

**CONSOLIDATED
FINANCIAL STATEMENTS
AT 31 DECEMBER 2024**

DIRECTORS' REPORT

CONTENTS

DIRECTORS' REPORT	- 1 -
COMPOSITION OF MANAGEMENT BODIES	- 2 -
COMPOSITION OF THE INTERNAL COMMITTEES.....	- 2 -
SIGNIFICANT EVENTS FROM 1 JANUARY TO 31 DECEMBER 2024	- 3 -
COMMERCIAL PERFORMANCE	- 7 -
COMPOSITION AND ORGANISATIONAL STRUCTURE OF THE GROUP	- 8 -
INCOME STATEMENT	- 10 -
CAPITAL ADEQUACY	- 14 -
SHARE CAPITAL AND STOCK PERFORMANCE	- 15 -
RISK MANAGEMENT AND SUPPORT CONTROL METHODS	- 16 -
OTHER INFORMATION.....	- 17 -
CONSOLIDATED FINANCIAL STATEMENTS	- 20 -
STATEMENT OF FINANCIAL POSITION.....	- 21 -
INCOME STATEMENT	- 22 -
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	- 23 -
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31/12/2024.....	- 24 -
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31/12/2023.....	- 25 -
STATEMENT OF CASH FLOWS (indirect method).....	- 26 -
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	- 27 -
PART A - ACCOUNTING POLICIES	- 28 -
PART B - INFORMATION ON THE STATEMENT OF FINANCIAL POSITION	- 45 -
PART C - INFORMATION ON THE INCOME STATEMENT	- 68 -
PART D - OTHER INFORMATION	- 79 -

COMPOSITION OF MANAGEMENT BODIES

Board of Directors

Chairperson	Mr. Gianluca Garbi
Deputy Chairperson	Mr. Alessandro Mazzola
Directors	Mr. Attilio Baruffi (Independent)
	Ms. Francesca Granata
	Ms. Carlotta De Franceschi (Independent)
	Mr. Pier Angelo Taverna (Independent)
	Mr. Donato Trenta

Board of Statutory Auditors

Chairperson	Mr. Maurizio Zazza
Standing Auditors	Ms. Maria Elena Vavalà
	Mr. Massimo Conigliaro
Alternate Auditors	Ms. Daniela D'Ignazio
	Mr. Roberto Ponziano

Independent Auditors

BDO Italia S.p.A.

COMPOSITION OF THE INTERNAL COMMITTEES

Supervisory Body

Chairperson	Mr. Maurizio Zazza
Members	Mr. Attilio Baruffi
	Ms. Maria Salvi

SIGNIFICANT EVENTS FROM 1 JANUARY TO 31 DECEMBER 2024

Kruso Kapital received, on 22 January 2024, admission from Borsa Italiana S.p.A. for the trading of its ordinary shares on the Professional Segment of Euronext Growth Milan, the multilateral trading facility organised and managed by Borsa Italiana S.p.A.. Trading of Kruso Kapital shares commenced on 24 January 2024.

Following the listing, Kruso Kapital's share capital (post-placement) amounts to € 24,609,593, comprising a total of 24,609,593 ordinary shares with no par value. Kruso Kapital, Banca Sistema S.p.A., Fondazione Pisa, Fondazione Cassa di Risparmio di Cuneo, and Fondazione Cassa di Risparmio di Alessandria entered into a lock-up agreement with Alantra Capital Markets Sociedad de Valores SV S.A., Italian branch, in its capacity as the Company's Global Coordinator. This agreement is effective from the date of signing and remains in force for 12 calendar months from the start of trading. With respect to the Foundations, the lock-up covers only a portion of their respective shares.

On 2 February 2024, the company completed the acquisition of a collateralised loan portfolio from an operator in Naples, adding approximately 500 new customers and around 1,500 policies. The acquisition aligns with the company's growth strategy and the acquisition of portfolios leverages the presence of branches in the same geographic area as the customers related to the portfolio being acquired.

On 20 February 2024, Kruso Kapital submitted a request to Borsa Italiana S.p.A. to transition from Euronext Growth Milan - Professional Segment to the Euronext Growth Milan market open to retail investors. On 22 February 2024, Borsa Italiana S.p.A. approved the transition from Euronext Growth Milan - Professional Segment to the Euronext Growth Milan market. Trading of the ordinary shares on Euronext Growth Milan commenced on 26 February 2024.

At the Ordinary Shareholders' Meeting of Kruso Kapital held on 22 April 2024, the 2023 financial statements were approved, closing with a profit of € 3,582,369 (on a consolidated basis, € 2,885,000). The allocation of the profit for the 2023 financial year was resolved as follows:

- € 179,118.47 to the legal reserve, equivalent to 5% of the profit;
- the remainder of € 3,403,250.91 to retained earnings.

Additionally, the meeting approved the determination of the annual remuneration, to be accrued on a pro-rata basis, of € 18,000 for the Chairperson of the Board of Statutory Auditors and € 12,500 for each Standing Auditor, applicable for the remaining term of office of the body. Furthermore, in addition to approving the 2024 Banca Sistema Group Remuneration Policies, the meeting resolved, by the majorities required by law—i.e., the majority of the capital represented at the meeting, without a slate vote—on the appointment of Carlotta De Franceschi and Francesca Granata as Directors, replacing Ilaria Bennati and Fabrizio Piscitelli, who had submitted their resignations effective from the date of the Shareholders' Meeting.

On 18 May 2024, the Shareholders' Meeting of ProntoPegno Greece, a subsidiary of Kruso Kapital, resolved to increase the company's share capital by € 755,000 through the issuance of 755,000 new shares with a nominal value of € 1 each. As a result, the company's share capital now amounts to € 1,280,000.

On 8 May 2024, the Board of Directors of Kruso Kapital approved the 2024–2026 Plan, and on 20 May 2024, the Board of Directors of Banca Sistema approved the Group Plan.

In July 2024, Bank of Italy initiated an inspection of the Banca Sistema banking group concerning default identification rules under EU Regulation 575/2013, specifically Article 178 (the “CRR” or the “Regulation”), in which Kruso Kapital was also involved.

On 1 August 2024, Kruso Kapital completed the acquisition of a collateralised loan portfolio granted by an operator with branches in Lombardy, Piedmont, and Liguria. Following the acquisition, and in order to ensure continuity of service for customers in the area, Kruso Kapital opened a ProntoPegno-branded branch in Sanremo, its first in Liguria.

On 18 September 2024, the Shareholders' Meeting of ART-RITE, a subsidiary of Kruso Kapital, resolved to restore the company's share capital pursuant to Article 2482-ter of the Italian Civil Code, covering the interim losses that had reduced the share capital below the legal minimum and then restoring it to € 250,000.

On 6 November 2024, Kruso Kapital announced that it had concluded negotiations with a leading Italian banking operator for the acquisition of a collateralised loan portfolio, adding approximately € 8.5 million in loans originated in the provinces of Pisa and Livorno, where the company already has two branches, further strengthening the ProntoPegno brand.

On 7 November 2024, the acquisition of the entire shareholding in Pignus – Credito Economico Popular S.A. (CEP) was finalised. CEP is a Portuguese company established following the demerger of Banco Invest's collateralised lending business unit. The full ownership stake was acquired for a total consideration of € 11.55 million. Pignus – Credito Economico Popular, has 16 branches throughout Portugal (including four in Lisbon and two in Porto) and will have 44 employees when fully staffed (compared to 40 in the original business unit), with collateralised loans of approximately € 16 million, almost all of which are secured by gold.

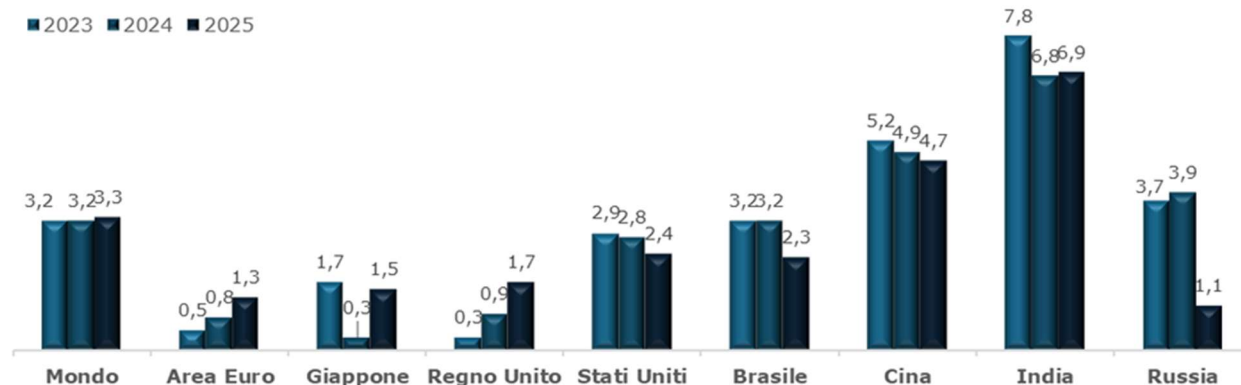
On 20 December 2024, Bank of Italy delivered the inspection report to the parent, Banca Sistema, highlighting certain findings regarding (i) the identification of non-performing loans and (ii) the prudential treatment of gold collateral. Kruso Kapital is implementing appropriate measures to address the aforementioned findings.

THE MACROECONOMIC SCENARIO

In 2024, global economic activity continued to expand, albeit at different paces in different countries. In the United States, the economy continued to expand on the back of household consumption, albeit at a slightly slower pace, while in China the crisis in the real estate sector continued to dampen economic growth. The UK and Japan also saw a slowdown in output, respectively due to weaker domestic and foreign demand. At its December meeting, the Federal Reserve decided to cut interest rates again (now between 4.25% and 4.5%) with further cuts expected between now and December 2025. US government bond yields are rising, helping to strengthen the dollar against other currencies and having a negative impact on the currencies of the US's

main trading partners, such as China and Mexico. Output in the Euro area rose more than expected in the summer of 2024 thanks to temporary factors. Growth was highest in Ireland, due to increased investment in intellectual property. Spain and France also experienced growth, the latter due to increased demand associated with the Olympic Games. In Germany and Italy, on the other hand, GDP was stagnant. Growth weakened in the final months of the year, as the temporary factors that had supported activity over the summer began to dissipate. The Bank of Italy's €-coin indicator, which estimates the underlying trend in the region's GDP, also points to a modest expansion in the coming months. Having cut interest rates at its October meeting, the ECB's Governing Council decided to reduce the deposit rate by a further 25 basis points to 3% at its December meeting. In the final months of the year, interest rates on new loans, loans to non-financial enterprises and on new loans to households for house purchases declined, in line with the fall in risk-free benchmark rates and the reduction in bank deposits. Credit to non-financial enterprises remains weak overall, with continued growth in all euro area countries. Household loans are rising, reflecting a sharp increase in the demand for loans to buy houses, thanks to the fall in borrowing costs. The European Commission estimates that fiscal policy in the Eurozone as a whole will be restrictive in 2025.

Scenario macroeconomic mondiale (var. % PIL)
(Fonte OCSE, OECD Economic Outlook, dicembre 2024)



ITALY

In contrast to other European countries, Italy's GDP stagnated in the final months of 2024. Manufacturing activity contracted, while services and construction grew slightly. GDP growth was supported by the increase in household consumption, especially in services (2.0%) and, to a lesser extent, in durable and non-durable consumer goods (0.5% and 0.7% respectively). This growth is largely driven by the increase in real income (0.4%), which in turn benefited from the gradual recovery in wages and improved employment levels. Investment in non-residential buildings is also growing, supported by the realisation of works related to the National Recovery and Resilience Plan (PNRR). Business activity remained weak, weighed down by the performance of the manufacturing sector. According to the Bank of Italy's projections, GDP grew by 0.5% in 2024 and will pick up again in the three-year period 2025-2027, averaging around 1% per year over the period. Growth will be subdued in the first half of 2025, but will pick up later in the year thanks to consumption and exports. The Ita-coin indicator, which measures output dynamics adjusted for cyclical volatility, remained at zero, confirming the ongoing weakness in economic activity. According to Bank of Italy estimates, the increase in private consumption slowed down at the beginning of 2024. Confcommercio reports that purchases of goods remained stable in the last months of 2024 compared to the summer, while spending on services increased slightly. Overall, assessments of personal economic conditions and savings opportunities have remained favourable, thanks also to still-high real interest rates. Housing prices are rising in both the new construction and existing property segments, thanks to increased demand. The outlook for market conditions has also improved thanks to the easing of difficulties associated with purchasing with a mortgage. Exports fell, reflecting the weakness of the goods component and the sharp contraction of the services component: while sales of goods to the Euro area economies rose slightly, those destined for markets outside the area fell, with sales of automobiles and refined oil products falling. Imports increased over the same period, mainly as a result of increased purchases in the Eurozone. Employment continued to increase with the expansion of private services. While employment in industry grew, there was a sharp decline in construction. This increase and the reduction in the labour force contributed to a fall in the unemployment rate to 6.1%, particularly among women and people aged between 15 and 49. Employment is expected to continue to grow in 2025, but at a slower pace than GDP. The cost of funding fell to 1.7%, reflecting the fall in interbank rates, the lower cost of funding through bonds and the fall in the yield on new fixed-term deposits. Bank funding continues to contract. Interest rates on both new and existing bank loans have fallen, as has the average cost of new loans to households for home purchases. Loans to businesses continue to contract, albeit at a slower pace than in the summer months. Thanks to the good performance of the financial sector, Italian equity prices have risen in contrast to those in the euro area. Based on available information, net debt should therefore have fallen significantly compared with 2023, in line with statements by the European Commission and the government. The European Commission has given a positive assessment of the Public Accounts Adjustment Programme, outlined in the Medium-Term Structural Budgetary Plan for the years 2025-2031.

The price of gold recorded a very strong performance in 2024, following an already positive growth trend in 2023. Although rising over the year, there were significant declines in the first quarter of 2024, with the price reaching its peak in December 2024. The price trend was influenced by the following factors: 1) changes in monetary policy (adjustments to benchmark rates or expectations of such adjustments by central banks); 2) geopolitical events. Other relevant factors include physical gold purchases by central banks and the economic performance of major economies, while the correlation with market trends appears less evident.

COMMERCIAL PERFORMANCE

As of 31 December 2024, Kruso Kapital had over 92 thousand collateralised loan policies (76 thousand in Italy and just over 15 thousand in Portugal), with total loans amounting to € 144 million. This represents a 19% increase compared to 31 December 2023 (€ 121 million), driven in part by the consolidation of Pignus – Credito Economico Popular in Portugal (€ 16.4 million), with underlying gold collateral accounting for approximately 90% of the total.

By the end of December 2024, thanks to investments in digital solutions and a strong commercial focus, digital policies accounted for 35.4% of total policies at the national level. Over 10,300 policies were issued in digital format, representing 14% of the total portfolio.

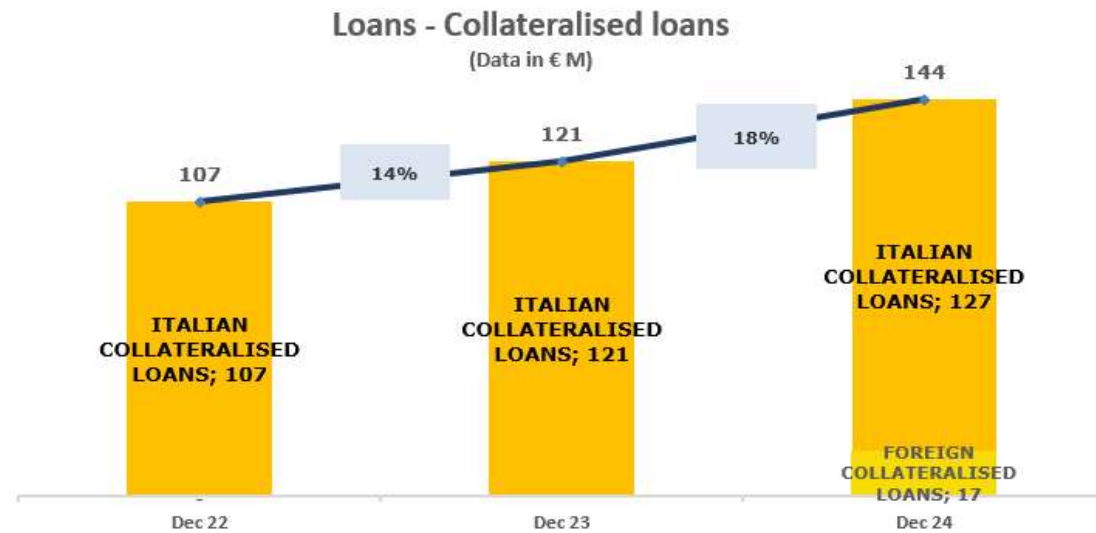
In 2024, 55 physical collateralised loan auctions were held in Italy (compared to 42 in 2023), with participants able to place bids online through the KrusoK Aste App. A total of 95% of bids were submitted via the app, reaching a total of over 20,800, marking a 54.37% year-on-year increase (from 13,500 in 2023). Online auction awards also saw a sharp rise, increasing by 93.56% compared to the same period in 2023 (from 2,981 to 5,770).

In 2024, Kruso Kapital pursued ESG objectives by partnering with associations and foundations. The initiatives supported focused on "Health and Well-being" and "Quality Education," specifically funding research, studies, and treatment of paediatric brain tumours, as well as financial education programmes for young people aimed at fostering informed financial planning for the future.

The first half of 2024 saw Kruso Kapital's subsidiary Art-Rite hold nine auctions, one fewer than in the same period of 2023. While total hammer prices exceeded the previous year's figures, they were slightly below expectations. In the second half of 2024, Art-Rite held ten auctions, the same number as in 2023, but the results did not meet expectations, with hammer prices falling below those recorded in the same period of 2023.

The significant decline in our auction house's performance can be attributed to a general downturn in the global market, albeit slightly less severe in Italy. This slowdown has affected not only the so-called "secondary market," which is primarily served by auction houses, but also the "primary market," governed by galleries and other professional operators.

