment losses	61,053	57,486	3,567	6.2%
Bad exposures	37,856	38,499	(643)	-1.7%
Unlikely to pay	20,847	18,353	2,494	13.6%
Past due	2,350	634	1,716	>100%
Collective impairment losses	6,083	7,666	(1,583)	-20.6%
Stage 2	473	313	160	51.1%
Stage 1	5,610	7,353	(1,743)	-23.7%
Total impairment losses	67,136	65,152	1,984	3.0%
Net exposure	2,645,955	2,696,911	(50,956)	-1.9%

The ratio of gross non-performing loans to total gross loans rose to 21.4% compared to 8.7% at 31 December 2024 (10.2% and 19.7% respectively, the ratio calculated on the net values of the same periods) following a decrease in the absolute value of performing loans and an increase in non-performing loans with past due status, which remain high due to the application of the definition of default ("New DoD"). Compared to the end of 2024, the increase is due to the reclassification as past due of some over-due loan positions, in full compliance with the feedback from and constant contacts with the Bank of Italy, which during its inspection had criticised as entirely ineffective the risk mitigation measures adopted by Banca Sistema to suspend the calculation of past due amounts. These data will be analysed by the Supervisory Authority for the relevant assessments.

Past due growth is predominantly related to the factoring portfolio without recourse to Public Administration, a sector that continues, beyond the new technical rules used to represent past due data for regulatory purposes, not to present particular problems in terms of credit quality and probability of recovery.¹

¹ Below is the list of Public Administration entities that, pursuant to the rules on the new definition of default, are classified, as at 31 March 2025, as being in a state of default: Municipalities of: Cuglieri; Santi Cosma E Damiano; Abbiategrosso; Abriola; Acate; Accumoli; Acerno; Aci Catena; Aci Sant'Antonio; Acireale; Acquafredda; Acquaro; Acquaviva Collecroce; Acquaviva D'Isernia; Adrano; Africo; Agnana Calabra; Agosta; Agrigento; Aidone; Aiello Calabro; Aieta; Ailano; Albanella; Albano Laziale; Alcara Li Fusi; Alessandria; Alessandria Del Carretto; Alessandria Della Rocca; Alessano; Alezio; Alia; Alife; Alliste; Almenno Salvatore; Altavilla Irpina; Altavilla Silentina; Alto Reno Terme; Altofonte; Amantea; Ampezzo; Andretta; Andria; Anguillara Sabazia; Antonimina; Anzano Di Puglia; Aquara; Aragona; Arce; Arcinazzo Romano; Ardore; Argusto; Ari; Arienzo; Arpaia; Arsoli; Arzano; Arzergrande; Ascea; Assemini; Atina; Auletta; Aurigo; Avella; Avellino; Aversa; Avola; Bagheria; Bagnara Calabra; Bagnoregio; Balsorano; Barano D'Ischia; Barcelona Pozzo Di Gotto; Bareggio; Bari; Baronissi; Basaluzzo; Bassano Romano; Battipaglia; Belforte Alla Isaura; Bellegra; Belmonte Calabro; Belmonte In Sabina; Belmonte Mezzagno; Belsito; Belvedere Di Spinello; Benestare; Benevento; Bergamo; Bernalda; Bianchi; Bianco; Bisacquino; Bitetto; Bogliasco; Bologna; Bolognetta; Bompensiere; Bompietro; Bonate Sopra; Borgetto; Borghetto Santo Spirito; Borgia; Borgolavezzaro; Bosa; Boscotrecase; Bovalino; Boville Ernica; Bracciano; Bracigliano; Briatico; Brindisi; Brognaturo; Brolo; Bronte; Buccheri; Buonabitacolo; Burgio; Buttigliera D'Asti; Cagli; Cagnano Amiterno; Caianello; Caiazzo; Caivano; Calabritto; Calamonaci; Calascibetta; Calatafimi Segesta; Caltanissetta; Caltavuturo; Calvanico; Calvi Risorta; Camerano; Camigliano; Cammarata; Campi; Campo Nel Elba; Campobello Di Licata; Campobello Di Mazara; Campodarsego; Campofranco; Campolattaro; Campolongo Maggiore; Camporotondo Etneo; Camposano; Candela; Candela; Candida; Canicattini; Bagni; Canna Canterano; Capaccio; Capena; Capo; Caprizzi; Capriando; Capri; Atturno di Carbonno Nola; Carcare; Cardeto; Cardito;

Property and equipment includes Group properties used for operations. Their carrying amount at 31 December 2024, calculated using fair value as the accounting criterion, is € 47.3 million with a revaluation reserve, net of tax, of € 6.5 million.

