

**BANCA SISTEMA: OUTCOMES OF BANK OF ITALY'S INSPECTION CONDUCTED
IN JULY-OCTOBER 2024.**

Milan, 20th December 2024

Banca Sistema, following up on its press release of last November 8th, in which it announced the conclusion, in October, of the Bank of Italy's inspection initiated in July 2024, informs that it has today received the relevant report. It contains the formalization of some compliance findings related to, among other things, rules and practices adopted by the Bank to mitigate the effects of the EBA guidelines on the application of the Definition of Default.

At the same time, the Bank of Italy has requested the adoption of a series of initiatives necessary to address shortcomings in governance, internal control structure, and implementation of rules related to impaired loans classification ("definition of default"), also through the drafting of an updated three-year capital plan. In particular, at the request of the Supervisory Authority, the Board of Directors, today, gave the two recently appointed independent directors, specific tasks to oversee the implementation of the aforementioned initiatives.

Therefore, the Supervisory Authority has ordered Banca Sistema Group, until the Bank of Italy's review is completed, based on feedback provided by the Bank, must refrain from resolving or putting in place: i) the distribution of profits generated as of the current fiscal year 2024 or other capital components; ii) the payment of the variable portion of the remuneration for the 2024 and following fiscal years. As for the payment of coupons or dividends on Additional Tier 1 capital instruments, the limits on the Maximum Distributable Amount set forth in the current regulations on capital preservation measures shall be observed.

As reported in the final remarks of the inspection report, at the request of the inspection team, an extreme scenario for the classification of the loan portfolio as of 30th June 2024 has been carried out, resulting from the classification as past due of non recourse factoring receivables under the assumptions of complete disapplication of mitigants used at that date and which have been subject to compliance findings. The estimates provided to Bank of Italy show an amount of past due loans increasing from 79 million euros to 372 million euros and a consequent increase in RWA resulting in a TCR of 12.3% (vs. 15.5%) assuming the application of the *prudential backstop* will eventually begin at the end of the second year from the date of classification of the positions as past due.

The Bank, applying the same calculation methodology, estimates, as of September 30, 2024, past due loans would increase from 90 million euros to 307 million euros with a TCR which would stand at 13.4% (vs. 15.9%).

It should be noted that about 95% of the Bank's past due loan portfolio consists of exposures to Public Administration, with limited credit risk exposure. The Bank believes that the content of the inspection report does not alter the Bank's risk profile.

The Board of Directors, which met today, has promptly began planning the necessary activity to overcome the remarks made and will keep the market informed about the development of the ongoing activities.

This press release includes "forward-looking" statements that reflect the Bank's current views on future events and financial performance and are therefore subject to risks and uncertainties.

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Banca Sistema Group

Banca Sistema, founded in 2011 and listed since 2015 on the Euronext Star Milan segment of the Italian Stock Exchange, is a financial institution specializing in the purchase of commercial receivables owed by public administrations and tax credits. It is also active in salary and pension-backed loans (CQS), both through portfolio acquisitions and direct product origination under the QuintoPuoi brand. Additionally, the bank offers deposit products, including current accounts, term deposits, and securities accounts, and provides various other services such as securitization servicing, credit management and recovery, guarantees and sureties, certification of public administration receivables, and electronic invoicing.

Kruso Kapital S.p.A., listed on Euronext EGM and part of the Banca Sistema Group, is the first operator within a banking group active in both the pawn credit business, through the ProntoPegno brand in Italy and Greece and Credito Economico Popular in Portugal, as well as in the auction market for precious items, artworks, and other collectibles through Art-Rite. With offices in Milan and Rome, the Banca Sistema Group also has a presence in Italy in Bologna, Pisa, Naples, Palermo, Asti, Brescia, Civitavecchia, Florence, Livorno, Mestre, Parma, Rimini, Sanremo, and Turin, as well as in Spain, Portugal, and Greece. The Group serves over 100,000 clients, employs 356 people, and operates through a multi-channel structure.