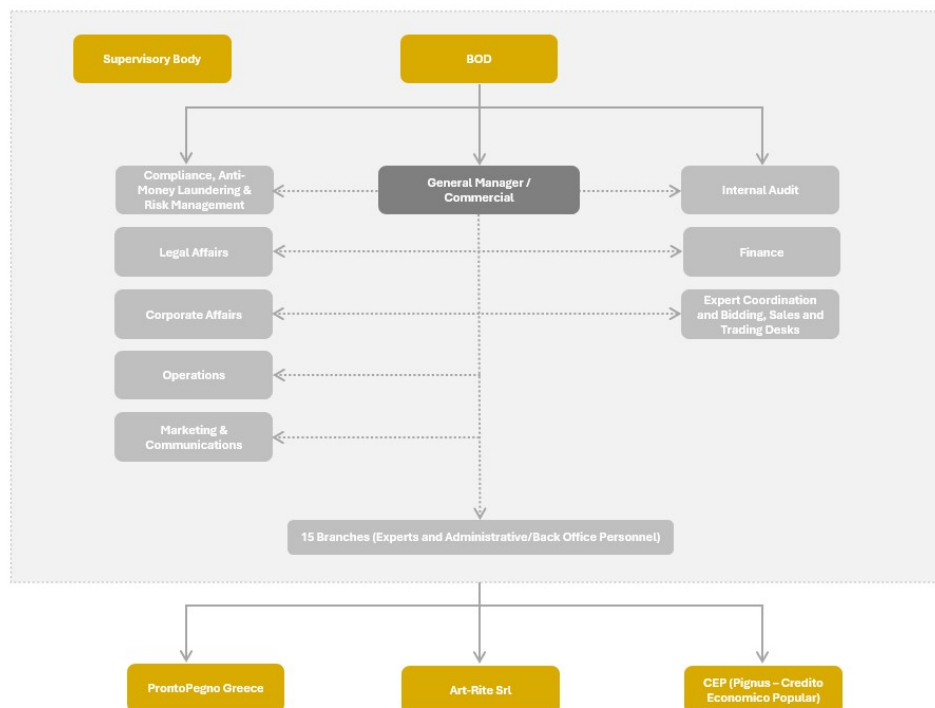
The following chart shows the performance of outstanding loans:



COMPOSITION AND ORGANISATIONAL STRUCTURE OF THE GROUP

Organisational chart

Below is the Group's organisational structure at 31 December 2024:



HUMAN RESOURCES

As of 31 December 2024, the Group had 144 employees, broken down by category as follows:

	31/12/2024			31/12/2023		
	Number	% Female Employees	% Male Employees	Number	% Female Employees	% Male Employees
Senior managers	6	17%	83%	3	-	100%
Middle managers (QD3 and QD4)	18	22%	78%	14	29%	41%
Other personnel	120	42%	58%	74	39%	61%
Total	144	38%	62%	91	41%	59%

The gender distribution shows that female employees represent 38% of the total workforce.

The substantial increase in personnel is primarily attributable to the acquisition of Pignus – Credito Economico Popular in Portugal.

During 2024, the progressive digitalisation of the selection and recruitment process was consolidated and further developed, particularly in Italy, with the aim of significantly expanding the pool of candidates collected and analysed, as well as the speed of hiring and replacement.

Regarding skills development, the Bank identified professional and technical training requirements related to legal and regulatory issues of the financial sector. During the year, Kruso Kapital organized training sessions conducted by both internal and external trainers. These sessions focused on technical and professional training in areas such as anti-money laundering, MiFID II, cybersecurity, and Spanish language training for a total of 38 training days, as well as having introduced digital platforms for transversal training.

INCOME STATEMENT

For a proper year-on-year comparison, it should be noted that Kruso Kapital's scope of consolidation includes the following wholly-owned subsidiaries:

- ProntoPegno Greece, a company established on 12 April 2022;
- Art-Rite S.r.l., a company acquired on 2 November 2022.
- Pignus – Credito Economico Popolar, a company acquired on 7 November 2024.

The 2024 financial year closed with a consolidated net profit of € 4.5 million, a sharp increase compared to 2023 (+56% year-on-year), driven by a higher total income, which grew faster than costs. This was achieved despite the inclusion of one-off expenses related to the IPO and the acquisition in Portugal, amounting to approximately € 377 thousand before tax.

The subsidiary ProntoPegno Greece reported a loss of € 589 thousand, mainly due to costs not yet offset by revenues, as the company is still in its start-up phase.

The Art-Rite subsidiary recorded a loss of € 770 thousand, a significant worsening on the previous year.

The result of the subsidiary Pignus - Credito Economico Popolar for the last two months of 2024 is positive and amounted to € 130 thousand, including several extraordinary items.

A reconciliation of the financial results of Kruso Kapital with those of its three subsidiaries at 31 December 2024 is provided below:

Profit (loss) for the year of the Parent and the Group	euro '000
Kruso Kapital	5,728
Profit (loss) for the year of the subsidiaries	(1,228)
Consolidated profit (loss) for the year of the Group	4,500

DIRECTORS' REPORT

Below are the consolidated financial figures as at 31 December 2024.

(€ .000)		Change	
CONSOLIDATED INCOME STATEMENT	31/12/2024	31/12/2023	€ %
Interest and similar income	15.064	11.183	3.881 34,7%
Interest and similar expense	(4.635)	(3.748)	(887) 23,7%
Net interest income	10.429	7.435	2.994 40,3%
Fee and commission income	14.432	12.099	2.333 19,3%
Fee and commission expense	(163)	(129)	(34) 26,4%
Net fee and commission income (expense)	14.269	11.970	2.299 19,2%
Total income	24.698	19.405	5.293 27,3%
Net impairment losses/gains on:	(89)	(73)	(16) 22,1%
a) financial assets measured at amortised cost	(89)	(73)	(16) 22,1%
Net financial income (expense)	24.609	19.332	5.277 27,3%
Administrative expenses:	(16.157)	(13.472)	(2.685) 19,9%
a) personnel expense	(8.562)	(6.934)	(1.628) 23,5%
b) other administrative expenses	(7.595)	(6.538)	(1.057) 16,2%
Net impairment losses on property and equipment	(1.169)	(1.117)	(52) 4,6%
Net impairment losses on intangible assets	(627)	(568)	(59) 10,4%
Other operating income and expense	928	390	538 >100%
Operating costs	(17.025)	(14.767)	(2.258) 15,3%
Pre-tax profit (loss) from continuing operations	7.584	4.565	3.019 66,1%
Income taxes	(3.084)	(1.680)	(1.404) 83,6%
Profit for the period	4.500	2.885	1.615 56,0%

Consolidated total income, which amounted to € 24,698 thousand, was up 27.3% yoy, mainly due to the collateralised lending business in Italy, whose contribution amounted to 23,834 thousand (€ 18,499 thousand in 2023). The year-on-year increase in net interest income was driven by a 35% rise in interest income, primarily due to higher lending volumes (both in Italy and Greece, although the latter had a limited impact), the two-month contribution of CEP in 2024, and higher interest margins, which more than offset the increase in interest expenses (linked to the cost of funding, which evolved in line with the trend in the 3M Euribor).

The 19% yoy increase in Net fee and commission income (expense) was primarily due to higher lending volumes, the consolidation of CEP, and increased contributions from loan auctions, which more than compensated for the lower revenues from Art-Rite's auction business (down by approximately € 545 thousand yoy).

The yoy increase in loan impairment provisions was mainly driven by the first-quarter 2024 impairment on a concentrated portfolio of policies and the release of provisions at CEP in the fourth quarter of 2024, following its alignment with Group policies.

Operating costs rose by 15.3% yoy (13.5% at an individual Kruso Kapital level), primarily due to higher personnel expenses due to salary increases under the new national collective bargaining agreement (CCNL), and actual 2023 performance bonuses which were slightly higher than the previous year. Moreover, based on the provisions of the Supervisory Board and discussions held with it, only the allocation of the variable component (which also includes the LTI not present in 2023) set aside until 30 September 2024 was maintained. The increase was also driven by the consolidation of Pignus – Credito Economico Popular and higher personnel expenses at Art-Rite. The Group's headcount increased, primarily due to the acquisition of

Pignus – Credito Economico Popular (44 employees), bringing the total from 91 employees on 31 December 2023 to 144 on 31 December 2024. On an individual basis, Kruso Kapital's headcount increased from 80 to 86, while the remaining employees were from CEP. Other administrative expenses (+16.2% yoy) increased not only due to the consolidation effect but also within Kruso Kapital itself, largely due to non-recurring costs such as the IPO process and the acquisition in Portugal (€ 377 thousand). Excluding these items, higher expenses were mainly attributable to increased spending on advertising, legal and consultancy fees, ICT/digital policies, and post-IPO running costs.

The ratio of operating costs to total income decreased year-on-year. Net profit, amounting to € 4.5 million, grew by 56% yoy, despite higher taxation and the negative performance of subsidiaries. However, it includes € 130 thousand from Pignus – Credito Economico Popular. When adjusted for non-recurring items previously mentioned, net profit stands at approximately € 4.8 million.

THE MAIN STATEMENT OF FINANCIAL POSITION AGGREGATES

The main asset aggregates in the statement of financial position are as follows:

(€ .000)	Actual		Change	
Assets	31/12/2024	31/12/2023	€	%
Cash and cash equivalents	9.016	6.710	2.306	34,4%
Financial assets measured at amortised cost	143.879	121.444	22.434	18,5%
a) loans and receivables with banks	34	35	(1)	-2,9%
b) loans and receivables with customers	143.845	121.409	22.436	18,5%
Property and equipment	4.612	4.334	278	6,4%
Intangible assets	43.264	31.451	11.813	27,3%
of which:	-	-		
- goodwill	41.155	29.606	11.549	28,1%
Tax assets	404	563	(159)	-28,2%
b) deferred	404	563	(159)	-28,2%
Other assets	3.309	3.189	120	3,8%
Total assets	204.484	167.691	36.794	21,9%

Assets consist mainly of loans and receivables with customers related to the collateralised lending business (up 18.5% compared to the previous year, mainly due to the increase in collateralised loans in Italy, Portugal (from November 2024) and Greece) and goodwill totalling € 41.2 million, an increase compared to the previous year, which breaks down as follows:

- 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;
- goodwill of € 11.6 million, generated from the acquisition of Pignus – Credito Economico Popular. The goodwill value is considered provisional under IFRS 3, which allows for a 12-month measurement period from the acquisition date for potential adjustments.

The main liability aggregates in the statement of financial position are as follows:

(€ .000)	Actual		Change	
	31/12/2024	31/12/2023	€	%
Liabilities and equity				
Financial liabilities measured at amortised cost	141.830	113.815	28.015	24,6%
due to banks	136.225	109.290	26.935	24,6%
due to customers	5.605	4.525	1.080	23,9%
Tax liabilities	3.998	2.273	1.725	75,9%
a) current	1.659	456	1.203	263,8%
b) deferred	2.339	1.817	522	28,8%
Other liabilities	7.354	7.544	(190)	-2,5%
Post-employment benefits	872	900	(28)	-3,1%
Provisions for risks and charges:	971	705	267	37,9%
c) other provisions for risks and charges	971	705	267	37,9%
Share capital	24.610	23.162	1.447	6,2%
Share premium	16.908	15.838	1.070	6,8%
Reserves	3.475	596	2.879	>100%
Valuation reserve	(34)	(27)	(7)	27,1%
Profit for the year	4.500	2.885	1.615	56,0%
Total liabilities and equity	204.484	167.691	36.793	21,9%

The “financial liabilities measured at amortised cost” include the auction buyer’s premium of € 5.6 million, an increase of 24% over the previous year. For 5 years, this amount is reported in the financial statements as due to customers which become a contingent asset if not collected. Based on historical information, approximately 90% of the auction buyer’s premium will become a contingent asset over the next 5 years.

Amounts Due to banks include funding from Banca Sistema (which also covers exposure of subsidiaries in Greece and Portugal to Banca Sistema) as well as financing from six other banks, accounting for 35% of the total.

The following is a reconciliation between the net profit and equity of Kruso Kapital and the consolidated financial statements:

(€ .000)

	Profit (Loss)	Equity
Profit (loss)/Equity	5,728	51,839
Assumption of value of investments	-	-
Consolidated profit (loss)/equity	(1,229)	(2,381)
Gain (loss) on equity investments	-	-
Equity attributable to the owners of the parent	4,500	49,458
Equity attributable to non-controlling interests	-	-
Profit (loss)/Group equity	4,500	49,458

CAPITAL ADEQUACY

Information on the regulatory capital and capital adequacy of Kruso Kapital on an individual basis is set out below:

Own Funds (€ '000) and Capital Ratios	31/12/2024	31/12/2023
Common Equity Tier 1 (CET1) capital	20,257	12,877
Tier 1 capital (TIER1)	20,257	12,877
Total Own Funds (Total Capital)	20,257	12,877
Total risk-weighted assets (RWA)	92,018	68,862
<i>of which, credit risk</i>	<i>41,473</i>	<i>28,857</i>
<i>of which, operational risk</i>	<i>50,545</i>	<i>40,005</i>
Ratio - CET1	22.01%	18.70%
Ratio - TIER1	22.01%	18.70%
Ratio - Total Capital	22.01%	18.70%

At 31 December 2024, total own funds amounted to € 20,257 thousand, marking an increase compared to 2023. This growth was primarily driven by the higher net profit included in Common Equity Tier 1 capital and the capital increase from the IPO.

The increase in RWA was due to the growth in loans and advances (RWA related to credit risk) and, to a greater extent, the value of the CEP acquisition, which led to a rise in operational risk exposure following the increase in revenues (growth in Total income).

Capital ratios, which increased, remained well above the regulatory minimum level.

SHARE CAPITAL AND STOCK PERFORMANCE

At 31 December 2024, share capital amounted to € 24,609,593, divided into 24,609,593 ordinary shares, with no par value.

Kruso Kapital's shares are traded on the Euronext Growth Milan segment of Borsa Italiana (ISIN: IT0005573800). In 2024, the share price of the stock fluctuated in a range between a minimum closing price of € 1.84 and a maximum closing price of € 2.00.

The share capital is divided as follows:

- Banca Sistema 70.59%
- Fondazione CR Cuneo 9.08%
- Fondazione CR Pisa 9.08%
- Fondazione CR Alessandria 5.41%
- Free float 5.85%

RISK MANAGEMENT AND SUPPORT CONTROL METHODS

With regard to the "Risk Management System," the Group, in line with the directives of Banca Sistema (the parent of the banking group), has implemented a system based on four fundamental principles:

- suitable supervision by relevant bank bodies and departments;
- satisfactory risk management policies and procedures;
- suitable methods and instruments to identify, monitor and manage risks, and measuring techniques;
- thorough internal controls and independent audit.

The responsibilities for risk management and control are assigned to the corporate bodies, each of which, within its respective competencies and prerogatives, is responsible for ensuring the adequate oversight of risks to which Kruso Kapital is or may be exposed.

In compliance with applicable legal and regulatory provisions, the Group has adopted an Internal Control System structured on three levels, enabling the monitoring and management of the various risks to which the Group is exposed. More specifically, in adherence to sound and prudent management principles, the system ensures the effectiveness and efficiency of corporate processes, as well as the reliability and security of corporate information and IT procedures:

- Line controls ("first-level controls"), aimed at ensuring the proper execution of operations related to the Group's activities;
- Risk and compliance controls ("second-level controls"), designed to verify compliance with the operational limits assigned to the various functions, the alignment of business activities with the risk-return objectives, the correct implementation of risk management processes, and compliance with applicable regulations;
- Internal audit controls ("third-level controls"), aimed at identifying breaches of procedures and regulations, as well as periodically assessing the completeness, adequacy, functionality, and reliability of the internal control system and the IT system.

The second-level controls are carried out by the Compliance, Anti-Money Laundering and Risk Management Department, which continuously analyses the Group's operations to achieve a comprehensive identification of the risks to which it is exposed.

The risk management framework consists of a set of activities designed to ensure compliance with the overall level of risk that the Group is willing to assume. This includes the assessment and monitoring of specific risk indicators ("Key Risk Indicators" or "KRIs") defined by the Board of Directors of Kruso Kapital, which have been established to ensure that growth and development objectives are pursued while maintaining financial and capital soundness. This framework, which is updated annually, includes monitoring and alert mechanisms and related processes to take action in order to promptly intervene in the event of discrepancies with defined targets.

The Risk Function prepares a quarterly report for the corporate bodies and periodically provides all relevant information to ensure a comprehensive identification of risks at the Group level, as well as to comply with supervisory regulations.

OTHER INFORMATION

Kruso Kapital has prepared the consolidated financial statements as at 31 December 2024. For each item in the statement of financial position and the income statement, comparative information is provided with reference to the consolidated financial statements prepared on a voluntary basis.

Research and Development Activities

No research and development activities were carried out in 2024.

Related party transactions

Transactions carried out with related parties and connected entities, including the relevant authorisation and disclosure process, are governed by the "Regulations for the management of transactions with parties in conflict of interest," which was updated and approved by the Company's Board of Directors in December 2023. The main characteristics of the transactions conducted with each category of related party are outlined below:

- Transactions with the Parent Company, Banca Sistema:

Banca Sistema qualifies as a related party of Kruso Kapital as the latter is directly controlled by Banca Sistema pursuant to Article 2359, paragraph 1, no. 1 of the Italian Civil Code. The transactions in place with the parent primarily concern:

- i. financial support for the company's current and development needs through current account credit facilities;
- ii. lease agreements and the granting of usage rights for premises;
- iii. bank guarantees issued by Banca Sistema in favour of Kruso Kapital for lease agreements or credit facilities granted by third-party intermediaries;
- iv. servicing agreements governing the operational activities provided by Banca Sistema to Kruso Kapital;
- v. the master resolution concerning the purchase of tax credits (Bonus Fiscale) from Banca Sistema to be offset against payments of taxes, social security contributions, INAIL premiums, and other levies.

- Transactions with other related parties

Other related parties include entities belonging to the Banca Sistema Group and/or subsidiaries of Kruso Kapital, as well as key management personnel of Banca Sistema and/or Kruso Kapital (including their close family members and companies controlled or jointly controlled by them or their close family members).