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 € 45.1 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;
- goodwill (allocated provisionally) of € 11.5 million, resulting from the acquisition of Pignus - Credito Economico Popolare SA, which was completed on 7 November 2024.

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 first quarter of 2025, EBNSISTEMA originated € 22 million in loans and receivables, compared to € 28 million in 2024.

Other assets is mainly composed of "Superbonus 110" tax credits purchased for trading purposes with a carrying amount of € 373 million. Credits were purchased during the year for a nominal amount of € 23 million. This item also includes work in progress at the end of the period, advance tax payments and "Superbonus 110" tax credits of € 17 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)	31.03.2025	31.12.2024	€ Change	% Change
Financial liabilities measured at amortised cost	3,920,564	4,109,583	(189,019)	-4.6%
a) due to banks	109,593	127,257	(17,664)	-13.9%
b) due to customers	3,639,539	3,761,395	(121,856)	-3.2%
c) securities issued	171,432	220,931	(49,499)	-22.4%
Hedging derivatives	3,076	3,561	(485)	-13.6%
Tax liabilities	35,675	31,809	3,866	12.2%
Liabilities associated with disposal groups	-	-	-	n.a.
Other liabilities	179,700	196,583	(16,883)	-8.6%
Post-employment benefits	5,240	5,215	25	0.5%
Provisions for risks and charges	41,875	41,470	405	1.0%
Valuation reserves	6,408	4,112	2,296	55.8%
Reserves	240,985	215,740	25,245	11.7%
Equity instruments	45,500	45,500	-	0.0%
Equity attributable to non-controlling interests	15,142	14,577	565	3.9%
Share capital	9,651	9,651	-	0.0%
Treasury shares (-)	(102)	(102)	-	0.0%
Profit for the period	11,608	25,199	(13,591)	-53.9%
Total liabilities and equity	4,515,322	4,702,898	(187,576)	-4.0%

Wholesale funding, which makes up about 25% of the total (30% at 31 December 2024), decreased in absolute terms compared to the end of 2024, due to the lower use of repurchase agreements to fund the securities portfolio.

Due to banks (€,'000)	31.03.2025	31.12.2024	€ Change	% Change
Due to Central banks	-	-	-	n.a.
Due to banks	109,593	127,257	(17,664)	-13.9%
Current accounts with other banks	17,864	17,900	(36)	-0.2%
Deposits with banks (repurchase agreements)	50,796	62,432	(11,636)	-18.6%
Financing from other banks	40,933	46,925	(5,992)	-12.8%
Total	109,593	127,257	(17,664)	-13.9%

The item "Due to banks" decreased by 14.0%, compared to 31 December 2024, due to decreased funding from other banks.

Due to customers (€,'000)	31.03.2025	31.12.2024	€ Change	% Change
Term deposits	2,617,593	2,565,354	52,239	2.0%
Financing (repurchase agreements)	650,077	819,999	(169,922)	-20.7%
Financing - other	48,138	47,744	394	0.8%
Customer current accounts	284,777	288,186	(3,409)	-1.2%
Due to assignors	32,312	34,470	(2,158)	-6.3%
Other payables	6,642	5,642	1,000	17.7%
Total	3,639,539	3,761,395	(121,856)	-3.2%

The accounting item "Due to customers" decreased compared to the end of the previous year due to a decrease in loans through repurchase agreements, while funding from deposit and current accounts remained in line. The period-end amount of term deposits increased from the end of 2024 (+2.0%), reflecting net positive funding (net of interest accrued) of € 55 million; gross funding from the beginning of the year were € 648 million.

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

Bonds issued (€,'000)	31.03.2025	31.12.2024	€ Change	% Change
Bond - AT1	45,500	45,500	-	0.0%
Bond - Tier II	-	-	-	n.a.
Bonds - other	171,432	220,931	(49,499)	-22.4%

The amount of bonds issued is lower than at 31 December 2024; the change is due to the trend of redemptions and/or further subscriptions of senior tranches of ABS financed by third-party investors.

The bonds issued are as follows:

- AT1 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);
- AT1 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 AT1 instruments, based on their main characteristics, are classified under equity item 140 "Equity instruments".