Transactions between the company and other related parties primarily involve:

- a. lease agreements and the granting of usage rights for premises;
- b. transactions related to ordinary business operations;

Such transactions are generally carried out on an arm's length basis and based on mutual economic interest, in compliance with applicable regulations.

Ordinary transactions (such as the issuance of pledge agreements and/or auction purchases) of a negligible amount (i.e., not exceeding €250,000) are conducted under market-equivalent conditions and fall within the scope of transactions excluded and exempted from the application of the related procedure. However, such transactions are recorded and periodically brought to the attention of the Corporate Bodies.

Atypical or unusual transactions

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

Treasury shares / shares or equity interests in parent companies (Article 2428, Paragraph 3, Nos. 3 and 4 of the Italian Civil Code)

As of the reporting date, the Company does not hold – either directly or indirectly – any treasury shares. Furthermore, during the 2023 financial year, the Company did not hold, acquire, or dispose of any treasury shares, either directly or indirectly.

Whistleblowing

In December 2024, ANAC (the Italian National Anti-Corruption Authority), as a supplement and integration to the guidance already provided in Resolution No. 311 of 12 July 2023, concluded a public consultation aimed at updating the “Guidelines on whistleblowing for internal reporting channels” currently in force and approved with the aforementioned provision. Upon completion of the review process of the received comments, a new version of the document will be approved.

Supervisory Body

At its meeting on 8 July 2024, the members of the Supervisory Body approved the draft of the new version of the Organisational, Management and Control Model (“OMCM”), prepared by the LCA law firm, which conducted its work through:

- an analysis of the Company's internal policies and regulations;
- interviews with key function heads;
- discussions with members of the Supervisory Body on the amendments to be made to the OMCM.

On 26 July 2024, the Board of Directors approved the update to the OMCM as proposed by the Supervisory Body.

During 2024, no reports of violations were received through the Company's designated reporting channels, in accordance with applicable regulations, or via other means. Additionally, three internal training sessions on Legislative Decree No. 231/01 were held, covering internal procedures for reporting violations.

Significant events after the reporting date

On 24 January 2025, the transaction announced on 6 November 2024 for the acquisition of a collateralised loan portfolio in Tuscany was finalised. The portfolio consists of approximately € 9 million in outstanding loans and over 8,000 pledge agreements. The acquisition price amounted to € 11.5 million. The projected revenues from the portfolio and the business generated from the acquired customer base are expected to fully offset the premium paid within two years.

Business outlook

As observed in 2024, interest rate trends in 2025 are expected to support the positive contribution of the collateralised lending business to overall revenues. Based on the performance recorded in the early months of 2025 and the expectations of key market players, in 2025, the price of gold is not anticipated to deviate significantly from the levels reached in 2024.

The Company expects growth in collateralised loan volumes in Italy, driven in part by portfolio acquisitions, along with further consolidation in Greece and Portugal. Pricing conditions are expected to remain, on average, at least in line with those recorded in the latter part of 2024.

According to communications received from the Parent Bank following the inspection report issued by the Bank of Italy, Kruso Kapital will classify loans overdue by more than 90 days as "past due" starting from the first quarter of 2025. Furthermore, as a result of the same inspection report, from no earlier than 1 January 2026 (the expected transposition date of CRR III in Bank of Italy Circular 288/2015), gold collateral will no longer be considered eligible for credit risk mitigation purposes.

Milan, 4 March 2025

On behalf of the Board of Directors



The Chairperson

Gianluca Garbi

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(Amounts in thousands of Euro)

Assets		31/12/2024	31/12/2023
10.	Cash and cash equivalents	9,016	6,710
40.	Financial assets measured at amortised cost	143,879	121,444
	a) loans and receivables with banks	34	35
	c) loans and receivables with customers	143,845	121,409
80.	Property and equipment	4,612	4,334
90.	Intangible assets	43,264	31,451
	of which:		
	- goodwill	41,155	29,606
100.	Tax assets	404	563
	a) current		
	b) deferred	404	563
120.	Other assets	3,309	3,189
	TOTAL ASSETS	204,484	167,691

Liabilities and equity		31/12/2024	31/12/2023
10.	Financial liabilities measured at amortised cost	141,830	113,815
	a) liabilities	141,830	113,815
60.	Tax liabilities	3,998	2,273
	a) current	1,659	456
	b) deferred	2,339	1,817
80.	Other liabilities	7,354	7,544
90.	Post-employment benefits	872	900
100.	Provisions for risks and charges:	971	705
	c) other provisions for risks and charges	971	705
110.	Share capital	24,610	23,162
140.	Share premium	16,908	15,838
150.	Reserves	3,475	596
160.	Valuation reserves	(34)	(27)
170.	Consolidated profit for the year	4,500	2,885
	TOTAL LIABILITIES AND EQUITY	204,484	167,691

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

(Amounts in thousands of Euro)

Items		31/12/2024	31/12/2023
10.	Interest and similar income	15,064	11,183
	of which: interest income calculated with the effective interest method	15,064	11,183
20.	Interest and similar expense	(4,635)	(3,748)
30.	Net interest income	10,429	7,435
40.	Fee and commission income	14,432	12,099
50.	Fee and commission expense	(163)	(129)
60.	Net fee and commission income (expense)	14,269	11,970
120.	Total income	24,698	19,405
130.	Net impairment losses/gains due to credit risk (+/-) related to:	(89)	(73)
	a) financial assets measured at amortised cost	(89)	(73)
150.	Net financial income (expense)	24,609	19,332
160.	Administrative expenses:	(16,157)	(13,472)
	a) personnel expense	(8,562)	(6,934)
	b) other administrative expenses	(7,595)	(6,538)
180.	Net impairment losses on property and equipment	(1,169)	(1,117)
190.	Net impairment losses on intangible assets	(627)	(568)
200.	Other operating income/expense	928	390
210.	Operating costs	(17,025)	(14,767)
260.	Pre-tax profit (loss) from continuing operations	7,584	4,565
270.	Income taxes	(3,084)	(1,680)
300.	CONSOLIDATED PROFIT FOR THE YEAR	4,500	2,885

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in thousands of Euro)

Items		31/12/2024	31/12/2023
10.	Profit for the year	4,500	2,885
	Items, net of tax, that will not be reclassified subsequently to profit or loss		
70.	Defined benefit plans	(7)	(5)
170.	Total other comprehensive income (expense), net of income tax	(7)	(5)
180.	Comprehensive income (Items 10+170)	4,493	2,880

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31/12/2024

(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 31.12.2024	Equity attributable to non-controlling interests at 31.12.2024
						Changes in reserves	Transactions on equity					Comprehensive income at 31/12/2024		
				Reserves	Dividends and other allocations		Issue of new shares	Repurchase of treasury shares	Extraordinary dividend	Change in equity	Other changes			
Share capital	23,162	-	23,162				1,447						24,610	-
Share premium	15,838	-	15,838				1,070						16,908	-
Reserves	597	-	597	2,885		(6)							3,475	-
a) income-related	591	-	591	2,885									3,475	-
b) other	6	-	6			(6)							-	-
Valuation reserves	(27)	-	(27)									(7)	(34)	-
Equity instruments		-											-	-
Treasury shares		-											-	-
Profit for the year	2,885	-	2,885	(2,885)								4,500	4,500	-
Equity attributable to the owners of the parent	42,455	-	42,455	-	-	(6)	2,517	-	-	-	-	4,493	49,459	-
Equity attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31/12/2023

(Amounts in thousands of Euro)

	Balance at 31.12.2022	Change in opening balances	Balance at 1.1.2023	Allocation of prior year profit		Changes during the year							Equity attributable to the owners of the parent at 31.12.2023	Equity attributable to non-controlling interests at 31.12.2023
						Changes in reserves	Transactions on equity					Comprehensive income at 31/12/2023		
				Reserves	Dividends and other allocations		Issue of new shares	Repurchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Other changes			
Share capital	23,162	-	23,162									-	23,162	-
Share premium	15,838	-	15,838									-	15,838	-
Reserves	(1,225)	-	(1,225)	1,822								-	597	-
a) income-related	(1,231)	-	(1,231)	1,822									591	-
b) other	6	-	6										6	-
Valuation reserves	(22)	-	(22)									(5)	(27)	-
Equity instruments	-	-	-										-	-
Treasury shares	-	-	-										-	-
Profit for the year	1,822	-	1,822	(1,822)								2,885	2,885	-
Equity attributable to the owners of the parent	39,575	-	39,575	-	-	-	-	-	-	-	-	2,880	42,455	-
Equity attributable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-

STATEMENT OF CASH FLOWS (indirect method)

(Amounts in thousands of Euro)

KEY: (+) generated (–) used

A. OPERATING ACTIVITIES	31/12/2024	31/12/2023
1. Operations	13,920	11,055
Profit (loss) for the period	4,500	2,885
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 due to credit risk (+/-)		
Net impairment losses on property and equipment and intangible assets (+/-)	89	73
Net accruals to provisions for risks and charges and other costs/income (+/-)	1,796	1,685
Taxes, duties and tax assets not yet paid (+/-)	2,805	1,463
Net impairment losses on discontinued operations, net of the tax effect (+/-)		
Other adjustments (+/-)	4,730	4,949
2. Cash flows generated by (used for) financial assets	(37,351)	(14,486)
Financial assets held for trading		
Financial assets designated at fair value through profit or loss		
Other financial assets mandatorily measured at fair value through profit or loss		
Financial assets measured at fair value through other comprehensive income		
Financial assets measured at amortised cost	(22,462)	(14,581)
Other assets	(14,889)	95
3. Cash flows generated by (used for) financial liabilities	36,746	6,711
Due to banks	24,937	8,957
Due to financial corporations		
Due to customers		
Securities issued		
Financial liabilities held for trading		
Financial liabilities designated at fair value through profit or loss		
Other liabilities	11,809	(2,246)
Net cash flows generated by (used for) operating activities	13,315	3,280
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 business units		
2. Cash flows used in	(13,527)	(1,631)
Purchases of equity investments		
Purchases of property and equipment	(139)	(171)
Purchases of intangible assets	(865)	(1,460)
Purchases of business units	(12,523)	
Net cash flows generated by (used in) investing activities	(13,527)	(1,631)
C. FINANCING ACTIVITIES		
Issues/repurchases of treasury shares		
Issues/repurchases of equity instruments	2,518	
Dividend and other distributions		
Acquisitions and disposals of subsidiaries and other business units		
Net cash flows generated by (used in) financing activities	2,518	
NET CASH FLOWS FOR THE YEAR	2,306	1,649
RECONCILIATION		
	Amount	
	31/12/2024	31/12/2023
Cash and cash equivalents at the beginning of the year	6,710	5,061
Total net cash flows for the year	2,306	1,649
Cash and cash equivalents: effect of change in exchange rates		
Cash and cash equivalents at the end of the year	9,016	6,710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A - ACCOUNTING POLICIES**A.1 – GENERAL PART****Section 1 - Statement of compliance with International Financial Reporting Standards**

The Consolidated Financial Statements of the Kruso Kapital Group as at 31 December 2024 have been prepared in compliance with the international accounting standards—referred to as IAS/IFRS—issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission pursuant to Regulation (EC) No. 1606 of 19 July 2002. This regulation was transposed into Italian law under Article 1 of Legislative Decree No. 38 of 28 February 2005. The financial statements also take into account the provisions issued by the Bank of Italy on 29 October 2021 and subsequent updates, specifically concerning "Financial statements of IFRS intermediaries other than banking intermediaries". These provisions apply as the Company operates in the collateralised lending sector and is registered under No. 19493 in the Register of Financial Intermediaries pursuant to Article 106 of the Consolidated Law on Banking, maintained by the Bank of Italy. In 2024, the following accounting standards or amendments to existing accounting standards came into force:

Document title	Effective date	Approval status EU
Lease liability measurement in a sale and leaseback transaction (Amendments to IFRS 16 Leases)	1 January 2024	Endorsed
Classification of liabilities between current and non-current (including classification of liabilities between current and non-current - postponement of effective date) (Amendments to IAS 1 Presentation of financial statements)	1 January 2024	Endorsed
Non-current liabilities with covenants (Amendments to IAS 1 Presentation of financial statements)	1 January 2024	Endorsed
Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)	1 January 2024	Endorsed

The above changes had no material impact on the statement of financial position and income statement.

Documents NOT yet endorsed by the EU as of 30 November 2023 and which will only be applicable after EU endorsement:

Document title	Date of expected endorsement by the EU
Lack of convertibility (amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)	1 January 2025
Changes to the classification and valuation of financial instruments (Amendments to IFRS 9 Financial Instruments)	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

The group does not expect any significant impact from the entry into force of these accounting standard amendments.

Section 2 - General basis of preparation

The financial statements are drawn up with clarity and give a true and fair view of the Group's financial position, profit or loss, cash flows, and changes in equity and comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements are accompanied by the Directors' Report on the Bank's performance.

If the information required by the IFRS and provisions issued by the Bank of Italy are not sufficient to give a true and fair view that is relevant, reliable, comparable and understandable, the notes to the financial statements provide the additional information required.

For the sake of completeness, please note that this financial report also considers the interpretation and supporting documents regarding the application of accounting standards, including those issued in connection with the Covid-19 pandemic, as well as those issued by European regulatory and supervisory bodies and standard setters.

The general principles that underlie the drafting of the financial statements are set out below:

- the assessments are made considering that the bank will continue as a going concern, where it is stated that the Directors have not identified any uncertainties that could cast doubt in this respect;
- costs and income are accounted for on an accruals basis;
- to ensure the comparability of the data and information in the financial statements and the notes to the financial statements, the methods of presentation and classification are kept constant over time unless they are changed to present the data more appropriately;
- each material class of similar items is presented separately in the statement of financial position and income statement; items of a dissimilar nature or function are presented separately unless they are considered immaterial;
- items that have nil balances at year end or for the financial year or for the previous year are not indicated in the statement of financial position or the income statement;
- if an asset or liability comes under several items in the statement of financial position, the notes to the financial statements make reference to the other items under which it is recognised if it is necessary for a better understanding of the financial statements;
- offsetting of balances is not performed, except in cases expressly required or permitted by an international accounting standard, an interpretation, or the provisions of the Bank of Italy's regulation on IFRS intermediaries other than banking intermediaries;
- the financial statements are drafted by favouring substance over form and in accordance with the principle of materiality and significance of the information;
- the layout recommended by the Bank of Italy was used with reference to the information reported in the notes to the financial statements; the tables included in this layout were not presented if they were not applicable to the Group's business.

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

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

- the valuation of loans and receivables with customers, which requires a complex estimation process characterised by 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 customers;
- the estimate related to the possible impairment losses on goodwill;
- the quantification and estimate made for recognising liabilities in the provisions for risks and charges, the amount or timing of which are uncertain;
- post-employment benefits and other employee benefits payable (including obligations under defined benefit plans);
- the recoverability of deferred tax assets.

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

Pursuant to the provisions of Article 5 of Legislative Decree no. 38 of 28 February 2005, the financial statements use the Euro as the currency for accounting purposes. The separate financial statements are expressed in Euro. Unless otherwise stated, the notes to the separate financial statements are expressed in thousands of Euro.

Any discrepancies between reported figures are solely due to rounding adjustments.

Section 3 - Subsequent events

With regard to IAS 10, after 31 December 2024, the reference date of the consolidated financial statements, and up to 4 March 2025, the date that the consolidated financial statements were presented to the Board of Directors, no events occurred that would require any adjustments to the figures in the financial statements.

Section 4 – Other aspects

Audit of the financial statements

The consolidated financial statements as of 31 December 2024 are audited by BDO Italia S.p.A.

Section 5 - Scope and methods of consolidation

1. Investments in wholly owned subsidiaries

The consolidated financial statements include the parent, Kruso Kapital S.p.A., and the following subsidiaries:

Company Names	Headquarters /Registered office	Type of Relationship (1)	Investment		% of votes available (2)
			Investing company	% held	
Companies					
ProntoPegno Greece	Greece	1	Kruso Kapital	100%	100%
Art-Rite Srl	Italy	1	Kruso Kapital	100%	100%
Pignus - Credito Economico Popular	Portugal	1	Kruso Kapital	100%	100%

(1) Type of relationship.

- 1. = majority of voting rights at the ordinary Shareholders' Meeting
- 2. = a dominant influence in the ordinary Shareholders' Meeting
- 3. = agreements with other shareholders
- 4. = other forms of control
- 5. = unitary management as defined in Art. 26, paragraph 1 of 'Legislative Decree 87/92'
- 6. = unitary management as defined in Art. 26, paragraph 2 of 'Legislative Decree 87/92'
- 7. = joint control

(2) Available voting rights at the ordinary Shareholders' Meeting, with separate indication of effective and potential rights

2. Key judgements and assumptions in determining the scope of consolidation

Full consolidation

The investments in subsidiaries are consolidated using the full consolidation method. The concept of control goes beyond owning a majority of the percentage of stakes in the share capital of the subsidiary and is defined as the power of determining the management and financial policies of said subsidiary to obtain benefits from its business.

Full consolidation provides for line-by-line aggregation of the statement of financial position and income statement aggregates from the accounts of the subsidiaries. To this end, the following adjustments were made:

- (a) the carrying amount of the investments held by the Parent and the corresponding part of the equity are eliminated;
- (b) the portion of equity and profit or loss for the year is shown in a specific caption.

The results of the above adjustments, if positive, are shown - after allocation to the assets or liabilities of the subsidiary - as goodwill in item "90 Intangible Assets" on the date of initial consolidation. The resulting differences, if negative, are recognised in the income statement. Intra-group balances and transactions,

including income, costs and dividends, are entirely eliminated. The financial results of a subsidiary acquired during the financial year are included in the consolidated financial statements from the date of acquisition. At the same time, the financial results of a transferred subsidiary are included in the consolidated financial statements up to the date on which the subsidiary is transferred. The accounts used in the preparation of the consolidated financial statements are drafted on the same date. The consolidated financial statements were drafted using consistent accounting standards for similar transactions and events. If a subsidiary uses accounting standards different from those adopted in the consolidated financial statements for similar transactions and events in similar circumstances, adjustments are made to the financial position for consolidation purposes.

Consolidation at equity

Associates are consolidated at equity.

The equity method provides for the initial recognition of the investment at cost and subsequent adjustment based on the relevant share of the investee's equity.

The differences between the value of the equity investment and the equity of the relevant investee are included in the carrying amount of the investee.

In the valuation of the relevant share, any potential voting rights are not taken into consideration.

The relevant share of the annual results of the investee is shown in a specific item of the consolidated income statement.

If there is evidence that an equity investment may be impaired, the recoverable value of said equity investment is estimated by considering the present value of future cash flows that the investment could generate, including the final disposal value of the investment.

At 31 December 2024, there were no investments in associated companies that are consolidated using the equity method.

3. Investments in wholly owned subsidiaries with significant non-controlling interests

As of 31 December 2024, there are no wholly owned subsidiaries with significant non-controlling interests.

4. Significant restrictions

As of 31 December 2024, there are no significant legal, contractual, or regulatory restrictions.

5. Other information

There are no subsidiary financial statements used in the preparation of the consolidated financial statements that refer to a different reporting date than that of the consolidated financial statements.

A.2 – INFORMATION ON THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

Financial assets measured at amortised cost

Classification criteria

This category includes the financial assets that meet both the following conditions:

- the financial asset is held under a business model whose objective is achieved through the collection of expected contractual cash flows (Held to Collect business model);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test" passed).

In particular, this item includes:

- loans and receivables with banks;
- loans and receivables with customers;
- debt instruments.

Except for the equity instruments which cannot be reclassified, financial assets may be reclassified to other categories of financial assets only if the entity changes its own business model for management of the financial assets. In such cases, which are expected to be absolutely infrequent, the financial assets may be reclassified from the amortised cost category to one of the other two categories established by IFRS 9 (Financial assets measured at fair value through other comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the reclassification date. Gains and losses resulting from the difference between the amortised cost of a financial asset and its fair value are recognised through profit or loss in the event of reclassification to Financial assets measured at fair value through profit or loss and under equity, in the specific valuation reserve, in the event of reclassification to Financial assets measured at fair value through other comprehensive income.

Recognition criteria

Initial recognition of a receivable is at the date of disbursement based on its fair value including the costs/income of the transaction directly attributable to the acquisition of the receivable.

Costs/income having the previously mentioned characteristics that will be repaid by the debtor or that can be considered as standard internal administrative costs are excluded.

The initial fair value of a financial instrument is usually equivalent to the amount granted or the cost incurred by the acquisition.

Measurement and recognition criteria for income components

Following initial recognition, loans and receivables with customers are stated at amortised cost, equal to the initial recognition amount reduced/increased by principal repayments, by impairment losses/gains and the amortisation - calculated on the basis of the effective interest rate - of the difference between the amount provided and that repayable at maturity, usually the cost/income directly attributed to the individual loan.

The effective interest rate is the rate that discounts future payments estimated for the expected duration of the loan, in order to obtain the exact carrying amount at the time of initial recognition, which includes both the directly attributable transaction costs/income and all of the fees paid or received between the parties. This accounting method, based on financial logic, enables the economic effect of costs/income to be spread over the expected residual life of the receivable.

The measurement criteria are strictly connected with the stage to which the receivable is assigned, where stage 1 contains performing loans, stage 2 consists of under-performing loans, i.e. loans that have undergone

a significant increase in credit risk ("significant deterioration") since the initial recognition of the instrument, and stage 3 consists of non-performing loans, i.e. the loans that show objective evidence of impairment.

The impairment losses recognised through profit or loss for the performing loans classified in stage 1 are calculated by considering an expected loss at one year, while for the performing loans in stage 2 they are calculated by considering the expected losses over the entire residual contractual lifetime of the asset (Lifetime Expected Loss). The performing financial assets are measured according to probability of default (PD), loss given default (LGD) and exposure at default (EAD) parameters, derived from internal historical series. For impaired assets, the amount of the loss, to be recognised through profit or loss, is established based on individual measurement or determined according to uniform categories and, then, individually allocated to each position, and takes account of forward-looking information and possible alternative recovery scenarios. Impaired assets include financial instruments classified as bad exposures, unlikely-to-pay or past due/overdrawn by over ninety days according to the rules issued by the Bank of Italy, in line with the IFRS and EU Supervisory Regulations. The expected cash flows take into account the expected recovery times and the estimated realisable value of any guarantees. The original effective rate of each asset remains unchanged over time even if the relationship has been restructured with a variation of the contractual interest rate and even if the relationship, in practice, no longer bears contractual interest. If the reasons for impairment are no longer applicable following an event subsequent to the recognition of impairment, impairment gains are recognised in the income statement. The impairment gains may not in any case exceed the amortised cost that the financial instrument would have had in the absence of previous impairment losses. Impairment gains with time value effects are recognised in net interest income.

Derecognition criteria

Loans and receivables are derecognised from the financial statements when they are deemed totally unrecoverable or if transferred, when this entails the substantial transfer of all loan-related risks and rewards.

Equity investments

Classification criteria

This category includes equity investments in subsidiaries, associates, and joint ventures.

Recognition criteria

Equity investments are recognised in the financial statements at purchase cost plus any related charges.

Measurement criteria

If there is evidence that an equity investment may be impaired, the recoverable value of said equity investment is estimated by considering the present value of future cash flows that the investment could generate, including the final disposal value of the investment and/ or other measurement elements. The amount of any impairment, calculated based on the difference between the carrying amount of the investment and its recoverable value is recognised in the income statement under "Gains (losses) on equity investments". If the reasons for impairment are removed following an event occurring after recognition of the impairment, impairment gains are recognised in the income statement under the same item as above to the extent of the previous impairment loss.

Derecognition criteria

Equity investments are derecognised from the financial statements when the contractual rights to cash flows deriving from the investment are lost or when the investment is transferred, with the substantial transfer of all

related risks and rewards. Gains and losses on the sale of equity investments are charged to the income statement under the item “Gains (losses) on equity investments”; gains and losses on the sale of investments other than those measured at equity are charged to the income statement under the item “Gains (losses) on sales of investments”.

Property and equipment

Classification criteria

This item includes assets for permanent use, held to generate income, to be leased, or for administrative purposes, such as land, operating property, investment property, technical installations, furniture and fittings and equipment of any nature and works of art.

They also include leasehold improvements to third party assets if they can be separated from the assets in question. If the above costs do not display functional or usefulness-related autonomy, but future economic benefits are expected from them, they are recognised under “other assets” and are depreciated over the shorter period between that of expected usefulness of the improvements in question and the residual duration of the lease. Depreciation is recognised under “Other operating income (expense)”.

Property and equipment also include payments on account for the purchase and renovation of assets not yet part of the production process and therefore not yet subject to depreciation.

“Operating” property and equipment are represented by assets held for the provision of services or for administrative purposes, while property and equipment held for “investment purposes” are those held to collect lease instalments and/or held for capital appreciation.

The item also includes rights of use associated with leased assets and fees for use.

Recognition criteria

Property and equipment are initially recognised at cost, including all costs directly attributable to installation of the asset.

Extraordinary maintenance costs and costs for improvements leading to actual improvement of the asset, or an increase in the future benefits generated by the asset, are attributed to the reference assets, and are depreciated based on their residual useful life.

Under IFRS 16, leases are accounted for in accordance with the right-of-use model, whereby, at the commencement date, the lessee incurs an obligation to make payments to the lessor for the right to use the underlying asset for the term of the lease. When the asset is made available for use by the lessee, the lessee recognises both the liability and the right-of-use asset.

Measurement criteria

Following initial recognition, “operating” property and equipment are recognised at cost, less accumulated depreciation, and any impairment losses, in line with the “cost model” illustrated in paragraph 30 of IAS 16. More specifically, property and equipment are systematically depreciated each year based on their estimated useful life, using the straight-line basis method apart from:

- land, regardless of whether this was purchased separately or was incorporated into the value of the building, which, insofar as it has an indefinite useful life, is not depreciated;
- works of art, which are not depreciated as their useful life cannot be estimated and their value typically appreciates over time;

- investment property which is recognised at fair value in accordance with IAS 40.

For assets acquired during the financial year, depreciation is calculated on a daily basis from the date of entry into use of the asset. For assets transferred and/or disposed of during the financial year, depreciation is calculated on a daily basis until the date of transfer and/or disposal.

At the end of each year, if there is any evidence that property or equipment that is not held for investment purposes may have suffered an impairment loss, a comparison is made between its carrying amount and its recoverable value, equal to the higher between the fair value, net of any costs to sell, and the related value in use of the asset, intended as the present value of future cash flows expected from the asset. Any impairment losses are recognised in the income statement under “net impairment losses on property and equipment”.

If the reasons that led to recognition of the impairment loss cease to apply, an impairment gain is recognised that may not exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment losses.

For investment property, which comes within the scope of application of IAS 40, the measurement is made at the market value determined using independent surveys and the changes in fair value are recognised in the income statement under the item “fair value gains (losses) on property, equipment and intangible assets”.

The right-of-use asset, recognised in accordance with IFRS 16, is measured using the cost model under IAS 16 Property, plant and equipment. In this case, the asset is subsequently depreciated and tested for impairment if impairment indicators are present.

Derecognition criteria

Property and equipment is derecognised from the statement of financial position upon disposal thereof or when the asset is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Intangible assets

Classification criteria

This item includes non-monetary assets without physical substance that satisfy the following requirements:

- they can be identified;
- they can be monitored;
- they generate future economic benefits.

In the absence of one of the above characteristics, the expense of acquiring or generating the asset internally is recognised as a cost in the year in which it was incurred.

Intangible assets include software to be used over several years and other identifiable assets generated by legal or contractual rights.

Goodwill is also included under this item, representing the positive difference between the acquisition cost and fair value of the assets and liabilities acquired as part of a business combination. Specifically, an intangible asset is recognised as goodwill when the positive difference between the acquisition cost of the assets and liabilities acquired and the fair value represents the future capacity of the asset to generate profit (goodwill). If this difference proves negative (badwill), or if the goodwill offers no justification of the capacity to generate future profit from the assets and liabilities acquired, it is recognised directly in the income statement.

Measurement criteria

Intangible assets with a finite useful life are systematically amortised from the time of their input into the production process.

With reference to goodwill, on an annual basis (and during the year when impairment is detected), an assessment test is carried out on the adequacy of its carrying amount. For this purpose, the cash-generating unit to which the goodwill is attributed, is identified. The amount of any impairment is determined by the difference between the goodwill carrying amount and its recoverable value, if lower. This recoverable value is equal to the higher amount between the fair value of the cash-generating unit, net of any costs to sell, and its value in use. As stated above, any consequent impairment losses are recognised in the income statement.

Derecognition criteria

An intangible asset is derecognised from the statement of financial position at the time of its disposal and if there are no expected future economic benefits.

Current and deferred taxes

Income taxes, calculated in compliance with prevailing tax regulations, are recognised in the income statement on an accruals basis, in accordance with the recognition in the financial statements of the costs and income that generated them, apart from those referring to the items recognised directly in equity, where the recognition of the tax is made to equity in order to be consistent.

Income taxes are provided for on the basis of a prudential estimate of the current and deferred taxes. More specifically, deferred taxes are determined on the basis of the temporary differences between the carrying amount of assets and liabilities and their tax bases. Deferred tax assets are recognised in the financial statements to the extent that it is probable that they will be recovered based on the Group's ability to continue to generate positive taxable income.

Deferred tax assets and liabilities are accounted for in the statement of financial position with open balances and without offsetting entries, recognising the former under "Tax assets" and the latter under "Tax liabilities".

With respect to current taxes, at the level of individual taxes, advances paid are offset against the relevant tax charge, indicating the net balance under "current tax assets" or "current tax liabilities" depending on whether it is positive or negative.

Financial liabilities measured at amortised cost

Classification criteria

This item includes Due to banks, Due to customers.

Recognition criteria

These financial liabilities are initially recognised when the deposits are received or when the debt instruments are issued. Initial recognition is based on the fair value of the liabilities, increased by the costs/income of the transaction directly attributable to the acquisition of the financial instrument.

Costs/income having the previously mentioned characteristics that will be repaid by the creditor or that can be considered as standard internal administrative costs are excluded.

The initial fair value of a financial liability is usually equivalent to the amount collected.

Measurement and recognition criteria for income components

After the initial recognition, the previously mentioned financial liabilities are measured at amortised cost with the effective interest rate method.

Derecognition criteria

The above financial liabilities are derecognised from the statement of financial position when they expire or when they are extinguished. They are derecognised also in the event of repurchase, even temporary, of the previously-issued securities. Any difference between the carrying amount of the extinguished liability and the amount paid is recognised in the income statement, under “Gain (loss) from sales or repurchases of: financial liabilities”. If the Group, subsequent to the repurchase, re-replaces its own securities on the market, said transaction is considered a new issue and the liability is recognised at the new placement price.

Provisions for risks and charges

In line with the requirements of IAS 37, provisions for risks and charges cover liabilities, the amount or timing of which is uncertain, related to current obligations (legal or implicit), owing to a past event for which it is likely that financial resources will be used to fulfil the obligation, on condition that a reliable estimate of the amount required to fulfil said obligation can be made at the reporting date. Where the temporary deferral in sustaining the charge is significant, and therefore the extent of the discounting will be significant, provisions are discounted at current market rates.

The provisions are reviewed at the reporting date of the annual financial statements and the interim financial statements and adjusted to reflect the current best estimate. These are recognised under their own items in the income statement in accordance with a cost classification approach based on the “nature” of the cost. Provisions related to future charges for employed personnel relating to the bonus system appear under “personnel expense”. The provisions that refer to risks and charges of a tax nature are reported as “income taxes”, whereas the provisions connected to the risk of potential losses not directly chargeable to specific items in the income statement are recognised as “net accruals to provisions for risks and charges”.

Post-employment benefits

According to the IFRIC, the post-employment benefits can be equated with a post-employment benefit of the “defined-benefit plan” type which, based on IAS 19, is to be calculated via actuarial methods. Consequentially, the end of the year measurement of the item in question is made based on the accrued benefits method using the Projected Unit Credit Method.

This method calls for the projection of the future payments based on historical, statistical, and probabilistic analysis, as well as in virtue of the adoption of appropriate demographic fundamentals. It allows the post-employment benefits vested at a certain date to be calculated actuarially, distributing the expense for all the years of estimated remaining employment of the existing workers, and no longer as an expense to be paid if the company ceases its activity on the reporting date.

The actuarial gains and losses, defined as the difference between the carrying amount of the liability and the present value of the obligation at year end, are recognised in equity.

An independent actuary assesses the post-employment benefits in compliance with the method indicated above.

Business combinations

A business combination is the bringing together of separate entities or businesses into one reporting entity. A business combination may give rise to an investment relationship between the parent (acquirer) and the subsidiary (acquiree). A business combination may also involve the purchase of the net assets, including any goodwill, of another entity rather than the purchase of the equity of the other entity (mergers and contributions). Based on the provisions of IFRS 3, business combinations must be accounted for by applying the purchase method, which comprises the following phases:

- identification of the acquirer;
- measurement of the cost of the business combination;
- allocation, at the acquisition date, of the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

More specifically, the cost of a business combination must be determined as the total fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, in exchange for control of the acquiree, and all costs directly attributable to the business combination.

The acquisition date is the date on which control of the acquiree is effectively obtained. When this is achieved through a single exchange transaction, the date of exchange coincides with the acquisition date.

If the business combination is carried out through several exchange transactions

- the cost of the combination is the aggregate cost of the individual transactions
- the date of exchange is the date of each exchange transaction (i.e. the date that each individual investment is recognised in the financial statements of the acquirer), whereas the acquisition date is the date on which control of the acquiree is obtained.

The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at their fair values at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised separately at the acquisition date only if they satisfy the following criteria at that date:

- in the case of an asset other than an intangible asset, it is probable that any associated future economic benefits will flow to the acquirer, and its fair value can be measured reliably;
- in the case of a liability other than a contingent liability, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and its fair value can be measured reliably;
- in the case of an intangible asset or a contingent liability, its fair value can be measured reliably.

The positive difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities must be accounted for as goodwill.

After the initial recognition, the goodwill acquired in a business combination is measured at the relevant cost and is submitted to an impairment test at least once a year. The acquisition price is considered provisional under IFRS 3, which allows for a 12-month measurement period from the acquisition date for potential adjustments.

If the difference is negative, a new measurement is made. This negative difference, if confirmed, is recognised immediately as income in the income statement.

Other assets and liabilities

Other assets and liabilities include all values that cannot be reclassified to other financial statement items.

Revenue and Cost Recognition

Revenues are recognised in the financial statements at fair value of the consideration received, on an accrual basis, and only when it is probable that the entity will obtain future economic benefits and the related amount can be measured reliably.

Interest income and expense, fees and commissions (both income and expense), and similar income and charges relate to cash and cash equivalents, financial assets measured at amortised cost, and financial liabilities at amortised cost.

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost, using the effective interest rate method.

Costs associated with revenues are recognised in the income statement in accordance with the matching principle, while other costs are recognised on an accrual basis.

A.3 - DISCLOSURE ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

A.3.1 Reclassified financial assets: change in business model, carrying amount and interest income

No financial instruments were transferred between portfolios.

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income

No financial assets were reclassified.

A.3.3 Reclassified financial assets: change in business model and effective interest rate

No financial assets held for trading were transferred.

A.4 - FAIR VALUE DISCLOSURE

Qualitative disclosure

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

Please refer to the accounting policies.

A.4.2 Processes and sensitivity of measurements

The carrying amount was assumed as a reasonable approximation of the fair value.

A.4.3 Fair value hierarchy

The following fair value hierarchy was used in order to prepare the financial statements:

Level 1- Effective market quotes

The valuation is the market price of said financial instrument subject to valuation, obtained on the basis of quotes expressed by an active market.

Level 2 - Comparable Approach

Level 3 - Mark-to-Model Approach

A.4.4 Other Information

The item is not applicable for the Group.

Quantitative disclosure

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level.

Nothing to report.

A.4.5.2 Changes in assets measured at fair value on a recurring basis (level 3)

Nothing to report.