The provision for risks and charges of € 41.9 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 first 9 months of 2024, 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 € 6.0 million. 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 € 19.1 million. Moreover, 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 judgment totalling € 14.0 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
Profit (loss)/equity of the parent	10,188	300,374
Assumption of value of investments	-	(46,515)
Consolidated profit (loss)/equity	2,016	75,334
Gain (loss) on equity investments	(31)	-
Adjustment to profit (loss) from discontinued operations	-	-
Equity attributable to the owners of the parent	12,173	329,193
Equity attributable to non-controlling interests	(565)	(15,142)
Profit (loss)/equity of the Group	11,608	314,051

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	31.03.2025 Transitional	31.12.2024 Transitional	31.03.2025 Fully loaded	31.12.2024 Fully loaded
Common Equity Tier 1 (CET1)	226,328	216,460	226,902	214,759
ADDITIONAL TIER 1	45,500	45,500	45,500	45,500
Tier 1 capital (T1)	271,828	261,960	272,402	260,259
TIER2	749	396	749	396
Total Own Funds (TC)	272,577	262,356	273,151	260,655
Total risk-weighted assets	1,826,002	1,631,744	1,826,002	1,631,744
of which, credit risk	1,619,079	1,420,666	1,619,079	1,420,666
of which, market risk	7,096	8,241	7,096	8,241
of which, operational risk	199,827	202,837	199,827	202,837
Ratio - CET1	12.4%	13.3%	12.4%	13.2%
Ratio - T1	14.9%	16.1%	14.9%	15.9%
Ratio - TCR	14.9%	16.1%	15.0%	16.0%

The total "fully loaded" own funds at 31 March 2025 amount to € 273 million and include 100% of the profit, as it is currently prohibited to distribute dividends. With regard to "transitional" own funds, the temporary treatment of the prudential filter provided for under Article 468 of the CRR has been applied in order to neutralise price fluctuations of securities held in the HTC category, as recorded in the valuation reserve within equity. The filter was reintroduced on 9 July 2024 and will remain in force until the 2025 financial year.

On 27 October 2021, the European Commission published a legislative proposal ("2021 Banking Package") with the aim of completing the transposition of the prudential regulatory framework "Basel IV – CRR 3" approved by the Basel Committee on Banking Supervision (BCBS) at the end of 2017, which provides for a substantial revision of Regulation (EU) no. 575/2013 ("CRR"). As a result of the "Trilogue", on 19 June 2024, the following were published in the Official Journal of the European Union:

- Regulation (EU) 2024/1623 (CRR 3) amending the Capital Requirements Regulation and;
- Directive (EU) 2024/1619 (CRD VI), which amends the Capital Requirements Directive, on the new standards issued within the Basel framework.

In particular, Regulation (EU) 2024/1623 (CRR III) of 31 May 2024 amends Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, with application from 1 January 2025 (subject to the postponement by one year of the application of the rules pertaining to the market risk framework).

As of 31 March 2025, the Group has started adopting the new CRR 3 provisions. The most significant impact concerns the determination of credit risk relating to collateralised loans for the non-eligibility of gold collateral, other than investment gold, to reduce credit risk in the determination of RWAs, with a resulting greater weighting of receivables from zero to 75%.

With effect from 31 March 2025, the Bank has also reclassified past due loans, in full compliance with the feedback from the Bank of Italy, which during its inspection had criticised as entirely ineffective the risk mitigation measures previously used by Banca Sistema. These data will be analysed by the Supervisory Authority for the relevant assessments. Following this reclassification, calendar provisioning must be applied. Receivables past due at 31 March 2025 also include collateralised loans that have been considered "past-due" for more than 90 days.

The consolidated capital requirements to be met by the Group as at 31 March 2025 are the following:

- CET1 ratio of 9.89%;
- TIER1 ratio of 11.39%;
- Total Capital Ratio of 13.39%.

These ratios include the Combined Buffer Requirement (CBR), i.e. 2.5% for the capital conservation buffer (CCB), 0.05% for the countercyclical capital buffer (CCyB) and 0.44% for the systemic risk buffer (SyRB), for a total buffer as at 31 March 2025 of 2.99%.

With regard to the SyRB, the calculation base as of 31 December 2024 is 0.5% of the RWA referring to credit and counterparty risk towards residents in Italy. This percentage will be increased to 1.00% from 30 June 2025.