A.4.5.3 Changes in liabilities measured at fair value on a recurring basis (level 3)

Nothing to report.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2024				31/12/2023			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortised cost	143,879			143,879	121,444			121,444
2. Investment property								
3. Non-current assets held for sale and disposal groups								
Total	143,879			143,879	121,244			121,244
1. Financial liabilities measured at amortised cost	141,830			141,830	113,815			113,815
2. Liabilities associated with disposal groups								
Total	141,830			141,830	113,815			113,815

Key:

CA = carrying amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

A.5 DISCLOSURE CONCERNING “DAY ONE PROFIT/LOSS”

Nothing to report.

PART B - INFORMATION ON THE STATEMENT OF FINANCIAL POSITION**ASSETS****SECTION 1 - CASH AND CASH EQUIVALENTS – ITEM 10****1.1** Cash and cash equivalents: breakdown

	31/12/2024	31/12/2023
a) Cash	1,714	1,535
b) Demand deposits with Central Banks		
c) Current and deposit accounts with banks	7,302	5,175
Total	9,016	6,710

The "Cash" item includes cash holdings at the 15 branches in Italy, the branch in Greece, and the 16 branches in Portugal.

The item "Current accounts and demand deposits with banks" includes account balances held with both domestic and foreign credit institutions.

SECTION 4 - FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40**4.1** Financial assets measured at amortised cost: breakdown by product of the loans and receivables with banks

Type of transactions/Amounts	31/12/2024						31/12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated credit-impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated credit-impaired	L1	L2	L3
1. Term deposits												
2. Current accounts												
3. Financing												
3.1. Reverse repurchase agreements												
3.2 Finance leases												
3.3 Factoring												
- with recourse												
- without recourse												
3.4 Other financing												
4. Debt instruments												
4.1 Structured instruments												
4.2 Other debt instruments												
5. Other assets	34					34	35					35
Total	34					34	35					35

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

The item "Other assets" includes trade receivables from Banca Sistema amounting to € 14 thousand and non-interest-bearing security deposits with Intesa Sanpaolo amounting to € 20 thousand, unchanged from 2023.

4.3 Financial assets measured at amortised cost: breakdown by product of the loans and receivables with customers

Type of transactions/Amounts	31/12/2024						31/12/2023					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated credit-impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated credit-impaired	L1	L2	L3
1. Financing	143,379	466				143,845	121,091	318				121,409
1.1 Finance leases of which, without a final purchase option												
1.2 Factoring												
- with recourse												
- without recourse												
1.3 Consumer credit												
1.4 Credit cards												
1.5 Collateralised loans	143,379	466				143,845	121,091	318				121,409
1.6 Loans granted in relation to payment services provided												
1.7 Other financing of which: from enforced guarantees												
2. Debt instruments												
- Structured instruments												
- Other debt instruments												
3. Other assets												
Total	143,379	466				143,845	121,091	318				121,409

Key

L1 = Level 1
L2 = Level 2
L3 = Level 3

The increase in this item is linked to the normal development of the collateralised lending business.

4.4 Financial assets measured at amortised cost: breakdown by debtor/issuer of the loans and receivables with customers

Type of transactions/Amounts	31/12/2024			31/12/2023		
	First and second stage	Third stage	Purchased or originated credit-impaired	First and second stage	Third stage	Purchased or originated credit-impaired
1. Debt instruments						
a) General governments						
b) Non-financial corporations						
2. Financing to:	143,379	466		121,091	318	
a) General governments						
b) Non-financial corporations						
c) Households	143,379	466		121,091	318	
3. Other assets						
Total	143,379	466		121,091	318	

4.5 Financial assets measured at amortised cost: gross amount and total impairment losses

	Gross amount					Total impairment losses				Overall partial write-offs (*)
	First stage		Second stage	Third stage	Purchased or originated credit-impaired	First stage	Second stage	Third stage	Purchased or originated credit-impaired	
		of which instruments with low credit risk								
Debt securities										
Financing	136,487		6,961	1,004		47	22	538		
Other assets	34									
Total 2024	136,521		6,961	1,004		47	22	538		
Total 2023	121,141			658		16		339		

* Amount disclosed for information purposes

4.6 Financial assets measured at amortised cost for secured assets

	31/12/2024						31/12/2023					
	Loans and receivables with banks		Loans and receivables from financial institutions		Loans and receivables with customers		Loans and receivables with banks		Loans and receivables from financial institutions		Loans and receivables with customers	
	CE	FC	CE	FC	CE	FC	CE	FC	CE	FC	CE	FC
1. Performing assets secured by:					141,538	141,538					110,708	110,708
- Assets under finance lease												
- Loans for factoring												
- Mortgages												
- Pledges					141,538	141,538					110,708	110,708
- Personal guarantees												
- Credit derivatives												
2. Impaired assets secured by:					360	360					291	291
- Assets under finance lease												
- Loans for factoring												
- Mortgages												
- Pledges					360	360					291	291
- Personal guarantees												
- Credit derivatives												
Total					141,898	141,898					110,999	110,999

CE=carrying amount of exposures

FC=fair value of collateral

SECTION 8 – PROPERTY AND EQUIPMENT – ITEM 80

8.1 Operating property and equipment: breakdown of the assets measured at cost

Assets/Amounts	Total 2024	Total 2023
1 Owned	1,040	753
a) land		
b) buildings		
c) furniture	552	217
d) electronic equipment	474	518
e) other	14	18
2 Under finance lease	3,572	3,581
a) land		
b) buildings	3,472	3,523
c) furniture		
d) electronic equipment		
e) other	101	58
Total	4,612	4,334
of which: obtained from the enforcement of guarantees received		

The item “Assets acquired under finance lease” includes, in accordance with IFRS 16, right-of-use assets related to properties and vehicles. For further details, refer to Section 7 – LEASES (LESSEE) of these notes to the financial statements.

8.6 Operating property and equipment: changes

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balances		7,148	348	901	154	8,551
A.1 Total net impairment losses		3,625	131	383	78	4,217
A.2 Net opening balances		3,523	217	517	75	4,334
B. Increases:		937	378	112	79	1,505
B.1 Purchases		181	27	112	79	398
B.2 Capitalised improvement costs						
B.3 Impairment gains						
B.4 Fair value gains recognised in						
a) equity						
b) profit or loss						
B.5 Exchange rate gains						
B.6 Transfers from investment property						
B.7 Other increases		0				0
B.8 Business combination transactions		756	351			
C. Decreases:		988	43	157	40	1,228
C.1 Sales						
C.2 Depreciation		933	43	157	36	1,169
C.3 Impairment losses recognised in						
a) equity						
b) profit or loss						
C.4 Fair value losses recognised in						
a) equity						
b) profit or loss						
C.5 Exchange rate losses						
C.6 Transfers to:						
a) investment property			X	X	X	
b) non-current assets held for sale and disposal groups						
C.7 Other decreases		55	0		4	59
C.8 Business combination transactions						
D. Net closing balance		3,472	552	474	115	4,611
D.1 Total net impairment losses		4,613	174	540	118	5,445
D.2 Gross closing balance		8,085	726	1,012	232	10,056
E. Measurement at cost		3,472	552	474	115	4,611

SECTION 9 – INTANGIBLE ASSETS – ITEM 90**9.1 Intangible assets: breakdown**

Assets/Amounts	Total 2024		Total 2023	
	Assets measured at cost	Assets measured at fair value	Assets measured at cost	Assets measured at fair value
1. Goodwill	41,155		29,606	
2. Other intangible assets	2,109		1,845	
of which: software				
2.1 Owned	2,109		1,845	
- internally generated assets				
- other	2,109		1,845	
2.2 Acquired under finance lease				
Total 2	2,109		1,845	
3. Assets related to finance leases				
3.1 unexercised assets				
3.2 repossessed assets following contract termination				
3.3 other assets				
Total 3	-		-	
Total (1+2+3)	43,264		31,451	
Total 2023	31,451		31,451	

Composition of consolidated goodwill

Intangible assets refer to goodwill of € 41.2 million, broken down as follows:

- 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 S.r.l. which was completed on 2 November 2022;
- goodwill of € 11.6 million, resulting from the acquisition of Pignus - Credito Economico Popolare, which was completed on 7 November 2024. The acquisition price is considered provisional under IFRS 3, which allows for a 12-month measurement period from the acquisition date for potential adjustments.

Goodwill impairment tests

Pursuant to IAS 36, goodwill is not amortised, but is tested for impairment at least once a year. For the purpose of this test, goodwill must be allocated to cash-generating units ("CGUs"), in compliance with limits on aggregation which may not be larger than the "operating segment" identified, pursuant to IFRS 8, for management reporting purposes. Specifically, IAS 36 defines the "recoverable amount" as the higher of the value in use and fair value less costs to sell, where fair value is defined as the price that would be received to sell an asset or that would be paid to transfer a liability in an arm's length transaction at the measurement date; the value in use is the present value of the future cash flows expected to be generated by an asset or cash-generating unit. IAS 36 requires goodwill to be tested for impairment to ensure that an entity's assets are not carried at a higher value than their recoverable amount (i.e. the higher of their fair value less costs of disposal and value in use, as described above).

The Parent, Kruso Kapital has carried out:

- The impairment test on the goodwill related to the Intesa Sanpaolo business unit recorded in the Company's financial statements at 31 December 2024 (the "Kruso Kapital CGU"), amounting to € 28.4 million. The CGU identified for the purposes of the impairment test corresponds to the entire Kruso Kapital entity;
- The impairment test on the goodwill arising from the acquisition of Art-Rite recorded in the Company's financial statements at 31 December 2024 (the "Art-Rite CGU"), amounting to € 1.2 million. The CGU identified for the purposes of the impairment test corresponds to the entire Art-Rite entity;
- The impairment test at 31 December 2024 on the investment in ProntoPegno Greece, amounting to € 1.3 million;
- The impairment test at 31 December 2024 on the goodwill and investment in Pignus – Crédito Económico Popular (the "Pignus – Crédito Económico Popular CGU"), amounting to € 11.6 million. The CGU identified for the purposes of the impairment test corresponds to the entire Pignus – Crédito Económico Popular entity. The acquisition price is considered provisional under IFRS 3, which allows for a 12-month measurement period from the acquisition date for potential adjustments.

Impairment test on the goodwill allocated to the Kruso Kapital CGU

During the 2020 financial year, the business unit relating to collateralised lending from Intesa Sanpaolo S.p.A. ("Pledge Business Unit" or "Business Unit") was acquired. Following the Purchase Price Allocation process, Kruso Kapital recognised goodwill of € 28.4 million in its consolidated financial statements in relation to the acquisition of the Business Unit. For the purposes of the impairment test, the identified Cash Generating Unit ("CGU") is Kruso Kapital CGU, which corresponds to the entire Kruso Kapital entity.

The Group used an external expert to provide professional assistance in carrying out an impairment test of the remaining goodwill recognised in the separate financial statements of Kruso Kapital S.p.A. following the PPA of the collateralised lending business unit acquired from Intesa Sanpaolo. Given the similarity of the values and the CGU, this work was also purchased for these consolidated financial statements.

The expert used the Excess Capital variant of the Dividend Discount Model ('DDM EC') which is one of the methods based on projected cash flows, represented in this case by future dividends, which is recognised by the majority of academics and practitioners, particularly for companies subject to minimum regulatory capital requirements.

The Recoverable Amount of the Kruso Kapital CGU was determined using the Dividend Discount Model Excess Capital valuation method. The Dividend Discount Model (DDM) is a variation of the cash flow method. Specifically, in its Excess Capital (DDM EC) variant, this method establishes that the economic value of a financial institution is derived from the present value of a stream of dividends, calculated based on compliance with the minimum capital requirements imposed by the Supervisory Authority.

The cash flows were estimated based on Kruso Kapital's 2025–2027 economic and financial projections, which are scheduled for approval by Kruso Kapital's Board of Directors on 6 February 2025. To estimate the distributable cash flows, the minimum capital level required to sustain Kruso Kapital's operations was determined, quantified as a Common Equity Tier 1 (CET1) Ratio of 14.5%, in line with the guidance provided by the parent, Banca Sistema. These projections also incorporate findings from Bank of Italy's inspection of the Group parent, Banca Sistema, specifically regarding: i) the classification of collateralised loans that should be considered past due; ii) the eligibility of gold collateral as a credit risk mitigation instrument following the entry into force of CRR3 (effective from 1 January 2026).

The expected normalised net income used to determine the Terminal Value was based on Kruso Kapital's projected net profit at the end of the business plan period.

A growth rate (g) of 1.80% was applied to this normalised income.

The cash flows were discounted using a cost of equity (K_e) of 10.42%. Finally, a sensitivity analysis was performed on the underlying parameters of the model, assuming a variation of +/- 0.50% of the K_e and +/- 0.20% of the g-rate.

The cost of capital was calculated using the Capital Asset Pricing Model ("CAPM") and is estimated as the risk-free rate of return ("Rf")—long-term Italian government bonds—plus a sector-specific risk premium. This risk premium was determined by referencing the beta coefficient (β), which measures the company's specific risk relative to market fluctuations, and multiplying it by the Equity Risk Premium (ERP), as follows:

Rf (Risk-Free Rate) = 3.38%, calculated as the three-month average of the gross yield on 10-year Italian government bonds (BTPs);

β (Beta Coefficient) = 1.26, based on historical data from a sample of comparable listed companies. Specifically, the five-year median beta with monthly observations was used, derived from a sample of Italian banks, as the business under analysis operates within banking groups and must therefore offer the same expected return as its parent;

ERP (Equity Risk Premium) = 5.6%, in line with standard valuation practices.

Based on the DDM EC method described above, the Recoverable Amount of the Kruso Kapital CGU was determined to be € 71.6 million.

The carrying amount of Kruso Kapital CGU at 31 December 2024 was determined as the difference between the Company's assets and liabilities, including goodwill of € 28.4 million, effectively corresponding to its book equity, net of investments in Art-Rite, ProntoPegno Greece, and CEP.

Following the comparison between the carrying amount and the Recoverable Amount of the Kruso Kapital CGU, the impairment test at 31 December 2024 yielded the following results:

€ million	Carrying amount	Recoverable Value	Difference
	(a)	(b)	(c) = (b) – (a)

Kruso Kapital CGU	36.8	71.6	34.9
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As shown in the table above, since the Recoverable Amount of the Kruso Kapital CGU exceeds its carrying amount, no goodwill impairment was required as at the reporting date.

2. Impairment Test of goodwill allocated to the Art-Rite CGU

With reference to the equity investment in Art-Rite S.r.l., the Company engaged an external expert to provide professional assistance in the impairment testing of equity investments recorded in Kruso Kapital S.p.A.'s separate financial statements.

The cash flows were estimated based on Art-Rite's 2025–2027 economic and financial projections, which were approved by Art-Rite's Board of Directors on 4 February 2025. The expected normalised net income used to determine the Terminal Value was based on Art-Rite's projected operating income at the end of the business plan period.

The Recoverable Amount of Art-Rite was determined using the Discounted Cash Flow (DCF) method, which estimates a company's value by discounting its expected future operational cash flows. Specifically, the DCF method considers the present value of the following elements:

- cash flows that it is expected to generate within the forecast horizon;
- the residual value ("Terminal Value" or "TV"), i.e. the value of the business in the period beyond the forecast period.

For the discounting of Free Cash Flow to the Firm (FCFF), the Weighted Average Cost of Capital (WACC) was applied, representing the expected return required by the company's debt holders and shareholders in exchange for providing capital. The WACC reflects a weighted average of the cost of debt and the cost of equity, proportionally adjusted based on a target capital structure.

The Terminal Value was determined using a growth rate ("g") of 1.80%.

The cash flows were discounted using a cost of equity (Unlevered K_e) of 9.23%. Finally, a sensitivity analysis was performed on the underlying parameters of the model, assuming a variation of +/- 0.50% of the K_e and +/- 0.20% of the g-rate.

The cost of capital was calculated using the Capital Asset Pricing Model ("CAPM") and is estimated as the risk-free rate of return ("Rf")—long-term Italian government bonds—plus a sector-specific risk premium. This premium is calculated by taking the beta coefficient (β), which measures the specific risk of the company in relation to the variability of its return compared to the market, and multiplying it by the Equity Risk Premium ("ERP"), where:

Rf (Risk-Free Rate) = 3.38%, calculated as the three-month average of the gross yield on 10-year Italian government bonds (BTPs);

β Unlevered = coefficient, equal to 1.04, determined based on historical data from a sample of comparable listed companies. Specifically, the five-year median value with monthly observations was used, based on a sample of global auction houses;

ERP (Equity Risk Premium) = 5.6%, in line with standard valuation practices.

For valuation purposes, the planned capital increase of € 510 thousand in 2026 was deducted from Art-Rite's value.

Based on the DCF method described above, the Recoverable Amount for Art-Rite is estimated at € 4.6 million.

The carrying amount of the Art-Rite CGU as of 31 December 2024, for the purpose of the Impairment Test of goodwill, amounts to € 1.2 million, determined as the sum of goodwill related to the acquisition of Art-Rite (€ 1.2 million) and Art-Rite's equity as of 31 December 2024 (€ 33 thousand).

Following the comparison between the carrying amount and the Recoverable Amount, the impairment test at 31 December 2024 yielded the following results:

€ million	Carrying amount	Recoverable Value	Difference
	(a)	(b)	(c) = (b) – (a)
Art-Rite CGU	1.2	4.6	3.4

As shown in the table above, since the Recoverable Amount of the Art-Rite CGU exceeds its carrying amount, no goodwill impairment was required as at the reporting date.

Impairment test- Goodwill of ProntoPegno Greece

The Recoverable Amount of the investment in ProntoPegno Greece was determined using the income-based valuation method, which estimates a company's value by discounting the income streams it is expected to generate.

The cash flows were estimated based on ProntoPegno Greece's 2025–2027 economic and financial projections, which were approved by ProntoPegno Greece's Board of Directors on 4 February 2025.

The Terminal Value was determined using a growth rate ("g") of 1.80%.

The cash flows were discounted using a cost of equity (K_e) of 12.16%. Finally, a sensitivity analysis was performed on the underlying parameters of the model, assuming a variation of +/- 0.50% of the K_e and +/- 0.20% of the g-rate.