At 31 March 2025, the LCR stood at 1.195%, compared to 1.172% at 31 December 2024.

The reconciliation of equity and CET1 is provided below:

	31.03.2025	31.12.2024
Share capital	9,651	9,651
Equity instruments	45,500	45,500
Income-related and share premium reserve	240,985	207,767
Treasury shares (-)	(102)	(355)
Valuation reserves	6,408	(12,353)
Profit	11,608	16,506
Equity attributable to the owners of the parent	314,050	266,716
Dividends distributed and other foreseeable expenses	-	-
Equity assuming dividends are distributed to shareholders	314,050	266,716
Regulatory adjustments	(57,084)	(39,929)
Eligible equity attributable to non-controlling interests	14,860	8,248
Equity instruments not eligible for inclusion in CET1	(45,500)	(45,500)
Common Equity Tier 1 (CET1)	226,326	189,535

OTHER INFORMATION

RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development activities were carried out in 2025.

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 2025, 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

On 30 April 2025, the Shareholders' Meeting of Banca Sistema S.p.A. approved the Financial Statements as at 31.12.2024 of Banca Sistema and allocated the 2024 profit entirely to retained earnings. It also resolved to approve the new project to redesign the Bank's governance structure, with the establishment of an Executive Committee and the appointment of four new directors and two new standing auditors.

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

The trends observed in the quarter just ended are expected to strengthen throughout 2025, thanks to the lower cost of funding and strong commercial performance in the three business lines. The acquisition in Portugal by KK started showing the expected effects during the first quarter of 2025, while the QC division continues to reduce its legacy portfolio in favour of new loans at significantly higher rates.

Significant risk transfer actions (SRT), together with a more active management of factoring credit portfolios, could offset the negative impact linked to the increase in past due loans to the Public Administration and therefore produce an improvement in capital ratios.

Milan, 9 May 2025

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	31.03.2025	31.12.2024
10. Cash and cash equivalents	165,705	93,437
30. Financial assets measured at fair value through other comprehensive income	1,035,620	1,147,197
40. Financial assets measured at amortised cost	2,763,333	2,873,051
a) loans and receivables with banks	14,043	23,024
b) loans and receivables with customers	2,749,290	2,850,027
50. Hedging derivatives	-	-
60. Changes in fair value of portfolio hedged items (+/-)	3,081	3,557
70. Equity investments	948	984
90. Property and equipment	53,740	53,433
100. Intangible assets	48,700	47,233
of which:		
viame goodwill	45,075	45,075
110. Tax assets	21,509	13,415
a) current	10,487	1,758
b) deferred	11,022	11,657
130. Other assets	422,686	470,591
Total Assets	4,515,322	4,702,898

Liabilities and equity		31.03.2025	31.12.2024
10.	Financial liabilities measured at amortised cost	3,920,564	4,109,583
so ba	a) due to banks	109,593	127,257
	b) due to customers	3,639,539	3,761,395
ircolaz	c) securities issued	171,432	220,931
40.	Hedging derivatives	3,076	3,561
60.	Tax liabilities	35,675	31,809
	a) current	4,157	1,659
	b) deferred	31,518	30,150
80.	Other liabilities	179,700	196,583
90.	Post-employment benefits	5,240	5,215
100.	Provisions for risks and charges:	41,875	41,470
e gara	a) commitments and guarantees issued	14	28
	c) other provisions for risks and charges	41,861	41,442
120.	Valuation reserves	6,408	4,112
140.	Equity instruments	45,500	45,500
150.	Reserves	201,885	176,640
160.	Share premium	39,100	39,100
170.	Share capital	9,651	9,651
180.	Treasury shares (-)	(102)	(102)
190.	Equity attributable to non-controlling interests (+/-)	15,142	14,577
200.	Profit for the period/year	11,608	25,199
Total liabilities and equity		4,515,322	4,702,898

INCOME STATEMENT

(Amounts in thousands of Euro)