The cost of capital was calculated using the Capital Asset Pricing Model ("CAPM") and is estimated as the risk-free rate of return ("Rf")—long-term Greek government bonds—plus a sector-specific risk premium. This risk premium was determined by referencing the beta coefficient (β), which measures the company's specific risk relative to market fluctuations, and multiplying it by the Equity Risk Premium (ERP), as follows:

Rf (Risk-Free Rate) = 3.58%, calculated as the three-month average of the gross yield on 10-year Greek government bonds;

β (Beta Coefficient) = 1.53, based on historical data from a sample of comparable listed companies. Specifically, the five-year median value with monthly observations was used, based on a sample of Greek banks;

ERP (Equity Risk Premium) = 5.6%, in line with standard valuation practices.

For valuation purposes, the capital increases planned in the business Plan – € 350 thousand in 2025 and € 350 thousand in 2026 – were deducted from ProntoPegno Greece's value.

Based on the methodology described above, the Recoverable Amount of ProntoPegno Greece was determined to be € 1.3 million.

Following the comparison between the carrying amount and the Recoverable Amount, the impairment test at 31 December 2024 yielded the following results:

€ thousand	Carrying amount	Recoverable Value	Difference
	(a)	(b)	(c) = (b) – (a)
ProntoPegno Greece	1.3	1.3	0.0

As shown in the table above, since the Recoverable Amount exceeded its carrying amount, no impairment of goodwill was required as of the reporting date of 31 December 2024.

Impairment Test – Goodwill of Pignus - Crédito Económico Popular

The Recoverable Amount of CEP was determined using the income-based valuation method, which estimates a company's value by discounting the income streams it is expected to generate, where:

R_t = income streams generated by the company over the explicit projection period.

i = the rate of return required by investors/shareholders for investments with similar risk characteristics, estimated using the Capital Asset Pricing Model (CAPM).

TV = the present value of the Terminal Value, calculated as the value of a perpetuity estimated based on an economically sustainable distributable cash flow aligned with the long-term growth rate.

The cash flows were estimated based on CEP's 2025–2027 economic and financial projections, which were approved by CEP's Board of Directors on 5 February 2025.

The Terminal Value was determined using a growth rate ("g") of 1.80%.

The cash flows were discounted using a cost of equity (K_e) of 9.80%. Finally, a sensitivity analysis was performed on the underlying parameters of the model, assuming a variation of +/- 0.50% of the K_e and +/- 0.20% of the g-rate.

The cost of capital was calculated using the Capital Asset Pricing Model ("CAPM") and is estimated as the risk-free rate of return ("Rf")—long-term Portuguese government bonds—plus a sector-specific risk premium. This risk premium was determined by referencing the beta coefficient (β), which measures the company's specific risk relative to market fluctuations, and multiplying it by the Equity Risk Premium (ERP), as follows:

Rf (Risk-Free Rate) = 2.73%, calculated as the three-month average of the gross yield on 10-year Portuguese government bonds;

β (Beta Coefficient) = 1.26, based on historical data from a sample of comparable listed companies. Specifically, the five-year median value with monthly observations was used, based on a sample of Spanish banks¹;

ERP (Equity Risk Premium) = 5.6%, in line with standard valuation practices.

Based on the methodology described above, the Recoverable Amount of CEP was determined to be € 14.2 million.

The carrying amount of the CEP CGU as of 31 December 2024, for the purpose of the Impairment Test of goodwill, amounts to € 11.7 million, determined as the sum of goodwill related to the acquisition of CEP (€ 11.5 million) and CEP's equity as of 31 December 2024 (€ 0.2 million).

Following the comparison between the carrying amount and the Recoverable Amount, the impairment test at 31 December 2024 yielded the following results:

€ million	Carrying amount	Recoverable Value	Difference
	(a)	(b)	(c) = (b) – (a)
CEP CGU	11.7	14.2	2.5

As shown in the table above, since the Recoverable Amount of the CEP CGU exceeds its carrying amount, no goodwill impairment was required as at the reporting date.

¹ The companies taken as reference are: Banco Santander, Banco Bilbao Vizcaya Argentaria, CaixaBank, Banco de Sabadell, Bankinter, Banco Commercial Português, Unicaja Banco.

9.2 Intangible assets: changes

	Total
A. Opening balance	31,451
B. Increases	12,441
B.1 Purchases	865
B.2 Impairment gains	
B.3 Fair value gains recognised in:	
- equity	
- profit or loss	
B.4 Other increases	
B.5 Business combination transactions	11,576
C. Decreases	627
C.1 Sales	
C.2 Depreciation	627
C.3 Impairment losses	
- equity	
- profit or loss	
C.4 Fair value losses recognised in:	
- equity	
- profit or loss	
C.5 Other decreases	
C.6 Business combination transactions	
D. Closing balance	43,264

SECTION 10 – TAX ASSETS AND TAX LIABILITIES – ITEM 100 OF ASSETS AND ITEM 60 OF LIABILITIES

Below is the breakdown of the current tax assets and current tax liabilities

	Total 2024	Total 2023
Current tax assets	755	267
IRES prepayments	398	-
IRAP prepayments	301	217
Other	56	50
Current tax liabilities	(2,414)	(723)
Provision for IRES	(542)	(403)
Provision for IRAP	(1,872)	(320)
Provision for substitute tax	-	-
Total	(1,659)	(456)

10.1 “Tax assets: current and deferred”: breakdown

	Total 2024	Total 2023
Deferred tax assets through profit or loss:	391	553
Impairment losses on loans	-	-
Non-recurring transactions	-	-
Other	391	553
Deferred tax assets through equity:	13	10
Non-recurring transactions	-	-
Other	13	10
Total	404	563

Deferred tax assets recognised through the income statement primarily include those calculated on estimated costs related to administrative expenses (€ 227 thousand) and the bonus provision (€ 131 thousand).

10.2 “Tax liabilities: current and deferred”: breakdown

	Total 2024	Total 2023
Deferred tax liabilities through profit or loss:	(2,339)	(1,817)
Other	(2,339)	(1,817)
Deferred tax liabilities through equity:	-	-
Other	-	-
Total	(2,339)	(1,817)

10.3 Changes in deferred tax assets (through profit or loss)

	Total 2024	Total 2023
1. Opening balance	553	1,005
2. Increases	358	409
2.1 Deferred tax assets recognised in the year	358	409
a) related to previous years	-	2
b) due to changes in accounting policies	-	-
c) impairment gains	-	-
d) other	358	407
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
3. Decreases	520	861
3.1 Deferred tax assets derecognised in the year	520	861
a) reversals	-	-
b) impairment due to non-recoverability	-	-
c) changes in accounting policies	-	-
d) other	520	861
3.2 Tax rate reductions	-	-
3.3 Other decreases	-	-
a) conversion into tax assets pursuant to Law 214/2011	-	-
b) other	-	-
4. Closing balance	391	553

The increases primarily relate to estimates of current year costs (€ 357 thousand), while the decreases mainly pertain to the reversal of prior year cost estimates for administrative expenses (€ 368 thousand) and personnel expenses (€ 151 thousand).

10.4 Changes in deferred tax liabilities (through profit or loss)

	Total 2024	Total 2023
1. Opening balance	1,817	1,294
2. Increases	522	523
2.1 Deferred tax liabilities recognised in the year	522	523
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	522	523
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
3. Decreases	-	-
3.1 Deferred tax liabilities derecognised in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Tax rate reductions	-	-
3.3 Other decreases	-	-
4. Closing balance	2,339	1,817

The increases for the year are exclusively attributable to the IRES component of € 434 thousand and the IRAP component of € 87 thousand, calculated on the 1/18 share of 2024 goodwill amounting to € 1,579,751.11.

10.5 Change in deferred tax assets (through equity)

	Total 2024	Total 2023
1. Opening balance	10	8
2. Increases	3	2
2.1 Deferred tax assets recognised in the year	3	2
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	3	2
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
3. Decreases	0	-
3.1 Deferred tax assets derecognised in the year	0	-
a) reversals	-	-
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	0	-
3.2 Tax rate reductions	-	-
3.3 Other decreases	-	-
4. Closing balance	13	10

SECTION 12 - OTHER ASSETS - ITEM 120

12.1 Other assets: breakdown

	Total 2024	Total 2023
Leasehold improvements	1,826	2,410
Trade receivables	767	270
Prepayments	387	176
Work in progress	127	182
Supplier advances	120	76
Loans and receivables with employees	46	45
Security deposits	36	28
Other	0	2
Total	3,309	3,189

This item mainly consists of leasehold improvements (branches) that do not have independent functionality and usability but are expected to provide future benefits.

LIABILITIES**SECTION 1 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - ITEM 10***1.1 Financial liabilities measured at amortised cost: breakdown by payables*

Type of transactions/Amounts	2024			2023		
	to banks	to financial corporations	to customers	to banks	to financial corporations	to customers
1. Financing	136,164			108,382		
1.1 Reverse repurchase agreements						
1.2 Other financing	136,164			108,382		
2. Lease liabilities						
3. Other payables	61		5,605	848		4,585
Total	136,225		5,605	109,230		4,585
Fair value - Level 1						
Fair value - Level 2						
Fair value - Level 3	136,225		5,605	109,230		4,585
Total Fair value	136,225		5,605	109,230		4,585

The item "Other financing from banks" consists of approximately € 90 million in overdrafts with the Parent, Banca Sistema, which represents the primary funding source, and the remaining portion consists of loans received from Italian credit institutions in the form of short-term financing and overdraft facilities.

The item "Other amounts due to banks" consists of trade payables to the parent, Banca Sistema.

The item "Other payables due to customers" consists entirely of auction buyer's premiums to be returned to customers.

SECTION 6 – TAX LIABILITIES – ITEM 60

See Part B, Section 10 of the assets section of this explanatory note.

SECTION 8 - OTHER LIABILITIES - ITEM 80**8.1 Other liabilities: breakdown**

	Total 2024	Total 2023
Finance lease liabilities	3,770	3,276
Accrued expenses	1,237	1,534
Trade payables	1,085	1,821
Tax liabilities with the Tax Authority and other tax authorities	431	288
Work in progress	371	169
Pension repayments	300	173
Due to employees	160	282
Other	1	1
Total	7,355	7,544

SECTION 9 - POST-EMPLOYMENT BENEFITS - ITEM 90**9.1 Post-employment benefits: changes**

	Total 2024	Total 2023
A. Opening balance	900	857
B. Increases	434	310
B.1 Accruals	418	265
B.2 Other increases	16	45
B.3 Business combination transactions	-	-
C. Decreases	462	267
C.1 Payments	163	77
C.2 Other decreases	299	190
D. Closing balance	872	900

9.2 Other Information

The actuarial amount of post-employment benefits was calculated by an external actuary, who issued an appraisal.

The other decreases refer to the actuarial gain accounted for during the year. The payments made refer to post-employment benefits paid during the year.

The discount rate used for determining the present value of the obligation was calculated, pursuant to IAS 19.83, from the Iboxx Corporate AA index with 10+ duration during the valuation month. To this end, a choice was made to select the yield with a duration comparable to the duration of the set of workers subject to valuation.

The technical valuations were conducted on the basis of the assumptions described in the following table:

- Annual discount rate 3.38%
- Annual inflation rate 2%
- Annual post-employment benefits increase rate 3%
- Annual real salary increase rate 1.00%

SECTION 10 – PROVISIONS FOR RISKS AND CHARGES - ITEM 100**10.1 Provision for risks and charges: breakdown**

	Total 2024	Total 2023
1. Provisions for credit risk related to commitments and financial guarantees issued		
2. Provisions for other commitments and other guarantees issued		
3. Internal pension funds		
4. Other provisions for risks and charges	971	705
4.1 legal and tax disputes		
4.2 personnel expense	631	365
4.3 other	340	340
Total	971	705

The "Personnel expense" item includes provisions for employee bonuses (based on the provisions of the Supervisory Body and discussions held with it, only the allocation of the variable component set aside until 30 September 2024 was maintained) amounting to € 478 thousand (€ 238 thousand in 2023), provisions related to the Non-Compete Agreement totalling € 53 thousand (€ 51 thousand in 2023), and provisions for the Long-Term Retention Bonus Plan totalling € 102 thousand (€ 76 thousand in 2023). The latter was determined using actuarial techniques in accordance with IAS 19 by an external actuary.

The "Other" item includes the liability balancing entry for the earn-out portion contractually agreed upon in the acquisition of Art-Rite Srl.

10.2 Provision for risks and charges: changes

	Provisions for other commitments and other guarantees issued	Pension funds	Other provisions for risks and charges	Total
A. Opening balance			705	705
B. Increases			554	554
B.1 Provision for the year			438	
B.2 Discounting				
B.3 Changes due to discount rate changes				
B.4 Other increases			116	
C. Decreases			288	288
C.1 Utilisations			288	
C.2 Changes due to discount rate changes				
C.3 Other decreases			0	
D. Closing balance			971	972

The provisions for the period, based on the provisions of the Supervisory Body and discussions held with it, only include the allocation of the variable component set aside until 30 September 2024..

Other increases mainly reflect external actuaries' valuations concerning the Non-Compete Agreement and the Long-Term Retention Bonus Plan (€ 26 thousand), as well as the additional 2023 bonus paid in 2024 compared to the previously allocated amount.

The utilisation for the year primarily relates to the 2023 bonus provisioned in the previous year and paid in 2024.

SECTION 11 – EQUITY – ITEMS 110, 120, 130, 140, 150, 160, and 170

The share capital consists of 23,261,393 ordinary shares, each with a nominal value of € 1, and remained unchanged during 2024.

11.1 Share Capital: breakdown

Type	Amount
1. Share capital	24,609
1.1 Ordinary shares	24,609

11.4 Share premium: breakdown

Component	Amount
Share premium	16,908
Total	16,908

11.5 Other Information

In compliance with Article 2427, paragraph 7-bis of the Italian Civil Code, the table below provides details on the composition of the Group's equity, excluding the profit for the year. It highlights the origin, availability, and distributability of the various components.

	Amount as at 31.12.2024	Possible use	Available portion
A) Share capital	24,610		
B) Equity-related reserve:			
Share premium reserve	16,908	A, B, C	16,908
C) Income-related reserves:			
Legal reserve	350	B	350
Valuation reserve	-34		
Retained earnings	3,125	A, B, C	3,125
D) Other reserves			
E) Equity instruments			
F) Treasury shares			
Total	44,959		20,383
Profit for the year	4,500		
Total equity	49,459		
Undistributable portion			350
Distributable portion			20,033

Key

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

OTHER INFORMATION

The Group has no outstanding commitments nor has it issued any financial guarantees (other than those designated at fair value).

The Group has no outstanding commitments or other guarantees issued.

PART C - INFORMATION ON THE INCOME STATEMENT**SECTION 1 – INTEREST - ITEMS 10 AND 20***1.1 Interest and similar income: breakdown*

Items/Technical forms	Debt securities	Financing	Other transactions	Total 2024	Total 2023
1. Financial assets measured at fair value through profit or loss:					
1.1 Financial assets held for trading					
1.2 Financial assets designated at fair value through profit or loss					
1.3 Other financial assets mandatorily measured at fair value through profit or loss					
2. Financial assets measured at fair value through other comprehensive income					
3. Financial assets measured at amortised cost:		15,064	X	15,064	11,182
3.1 Loans and receivables with banks		79	X	79	30
3.2. Loans and receivables from financial corporations			X		
3.3 Loans and receivables with customers		14,985	X	14,985	11,152
4. Hedging derivatives	X	X			
5. Other assets	X	X			1
6. Financial liabilities	X	X	X		
Total		15,064		15,064	11,183
of which: interest income on impaired assets					
of which: interest income on finance leases	X		X		

1.3 Interest and similar expense: breakdown

Items/Technical forms	Loans and payable s	Securitie s	Other transaction s	Total 2024	Total 2023
1. Financial liabilities measured at amortised cost	(4,593)			(4,593)	(3,703)
1.2 Due to banks	(4,593)	X		(4,593)	(3,703)
1.3 Due to financial corporations		X			
1.4 Due to customers		X			
1.5 Securities issued	X				
2. Financial liabilities held for trading					
3. Financial liabilities designated at fair value through profit or loss					
4. Other liabilities and provisions	X	X	(41)	(41)	(45)
5. Hedging derivatives	X	X			
6. Financial assets	X	X	X		
Total	(4,593)		(41)	(4,635)	(3,748)
of which: interest expense related to lease liabilities		X	X	(41)	(45)

SECTION 2 - NET FEE AND COMMISSION INCOME - ITEMS 40 AND 50*2.1 Fee and commission income: breakdown*

Retail	2024	2023
1. finance lease transactions		
2. factoring transactions		
3. consumer credit		
4. guarantees issued		
5. services:	14,432	12,099
- management of third-party funds		
- foreign exchange brokerage		
- product distribution		
- other	14,432	12,099
6. collection and payment services		
7. servicing of securitisation transactions		
8. other fees and commissions (to be specified)		
Total	14,432	12,099

This item includes: custody fees for collateralised loans (€ 9 thousand), insurance policy expenses, primarily related to collateralised loan transactions (€ 2 thousand), other expenses (€ 3 thousand), referring to cost recovery for auction preparation and sales.

2.2 Fee and commission expense: breakdown

Detail/Sectors	2024	2023
1. guarantees received		
2. distribution of third-party services		
3. collection and payment services	(163)	(129)
4. other fees and commissions (to be specified)		
Total	(163)	(129)

SECTION 8 - NET IMPAIRMENT LOSSES/GAINS DUE TO CREDIT RISK - ITEM 130
8.1 Net impairment losses due to credit risk related to financial assets measured at amortised cost: breakdown

Transactions/Income components	Impairment losses						Impairment gains				31/12/2024	31/12/2023
	First stage	Second stage	Third stage		Impaired acquired or originated		First stage	Second stage	Third stage	Impaired acquired or originated		
			write-offs	Other	write-offs	Other						
A. Loans and receivables with banks - for leases - for factoring - other loans and receivables												
B. Loans and receivables with financial corporations - for leases - for factoring - other loans and receivables												
C. Loans and receivables with customers - for leases - for factoring - consumer credit - collateralised loans - other loans and receivables	(10)	(20)		(116)					57		(89)	(73)
	(10)	(20)		(116)					57		(89)	(73)
Total	(10)	(20)		(116)					57		(89)	(73)

SECTION 10 – ADMINISTRATIVE EXPENSES – ITEM 160**10.1 Personnel expense: breakdown**

	Total 2024	Total 2023
1) Employees	(8,375)	(6,747)
a) wages and salaries	(5,010)	(4,390)
b) social security charges	(1,312)	(1,208)
c) post-employment benefits	(431)	(303)
d) pension costs		
e) accrual for post-employment benefits		
f) accrual for pension and similar provisions:		
- defined contribution plans		
- defined benefit plans		
g) payments to external supplementary pension funds:	(154)	(150)
- defined contribution plans	(154)	(150)
- defined benefit plans		
h) costs of share-based payment plans		
i) other employee benefits	(1,468)	(696)
2) Other personnel		
3) Directors and statutory auditors	(281)	(264)
4) Retired personnel		
5) Recovery of costs for employees of the Bank seconded to other entities	120	123
6) Reimbursement of costs for employees of other entities seconded to the Bank	(25)	(46)
Total	(8,562)	(6,934)

The decrease in the item "Recovery of costs for employees of the Bank seconded to other entities" is due to the reduced number of employees seconded from the subsidiary Kruso Kapital to the parent, Banca Sistema. The increase in "Reimbursement of costs for employees of other entities seconded to the Bank" relates to the secondment of personnel from the parent, Banca Sistema, to the subsidiaries Kruso Kapital and Art-Rite.

10.2 Average number of employees by category

<i>Employees:</i>	
<i>a) Senior managers</i>	<i>5</i>
<i>b) Managers</i>	<i>32</i>
<i>c) Remaining employees</i>	<i>99</i>
<i>Total</i>	<i>136</i>

10.3 Other administrative expenses: breakdown

Component	Total 2024	Total 2023
Consultancy	1,729	1,842
Advertising	1,252	964
IT expenses	1,065	854
Building expenses	1,002	909
Servicing contract with the Parent	638	515
Security and cash transport	386	287
Insurance	321	358
Taxes and duties	256	207
Reimbursement of costs for employees	256	183
Other	230	115
Legal fees	156	61
Audit fees	105	65
Vehicle rental and related expenses	101	87
Office supplies	86	76
Membership fees	11	15
Total	7,595	6,538

The increase in this item is attributable to a general rise in operating costs, particularly regarding expenses related to advertising, ICT/digital collateral, consultancy fees related to the listing project of Kruso Kapital and the acquisition in Portugal of Banco Invest's collateralised lending business unit.

SECTION 12 – NET IMPAIRMENT GAINS/LOSSES ON PROPERTY AND EQUIPMENT – ITEM 180*12.1 Net impairment gains/losses on property and equipment: breakdown*

	Depreciation (a)	Impairment losses (b)	Impairment gains (c)	Carrying amount (a + b - c)
A. Property and equipment				
A.1 Operating assets	(1,169)	-	-	(1,169)
- owned	(204)			(204)
- right-of-use assets acquired under a lease	(965)			(965)
A. 2 Investment property				
- owned				
- right-of-use assets acquired under a lease				
A.3 Inventories	X			
Total	(1,169)	-	-	(1,169)

SECTION 13 – NET IMPAIRMENT GAINS/LOSSES ON INTANGIBLE ASSETS – ITEM 190**13.1 Net impairment losses on intangible assets: breakdown**

Asset/income component	Amortisation (a)	Impairment losses (b)	Impairment gains (c)	Net gain (a + b - c)
1 Intangible assets other than goodwill				
<i>of which: software</i>				
1.1 Owned	(627)	-	-	(627)
1.2 Right-of-use assets acquired under a lease				
2 Assets related to finance leases				
3 Assets under operating lease				
Total	(627)	-	-	(627)

SEZIONE 14 - OTHER OPERATING INCOME AND EXPENSE - ITEM 200*14.1 Other operating expense: breakdown*

Items/Values	Total 2024	Total 2023
Other operating expense	(514)	(622)
Total	(514)	(622)

In accordance with the Bank of Italy's guidelines, this item includes the amortisation of leasehold improvements.

14.2 Other operating income: breakdown

Items/Values	Total 2024	Total 2023
Auction buyer's premiums	737	511
Rental of premises	70	70
Recoveries of sundry expenses	635	431
Total	1,442	1,012

The recovery of various expenses, in addition to the reimbursement from the Group Parent for rental costs (€ 70 thousand), mainly comprises positive contingencies arising from overestimated costs in previous financial years.

SECTION 19 – INCOME TAXES – ITEM 270**19.1 Income taxes: breakdown**

Item/Amounts	Total 2024	Total 2023
1. Current taxes (-)	(2,396)	(705)
2. Changes in current taxes of previous years (+/-)	(4)	-
3. Decrease in current taxes for the year (+)	-	-
3.bis Decrease in current taxes for the year due to tax assets pursuant to Law no. 214/2011 (+)	-	-
4. Changes in deferred tax assets (+/-)	(162)	(453)
5. Changes in deferred tax liabilities (+/-)	(522)	(522)
6. Tax expense for the year (-) (-1+/-2+3+3 bis +/-4+/-5)	(3,084)	(1,680)

19.2 Reconciliation between theoretical and effective tax expense

IRES (CORPORATE INCOME TAX)	Taxable income	IRES (CORPORATE INCOME TAX)	%
Theoretical IRES expense	8,943	(2,459)	27.50%
<i>Permanent increases</i>	122	(34)	0.37%
<i>Temporary increases</i>	1,190	(327)	3.66%
<i>Permanent decreases</i>	(3,282)	903	-10.09%
<i>Temporary decreases</i>	-	-	0.00%
<i>Effects of other taxes for foreign entities</i>	(38)	10	-0.12%
Effective IRES expense	6,935	(1,907)	21.33%
IRAP (REGIONAL BUSINESS TAX)	Taxable income	IRAP (REGIONAL BUSINESS TAX)	%
Theoretical IRAP expense	8,943	(498)	5.57%
<i>Permanent increases</i>	16,981	(946)	10.58%
<i>Temporary increases</i>	548	(31)	0.34%
<i>Permanent decreases</i>	(17,524)	977	-10.93%
<i>Temporary decreases</i>	-	-	0.00%
<i>Effects of other taxes for foreign entities</i>	(165)	9	-0.10%
Effective IRAP expense	8,783	(489)	5.47%
- Other tax expense			
Total effective IRES and IRAP expense	15,718	(2,396)	26.80%

SECTION 21 - INCOME STATEMENT: OTHER INFORMATION**21.1 Breakdown of interest income and fee and commission income**

Items/balancing entry	Interest income			Fee and commission income			31/12/2024	31/12/2023
	Banks	Financial corporations	Customers	Banks	Financial corporations	Customers		
1. Finance leases								
- immovable property								
- movable property								
- capital goods								
- intangible assets								
2. Factoring								
- of current receivables								
- of future receivables								
- of receivables purchased outright								
- of receivables acquired below original value								
- of other financing								
3. Consumer credit								
- personal loans								
- targeted loans								
- salary- and pension-backed loans								
4. Collateralised loans	79		14,985			14,432	29,496	23,312
5. Commitments and guarantees								
- commercial								
- financial								
Total	79		14,985			14,432	29,496	23,312

PART D - OTHER INFORMATION**SECTION 1 – SPECIFIC REFERENCES ON OPERATIONS CARRIED OUT****G. COLLATERALISED LOAN TRANSACTIONS****G.1- Gross amount and carrying amount**

31/12/2024			31/12/2023		
Gross amount	Total impairment losses	Carrying amount	Gross amount	Total impairment losses	Carrying amount
144,300	455	143,845	121,765	356	121,409

G.2 - Flow Data

31/12/2024						31/12/2023					
Increases		Decreases				Increases		Decreases			
New transaction s	Other change s	Repayment s	Recover ed loans	Write -offs	Other change s	New transaction s	Other change s	Repayment s	Recover ed loans	Write -offs	Other change s
82,177	18,364	(71,264)	(6,705)	(18)	(117)	87,519	3,328	(73,432)	2,701	(17)	(84)

SECTION 3 – INFORMATION CONCERNING RISKS AND RELATED HEDGING POLICIES**Introduction**

In order to manage the significant risks to which it is or could be exposed, Kruso Kapital, the parent, has set up a risk management system that reflects the characteristics, size and complexity of its operations, as well as the guidelines provided by the Parent, Banca Sistema. The responsibilities for risk management and control are assigned to the corporate bodies, each of which, within its respective competencies and prerogatives, is responsible for ensuring the adequate oversight of risks to which Kruso Kapital is or may be exposed.

The parent Kruso Kapital has adopted an Internal Control System structured on three levels, enabling the monitoring and management of the various risks to which the Company is exposed. More specifically, in adherence to sound and prudent management principles, the system ensures the effectiveness and efficiency of corporate processes, as well as the reliability and security of corporate information and IT procedures:

- Line controls ("first-level controls"), aimed at ensuring the proper execution of operations related to the Group's activities.
- Risk and compliance controls ("second-level controls"), designed to verify compliance with the operational limits assigned to the various functions, the alignment of business activities with the risk-return objectives, the correct implementation of risk management processes, and compliance with applicable regulations;
- Internal audit controls ("third-level controls"), aimed at identifying breaches of procedures and regulations, as well as periodically assessing the completeness, adequacy, functionality, and reliability of the internal control system and the IT system.

The parent, Kruso Kapital, has assigned the second-level controls related to regulatory compliance, including the Anti-Money Laundering function, and risk management to the same internal structure: the Compliance, Anti-Money Laundering and Risk Management Department.

This department reports directly to the Board of Directors (functional reporting) and has administrative reporting to the General Manager. Additionally, it operates under the guidance and coordination of the corresponding structures within the Group parent.

As part of risk control, the Compliance, Anti-Money Laundering and Risk Management Department is responsible for identifying, managing, and monitoring the risks to which Kruso Kapital is, or may be exposed.

In order to measure "Pillar 1 risks", the Company has adopted standard methods to calculate the capital requirements for Prudential Regulatory purposes.

3.1 – CREDIT RISK

Qualitative disclosure

1. General aspects

Credit risk refers to the potential for losses arising from an unexpected deterioration in the creditworthiness of counterparties, which simultaneously impacts the Group's exposure. Collateralised loans are a type of personal credit facility that is fully secured by gold or valuables. As a result, the exposure to this type of risk is very low given the characteristics of the collateral.

The valuation of the collateral securing the loans is carried out exclusively by expert valuers specialising in precious items. These valuers are permanent employees of the Company and are personally responsible for the accuracy of their valuations, in accordance with the law (Articles 12 and 15 of Law No. 745 of 10 May 1938). To assess credit risk, the Group applies the standardised approach described in Bank of Italy Circular 288/2015 (Title IV, Chapters 5 and 7) and EU Regulation 575/2013 (CRR - Capital Requirements Regulation).

2. Credit Risk Management Policies

2.1 Organisational aspects

The Group sets effective Credit Risk Management as a strategic objective via instruments and processes integrated to ensure a correct credit management in all phases (disbursement, monitoring and management). The Group's organisational model assigns credit risk management and control responsibilities to the corporate governance bodies.

Each corporate body is responsible, within its remit and authority, for ensuring adequate oversight of credit risk to which the Group is or could be exposed.

In governing the credit operations of the parent, Kruso Kapital, the following entities are involved:

- the Board of Directors;
- the General Manager;
- the expert valuers engaged in the credit process;
- the control functions, which are responsible for the ongoing supervision of credit operations and valuation models, reporting directly to the Corporate Bodies.

2.2 Management, measurement and control systems

The Company conducts weekly management committee reviews to monitor the loans disbursed, the outstanding, past due and renewed policies, and the performance of auction sales with the aim of promptly detecting any anomalies and/or discontinuities, and assessing whether the risk profile remains consistent with the strategic guidelines provided.

The Risk Management Department is responsible for measuring credit risk, utilising the simplified methodologies prescribed by Prudential Supervision regulations.

To this end, the Department directly collects data from the Company's IT systems and, when necessary, requests further details from other departments within Kruso Kapital.

In order to identify organisational solutions that do not lead to an excessive separation between the risk management function and operations, the Department critically interacts in the credit process by continuously monitoring credit risk.

The Company has established internal policies and procedures to mitigate credit risk, including the following safeguards:

- the Company only accepts valuables as collateral, primarily gold, diamonds set in gold, silverware, Rolex watches, and investment gold in compliance with Law 7/2000, such as coins and bullion. A small proportion of collateral may also include other prestigious watch brands and works of art. Each year, the Board of Directors defines, as part of the approved Key Risk Indicators, the threshold levels for the proportion of gold-backed outstanding loans relative to total outstanding loans;
- lending authorisations are assigned according to tiered approval levels based on cumulative exposure per customer, with increased authorisation and verification requirements for higher amounts;
- within the scope of individual policies, the Company has established tiered authorisation levels for expert valuers, differentiated by professional rank. Higher-value items require multiple expert assessments and policy approval by multiple valuers;
- the value of credit granted is proportionate to the appraised value of the pledged asset, as determined by an expert valuer, and must comply with the legally established maximum limits of 80% of the value for valuables and 66% for other objects;
- the maximum price quotations applied in the valuation process for pledged items are determined based on official gold and silver prices, Rapaport Diamond Report references for diamonds, and Chrono24 valuations for Rolex watches. These are approved by General Management and are subject to periodic review by the Commercial Department and the Compliance, Anti-Money Laundering, and Risk Management Department;
- the economic terms of the loan, including interest rates and associated fees, are defined centrally;
- commencement of collection, i.e. sale of the asset at public auction, starting at least 31 days after the maturity date of the loan. In practice, the Company often auctions collateral months after maturity due to organisational constraints in auction management and a customary grace period, which is standard practice and does not indicate an increased credit risk. As a result of the above, the Company continually assesses the policies that have lapsed and the amount that can be expected to be recovered at auction.

2.3 Staging criteria

The general approach defined by IFRS 9 for estimating impairment is based on a process aimed at giving evidence of the deterioration of a financial instrument's credit quality from the date of initial recognition to the reporting date. The regulatory guidance on assigning loans and receivables to the various stages under the Standard ("staging" or "stage allocation") calls for the identification of significant changes in credit risk based on the changes in a counterparty's creditworthiness since initial recognition, the expected life of the financial asset and other forward-looking information that may affect credit risk.

The assessment of increasing risk stages, which correspond to different impairment measurement methods based on the Expected Credit Loss (ECL) model, has been conducted by the Company considering the specific characteristics of pledge loans, such as: collateralised nature of pledged goods, appraisals performed by expert valuers, contractual provision allowing the company to auction non-redeemed assets, recourse against the valuer (rather than the customer) in case of credit loss following an auction.

Based on these considerations, the Company has identified the following stage allocation criteria:

- Stage 1 contains all performing loans that, whether originated or purchased, have not undergone an "SICR" (Significant Increase in Credit Risk) or, although their credit risk has changed over time, they are characterised by a low level of credit risk at the reporting date; In the collateralised lending business, this category includes all loan agreements for which the auction process has not yet commenced. For this stage the expected one-year credit loss is calculated on a collective basis.
- Stage 2 includes loans that have experienced a SICR since their initial recognition. Although these exposures maintain a low probability of default, they are considered underperforming relative to their initial assessment. In the collateralised lending business, this category includes loan agreements related to pledged assets that have remained unsold up to the third auction round but for which full credit recovery is still expected. The expected loss for this bucket is calculated on a lifetime basis, i.e. over the entire duration of the instrument, on a collective basis.
- Stage 3 includes all defaulted exposures at the reporting date. In the collateralised lending business, this category includes:
 - o loans secured by collateral that has remained unsold for at least three auctions or for which full credit recovery is deemed unlikely;
 - o loans subject to seizure or freezing orders issued by judicial authorities;
 - o other specific cases, such as bankruptcies, over-indebtedness, and debt relief, which are assessed on a case-by-case basis.

In the absence of historical losses, the Company has prudently adopted Probability of Default (PD) and Loss Given Default (LGD) values derived from the CRR (Capital Requirements Regulation) for the calculation of collective impairments. For Stage 3 positions, however, impairments are assessed on an analytical basis.

2.4 Credit risk mitigation techniques

In accordance with EU Regulation No. 575/2013 (CRR), collateral in the form of gold assets qualifies as an eligible real collateral for the purpose of Credit Risk Mitigation (CRM). For CRM evaluations, Kruso Kapital has adopted the "Comprehensive Method", which applies a volatility adjustment (haircut) of 21.213% to the market value of the collateral, in the case of constant revaluation, as provided by Article 224 of the CRR. As a result, in terms of capital absorption, the Risk-Weighted Asset (RWA) allocation remains low, given that the credit line is fully over-collateralized relative to the prudential haircut applied.

It is important to note, however, that the valuation of gold collateral follows an extremely conservative approach, as the applied pricing – adjusted for gold purity – is systematically lower than the market value of second-hand gold.

For the credit exposure post-CRM and for non-gold collateral, which represents a very limited percentage of the total guaranteed exposure, a 75% risk weight is applied, as required for retail exposures.

3. Non-performing exposures

Under the legal agreement signed with the customer, the pledged asset plays a crucial role, extending beyond that of a simple collateral. The borrower's liability is limited exclusively to the pledged assets. At the contract's maturity, if the policyholder fails to renew or redeem the pledge, their non-action does not result in any negative consequences for them. Pursuant to the contract and the laws governing collateralised lending, the Company is entitled to auction the pledged asset starting from the 31st day following the loan's maturity. However, the right to auction the asset after the original maturity date does not automatically classify credit exposures as "non-performing." Legal provisions (Articles 12 and 15 of Law No. 745 of 10 May 1938) establish an inseparable link between the valuation carried out by the valuer and the pledged asset, placing the emphasis on the asset itself rather than on the financial standing of the policyholder. In addition, the valuer guarantees the accuracy of the valuation, which means that the company can, if necessary, recover the loan - including interest and expenses - directly from the valuer. In view of the specific features of collateralised lending described above, the Company only classifies as non-performing those policies where the pledged asset has remained unsold in at least three auctions and cannot be recovered by the valuer, or where the policy is subject to a judicial freeze imposed by the authorities.