		First Quarter of 2025	First Quarter of 2024
10.	Interest and similar income	57,538	48,207
attivi ca	of which: interest income calculated with the effective interest method	54,445	48,207
20.	Interest and similar expense	(32,990)	(36,408)
30.	Net interest income	24,548	11,799
40.	Fee and commission income	10,051	14,031
50.	Fee and commission expense	(4,372)	(5,419)
60.	Net fee and commission income (expense)	5,679	8,612
70.	Dividends and similar income	-	-
80.	Net trading income (expense)	8,788	4,810
90.	Net gains (losses) on hedge accounting	5	(7)
100.	Gain (loss) from sales or repurchases of:	3,799	1,605
finanziarie v	a) financial assets measured at amortised cost	2,870	930
	b) financial assets measured at fair value through other comprehensive ir	938	675
finanziarie	c) financial liabilities	(9)	-
120.	Total income	42,819	26,819
130.	Net impairment losses/gains on:	(3,681)	(1,379)
	a) financial assets measured at amortised cost	(3,718)	(1,348)
finanziarie v	b) financial assets measured at fair value through other comprehensive ir	37	(31)
140.	Gains/losses from contract amendments without derecognition	-	(2)
150.	Net financial income (expense)	39,138	25,438
190.	Administrative expenses	(18,681)	(16,842)
il person	a) personnel expense	(8,597)	(8,119)
	b) other administrative expenses	(10,084)	(8,723)
200.	Net accruals to provisions for risks and charges	(1,632)	(1,310)
	a) commitments and guarantees issued	14	6
onamen	b) other net accruals	(1,646)	(1,316)
210.	Net impairment losses on property and equipment	(726)	(625)
220.	Net impairment losses on intangible assets	(310)	(152)
230.	Other operating income (expense)	1,282	463
240.	Operating costs	(20,067)	(18,466)
250.	Gains (losses) on equity investments	(37)	25
290.	Pre-tax profit (loss) from continuing operations	19,034	6,997
300.	Income taxes	(6,861)	(2,615)
310.	Post-tax profit from continuing operations	12,173	4,382
320.	Post-tax profit (loss) from discontinued operations	-	-
330.	Profit for the period	12,173	4,382
340.	Profit (Loss) for the period attributable to non-controlling interests	(565)	(238)
350.	Profit for the period attributable to the owners of the parent	11,608	4,144

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of Euro)

		First Quarter of 2025	First Quarter of 2024
10.	Profit (loss) for the period	11,608	4,144
	Items, net of tax, that will not be reclassified subsequently to profit or loss	-	-
60	Tangible assets	-	-
70.	Defined benefit plans	-	41
	Items, net of tax, that will be reclassified subsequently to profit or loss	-	-
140.	Financial assets (other than equity instruments) measured at fair value through other c	(2,296)	1,169
170.	Total other comprehensive income (expense), net of income tax	(2,296)	1,210
180.	Comprehensive income (Items 10+170)	9,312	5,354
190.	Comprehensive income attributable to non-controlling interests	-	-
200.	Comprehensive income attributable to the owners of the parent	9,312	5,354

STATEMENT OF CHANGES IN EQUITY AT 31/03/2025

Amounts in thousands of Euro

Balance at 31.12.2024	Change in opening balances	Balance at 1.1.2025	Allocation of prior year profit		Changes during the year							Equity attributable to the owners of the parent at 31.03.2025	Equity attributable to non-controlling interests at 31.03.2025
			Reserves	Dividends and other allocations	Changes in reserves	Transactions on equity					Comprehensive income for First Quarter of 2025		
						Issue of new shares	Repurchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares		Stock options	Changes in equity investments

Share capital:

a) ordinary shares	9,651	9,651											9,651
b) other shares													
Share premium	39,100	39,100											39,100
Reserves	176,640	176,640	25,199		46								201,885
a) income-related	176,542	176,542	25,199		2,153							-	203,894
b) other	98	98			(2,107)								(2,009)
Valuation reserves	4,112	4,112									2,296		6,408
Equity instruments	45,500	45,500											45,500
Treasury shares	(102)	(102)											(102)
Profit (loss) for the year	25,199	25,199	(25,199)								11,608		11,608
Equity attributable to the owners of the parent	300,100	300,100			46						13,904		314,050
Equity attributable to non-controlling interests	14,577	14,577									565		15,142

STATEMENT OF CHANGES IN EQUITY AT 31/03/2024

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 31.03.2024	Equity attributable to non-controlling interests at 31.03.2024
			Reserves	Dividends and other allocations	Changes in reserves	Transactions on equity					Comprehensive income for First 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	16,506		(404)								184,769
a) income-related	167,361	167,361	16,506		(399)							-	183,468
b) other	1,306	1,306			(5)								1,301
Valuation reserves	(12,353)	(12,353)									1,210		(11,143)
Equity instruments	45,500	45,500											45,500
Treasury shares	(355)	(355)											(355)
Profit (loss) for the year	16,506	16,506	(16,506)								4,144		4,144
Equity attributable to the owners of the parent	266,716	266,716			(404)						5,354		271,666
Equity attributable to non-controlling interests	10,633	10,633									3,145		13,778

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

Amounts in thousands of Euro

	Amount	
	First Quarter of 2025	First Quarter of 2024
A. OPERATING ACTIVITIES		
1. Operations	76,588	45,771
Profit (loss) for the year (+/-)	11,608	4,144
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 (+/-)	3,718	1,348
Net impairment losses/gains on property and equipment and intangible assets (+/-)	1,036	777
Net accruals to provisions for risks and charges and other costs/income (+/-)	1,632	1,310
Taxes, duties and tax assets not yet paid (+/-)	(1,248)	(4,577)
Other adjustments (+/-)	59,842	42,769
2. Cash flows generated by (used for) financial assets	273,666	68,053
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	113,873	(176,174)
Financial assets measured at amortised cost	109,111	309,728
Other assets	50,682	(65,501)
3. Cash flows generated by (used for) financial liabilities	(277,005)	(117,728)
Financial liabilities measured at amortised cost	(259,803)	(118,946)
Financial liabilities held for trading		
Financial liabilities designated at fair value through profit or loss		
Other liabilities	(17,202)	1,218
Net cash flows generated by (used for) operating activities	73,249	(3,904)
B. INVESTING ACTIVITIES		
1. Cash flows generated by	-	-
Sales of equity investments		
Dividends from equity investments		
Sales of property and equipment		
Sales of intangible assets		
Sales of entities and/or business units		
2. Cash flows used in	(980)	(468)
Purchases of equity investments		
Purchases of property and equipment	(908)	(35)
Purchases of intangible assets	(72)	(433)
Purchases of entities and/or business units		
Net cash flows generated by (used in) investing activities	(980)	(468)
C. FINANCING ACTIVITIES		
Issues/repurchases of treasury shares		
Issues/repurchases of equity instruments		
Dividend and other distributions		
Net cash flows generated by (used in) financing activities	-	-
NET CASH FLOWS FOR THE PERIOD	72,268	(4,372)
Cash and cash equivalents at the beginning of the year	93,437	250,496
Total net cash flows for the year	72,268	(4,372)
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at the end of the period	165,705	246,124

ACCOUNTING POLICIES

GENERAL BASIS OF PREPARATION

This interim consolidated financial report at 31 March 2025 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 31 March 2025 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. If not expressly specified, amounts are expressed in thousands of euro.

This interim financial report has been 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 its direct or indirect subsidiaries and associates. Compared to 31 December 2024, the scope of consolidation has changed due to the liquidation of the investee Specialty Finance Trust Holdings Ltd on 13 February 2025.

This interim consolidated financial report at 31 March 2025 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.

For a description of significant events occurring after the end of the financial year, please refer to the information below.

Information on the main items of the consolidated financial statements

General basis of preparation

Audit of the financial statements

When preparing 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 pursuant to Legislative Decree no. 231 of 9 October 2002 on performing receivables acquired without recourse: estimating the recoverable amount 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 valuation of the real estate portfolio following the transition from the cost model to the revaluation model starting from 31 December 2024. The fair value was determined through external appraisals;
- the recoverability of deferred tax assets;
- post-employment benefits and other employee benefits payable (including obligations under defined benefit plans).

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 2024, to which reference is made.

In accordance with the provisions of IFRS 15, the Group considered that the conditions were met to refine the internal accounting policy in order to enable the recognition of default interest, on the basis of the results of the model adopted to date, against public administration debtors in situations of financial distress or unlikely to pay, in the presence of a judgment of the European Court of Human Rights establishing the liability of the State in the event that the debtor is in default. This refinement meets the requirements of paragraph 34 of IAS 8, qualifying the directors' assessments as a change of estimate. The change in the accounting estimate resulted in the recording of default interest of € 10.3 million. As indicated above, estimating the recoverable amounts of default interest is a complex activity, characterised by 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.

Other aspects

The interim consolidated financial report was approved on 9 May 2025 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 31 March 2025 is consistent with the company documents, books and accounting records.

Milan, 9 May 2025

Alexander Muz

Manager in charge of financial reporting