When identifying non-performing exposures, the Company uses a transaction level approach, meaning that each policy is assessed individually rather than all policies issued to a borrower being classified as non-performing.

As part of its credit policy, the Company has established the criteria for impairment adjustments and the methods and processes used to estimate expected losses. These exposures are assessed on a case-by-case basis by the Compliance, Anti-Money Laundering and Risk Management Department with the support of the Commercial Department. Impairment adjustments are approved by the General Manager in accordance with the authorities and limits set by the Board of Directors.

Expected losses are continuously monitored and compared to the changes in each position. The Risk Management Department oversees the collection of non-performing loans.

4. Financial assets subject to commercial renegotiation and forbore exposures

Nothing to report.

Quantitative disclosure**1. Breakdown of financial assets by portfolio and by credit quality (carrying amounts)**

Portfolios/quality	Bad exposures	Unlikely to pay	Non-performing past due exposures	Performing past due exposures	Other exposures performing	Total
1. Financial assets measured at amortised cost		466			143,413	143,879
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets designated at fair value through profit or loss						
4. Other financial assets mandatorily measured at fair value through profit or loss						
5. Financial assets held for sale						
Total 2024		466			143,413	143,879
Total 2023		318			121,125	121,443

2. Breakdown of financial assets by portfolio and by credit quality (gross amount and carrying amount)

Portfolios/quality	Non-performing				Performing			Total (carrying amount)
	Gross amount	Total impairment losses	Carrying amount	overall partial write-offs (*)	Gross amount	Total impairment losses	Carrying amount	
1. Financial assets measured at amortised cost	1,004	538	466		143,482	69	143,413	143,879
2. Financial assets measured at fair value through other comprehensive income								
3. Financial assets designated at fair value through profit or loss					X	X		
4. Other financial assets mandatorily measured at fair value through profit or loss					X	X		
5. Financial assets held for sale								
Total 2024	1,004	538	466		143,482	69	143,413	143,879
Total 2023	658	339	318		121,142	16	121,125	121,443

* Amount disclosed for information purposes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Financial assets, commitments to disburse funds and financial guarantees issued: changes in impaired positions and accruals to provisions (carrying amounts)

Reason/risk stages	Total impairment losses																		Overall accruals to provisions on commitments to disburse funds and financial guarantees issued				Total
	Assets included in the first stage					Assets included in the second stage					Assets included in the third stage					Purchased or originated credit-impaired financial assets							
	Loans and receivables with banks: on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses	Loans and receivables with banks: on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses	Loans and receivables with banks: on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment losses	of which: collective impairment losses	First stage	Second stage	Third stage	Purchased or originated credit-impaired commitments to disburse funds and	
Opening total impairment losses		10				10		0				0		294			294						305
Increases in purchased or originated financial assets		3				3						0		0			X	X	X	X	X		3
Derecognition other than write-offs		2				2						15		15								17	
Net impairment losses/gains due to credit risk (+/-)		36				36		22			22	259		259		0						317	
Contract amendments without derecognition																							
Changes in estimation method																							
Write-offs not recognised directly through profit or loss																							
Other changes																							
Closing total impairment losses		47				47		22			22	538		538								607	
Recoveries from collection on financial assets that have been written off																							
Write-offs recognised directly through profit or loss																							

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Financial assets, commitments to disburse funds and financial guarantees issued: transfers between different credit risk stages (gross amount and nominal amount)

Portfolios/risk stages	Gross amount / Nominal amount					
	Transfers between the first and second stage		Transfers between the second and third stage		Transfers between the first and third stage	
	From the first to the second stage	From the second to the first stage	From the second to the third stage	From the third to the second stage	From the first to the third stage	From the third to the first stage
1. Financial assets measured at amortised cost	37				321	6
2. Financial assets measured at fair value through other comprehensive income						
3. Financial assets held for sale						
4. Commitments to disburse funds and financial guarantees issued						
TOTAL 2024	37				321	6
TOTAL 2023					81	2

6. Loans and receivables with customers, with banks and with financial corporations

6.1 On- and off-statement of financial position loans and receivables with banks and financial corporations: gross values

Type of exposure / amounts	Gross amount				Total impairment and allowances					Carrying amount	Overall partial write-offs *
	First stage	Second stage	Third stage	Purchased or originated credit-impaired	First stage	Second stage	Third stage	Purchased or originated credit-impaired			
A. ON-STATEMENT OF FINANCIAL POSITION LOANS AND RECEIVABLES											
A.1 ON DEMAND	7,302	7,302								7,302	
a) Non-performing		X				X					
b) Performing	7,302	7,302		X				X		7,302	
A.2 OTHER	34	34								34	
a) Bad exposures		X				X					
- of which: forbore exposures		X				X					
b) Unlikely to pay		X				X					
- of which: forbore exposures		X				X					
c) Non-performing past due exposures		X				X					
- of which: forbore exposures		X				X					
d) Performing past due exposures				X				X			
- of which: forbore exposures				X				X			
e) Other performing exposures	34	34		X				X		34	
- of which: forbore exposures				X				X			
TOTAL A	7,336	7,336								7,336	
B. OFF-STATEMENT OF FINANCIAL POSITION LOANS AND RECEIVABLES											
a) Non-performing		X				X					
b) Performing				X				X			
TOTAL B											
TOTAL (A+B)	7,336	7,336								7,336	

* Amount disclosed for information purposes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.4 On- and off-statement of financial position loans and receivables with customers: gross amounts and carrying amounts

Type of exposure / amounts	Gross amount					Total impairment and allowances					Carrying amount	Overall partial write-offs *
		First stage	Second stage	Third stage	Purchased or originated credit-impaired		First stage	Second stage	Third stage	Purchased or originated credit-impaired		
A. ON-STATEMENT OF FINANCIAL POSITION LOANS AND RECEIVABLES												
a) Bad exposures		X					X					
- of which: forborne exposures		X					X					
b) Unlikely to pay	1,004	X		1,004		538	X		538		466	
- of which: forborne exposures		X					X					
c) Non-performing past due exposures		X					X					
- of which: forborne exposures		X					X					
d) Performing past due exposures				X					X			
- of which: forborne exposures				X					X			
e) Other performing exposures	143,448	136,523	6,961	X		69	47	22	X		143,379	
- of which: forborne exposures				X					X			
TOTAL A	144,452	136,523	6,961	1,004		607	47	22	538		143,845	
B. OFF-STATEMENT OF FINANCIAL POSITION LOANS AND RECEIVABLES												
a) Non-performing		X					X					
b) Performing				X					X			
TOTAL B												
TOTAL (A+B)	144,452	136,523	6,961	1,004		607	47	22	538		143,845	

6.5 On-statement of financial position loans and receivables with customers: gross non-performing exposures

Reasons/Categories	Bad exposures	Unlikely to pay	Non-performing past due exposures
A. Opening gross balance - of which: positions transferred but not derecognised		658	
B. Increases B.1 transfers from performing loans B.2 transfers from purchased or originated credit-impaired financial assets B.3 transfers from other categories of non-performing exposures B.4 contract amendments without derecognition B.5 other increases		110 7 103	
C. Decreases C.1 transfers to performing loans C.2 write-offs C.3 collections C.4 gains on sales C.5 losses on sales C.6 transfers to other categories of non-performing exposures C.7 contract amendments without derecognition C.8 other decreases		14 2 12 	
D. Closing gross balance - of which: positions transferred but not derecognised		1,004	

6.6 On-statement of financial position non-performing loans and receivables with customers: changes in impaired positions

Reasons/Categories	Bad exposures		Unlikely to pay		Past due exposures non-performing	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total impairment losses - of which: positions transferred but not derecognised			339			
B. Increases			263			
B.1 impairment losses on purchased or originated credit-impaired financial assets		X		X		X
B.2 other impairment losses			162			
B.3 losses on sales						
B.4 transfers from other categories of non-performing exposures						
B.5 contract amendments without derecognition						
B.6 other increases			101			
C. Decreases			19			
C.1 impairment gains			15			
C.2 impairment gains due to collections			3			
C.3 gains on sales						
C.4 write-offs						
C.5 transfers to other categories of non-performing exposures						
C.6 contract amendments without derecognition						
C.7 other decreases			1			
D. Closing total impairment losses - of which: positions transferred but not derecognised			538			

7. Classification of financial assets, commitments to disburse funds and financial guarantees issued based on external and internal rating

7.1 Breakdown of financial assets, commitments to disburse funds and financial guarantees issued by external rating class (gross amounts)

Exposures	External rating class						Without rating	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost							144,485	144,485
- First stage							136,521	136,521
- Second stage							6,961	6,961
- Third stage							1,004	1,004
- Purchased or originated credit-impaired								
B. Financial assets measured at fair value through other comprehensive income								
- First stage								
- Second stage								
- Third stage								
- Purchased or originated credit-impaired								
C. Financial assets held for sale								
- First stage								
- Second stage								
- Third stage								
- Purchased or originated credit-impaired								
Total (A+B+C)							144,485	144,485
D. Commitments to disburse funds and financial guarantees issued								
- First stage								
- Second stage								
- Third stage								
- Purchased or originated credit-impaired								
Total D								
Total (A + B + C + D)							144,485	144,485

9. Credit concentration

Concentration risk is the risk deriving from exposures to counterparties, groups of associated counterparties and with the counterparties of the same economic sector or that carry out the same activities or are in the same geographical segment.

Given the nature of the product and the average size of exposures, the Company's portfolio is highly granular. As a result, the single-name concentration risk is currently extremely low. Furthermore, the geo-sectoral component has only a marginal impact due to the current distribution of branches across fifteen different Italian cities and the use of the new Kruso Capital App. As the business continues to expand, the qualitative and quantitative composition of the portfolio is constantly monitored and reassessed to assess the level of exposure to this risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9.1 Breakdown of on- and off-statement of financial position loans and receivables by counterparty economic sector

Exposures/Counterparties	General governments		Financial corporations		Financial corporations (of which: insurance companies)		Non-financial corporations		Households		Banks	
	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment
A. On-statement of financial position loans and receivables												
A.1 Bad exposures												
- of which: forborne exposures												
A.2 Unlikely to pay									466	538		
- of which: forborne exposures												
A.3 Non-performing past due exposures												
- of which: forborne exposures												
A.4 Performing exposures									143,413	69	7,336	
- of which: forborne exposures												
Total (A)									143,879	607	7,336	
B. Off-statement of financial position loans and receivables												
B.1 Non-performing exposures												
B.2 Performing exposures												
Total (B)												
Total (A+B) 2024									143,879	607	7,336	
Total (A+B) 2023									121,409	356	5,210	

9.2 Breakdown of on- and off-statement of financial position loans and receivables by counterparty geographical area

Exposures/Geographical areas	Italy		Other European countries		America		Asia		Rest of the world	
	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses
A. On-statement of financial position loans and receivables										
A.1 Bad exposures										
A.2 Unlikely to pay	466	437		101						
A.3 Non-performing past due exposures										
A.4 Performing exposures	132,457	17	17,913	51						
Total (A)	133,302	454	17,913	152						
B. Off-statement of financial position loans and receivables										
B.1 Non-performing exposures										
B.2 Performing exposures										
Total (B)										
Total (A+B) 2024	133,302	454	17,913	152						
Total (A+B) 2023	126,534	356	85	0						

9.3 Large exposures

The regulations define a "large exposure" as an entity's exposure to a customer or group of connected customers if the value of the exposure is equal to or greater than 10% of the entity's Tier 1 capital. The exposure value refers to the carrying amount rather than the risk-weighted value. For this reason, exposures that qualify as "large exposures" are reported in terms of both the carrying amount and the risk-weighted value.

	2024	2023
Carrying amount	4,121	3,338
Weighted value	0	0
Number of position	1	1

Without any changes other than the amount, the exposure is to the Parent, Banca Sistema.

SECTION 3.2 - MARKET RISK

The Group does not hold a trading portfolio; therefore, this type of risk is not considered applicable.

3.2.1 Interest rate risk

Qualitative disclosure

Interest rate risk is the probability that interest rate fluctuations will have a negative impact on the Company's financial and economic position.

With regard to interest rate risk, it should be noted that Kruso Kapital grants loans at a fixed interest rate, which can fall into one of three maturity categories: 3, 6 and 12 months. As a result, the structure of the loans - which is heavily weighted towards short-term products - helps to mitigate the risk of unexpected interest rate fluctuations, as the Company can immediately adjust its lending rates in line with changes in borrowing rates.

Quantitative disclosure

1. Breakdown of financial assets and liabilities by residual duration (repricing date)

Type/Residual duration	On demand	up to 3 months	from more than 3 months up to 6 months	from more than 6 months up to 1 year	from more than 1 year up to 5 years	from more than 5 years up to 10 years	more than 10 years	Open term
1. Business	54,004	56,884	25,936	2,986	11,405			
1.1 Debt instruments								
1.2 Loans and receivables	54,004	56,884	25,936	2,986	11,405			
1.3 Other assets								
2. Liabilities	141,830							
2.1 Payables	141,830							
2.3 Debt instruments								
2.4 Other liabilities								
3. Financial derivatives								
- Options								
+ long positions								
+ short positions								
- Other derivatives								
+ long positions								
+ short positions								

Funding is primarily provided by the Group Parent, with a minor share coming from other banks through current account credit lines at fixed or variable rates. These arrangements are continuously monitored to minimize interest rate mismatches between lending and borrowing rates. Based on these measures, the Company's interest rate risk remains marginal.

3.2.3 Currency risk

Qualitative disclosure

All financial items are denominated in euro; therefore, this type of risk is not considered applicable to the Company.

SECTION 3.3 - OPERATIONAL RISKS

Qualitative disclosure

1. General aspects, management processes and methods of measuring operational risk

Operational risk is the risk of loss arising from inadequate or non-functioning internal processes, human resources or systems, or from external events. This type of risk includes - among other things - the ensuing losses from fraud, human errors, business disruption, unavailability of systems, breach of contract, and natural catastrophes.

In order to calculate the internal capital generated by the operational risk, the Company adopts the Basic Indicator Approach, which provides for the application of a regulatory coefficient (equal to 15%) to the three-year average of the relevant indicator defined in Article 316 of Regulation (EU) no. 575/2013 of 26 June 2013.

The Function measures operational risk events using a qualitative performance indicator, established within the Operational Risk Framework (ORF) and aligned with the Parent's methodologies. The ORF aims to provide management with a risk management tool to assess the existing operational risk control system and ensure that risks within the Company are maintained within "acceptable" thresholds.

This indicator is determined through a self-assessment process conducted by process owners, whereby the Function supports the process owner in identifying potential operational risks on the basis of the following elements:

- experience and risk awareness of Business Process Owners (BPOs);
- operating procedures;
- recorded evidence (e.g., complaints, findings from Internal Audit).

The Function assesses the identified risks while also considering mitigating controls and actions implemented by the Company. This method requires a first assessment of the possible associated risks in terms of probability and impact ("Gross risk level") and a subsequent analysis of the existing controls (qualitative assessment on the effectiveness and efficiency of the controls) which could reduce the gross risk, based on which the specific risk levels ("Residual risk") are determined. Finally, the residual risks are mapped on a predefined scoring grid, useful for the subsequent calculation of IROR (Internal Risk Operational Ratio) via appropriate aggregation of the scores defined for the individual operational procedure.

Following the Company's operational risk assessment activities, the Function identifies risks requiring corrective action, defines mitigation measures together with Function heads, and monitors compliance with deadlines for implementing such measures. A comprehensive review of the Operational Risk Assessment, along with the calculation of the "IROR" risk indicator, is conducted at least annually.

The Company has established a structured process to monitor and manage operational risk, which is based on the following pillars:

- *Promoting a corporate culture of ethics and integrity.*

Kruso Kapital has adopted a Group Code of Ethics, which has been distributed across all corporate levels. This document defines the ethical and professional principles recognised by the Company and expected from all employees and stakeholders.

- *Defining and updating systems and procedures to mitigate risk*

Kruso Kapital manages operational risk through a structured and continuous process of updating procedures and operational manuals. This body of internal procedures aims to define, formalise, raise awareness and

inform the entire company organisation about the most correct methods of working. Business processes are mapped periodically or as needed to reduce inefficiencies, improve daily operations, and define first- and second-level controls.

- *Strengthening supervision and control structures.*

The risk prevention programme provides for the identification of the structure in charge of supervision and control activities. This task is assumed by the Internal Audit Department (Level III control), which has an appropriate level of independence and autonomy in conducting audits and investigative activities. The Internal Audit Department essentially plays a dual role. The first is to critically review the effectiveness of existing controls. The second is to drive improvements in control systems. The audits are conducted on-site at branches (e.g., sample checks on pledged assets) and remotely.

- *Insurance contracts to mitigate various operational risks.*

The Company has obtained specific insurance coverage to protect against the risk of loss and/or material damage. This includes coverage against fire, lightning, and explosions to which the goods are exposed, primarily consisting of jewellery, goldworks and watches, precious stones, pearls, and investment gold, as well as other gold and precious metal ornaments and accessories.

The Compliance, Anti-Money Laundering and Risk Management Department of Kruso Kapital:

- assesses the operational risk associated with the introduction of new products, activities, processes and relevant systems mitigating the onset of the operational risk via a preliminary evaluation of the risk profile.
- monitors the occurrence of events leading to a loss attributable to operational risks (e.g. fraud, errors, procedural, human resource or internal system failures/ malfunctions), with the aim of refining the system of safeguards and internal regulations and/or taking out additional insurance policies.

ICT risk (Information and Communication Technology risk) refers to the risk of financial losses, reputational damage, or market share erosion due to the use of information and communication technology. At the group level, ICT risk is managed through structured information flows between Kruso Kapital's relevant functions and the Group Parent. These flows are defined within the Group's IT security policies.

SECTION 3.4 - LIQUIDITY RISK

Qualitative disclosure

1. General aspects, management processes and methods of measuring the liquidity risk

Liquidity risk is defined as the risk that the Company may fail to meet its obligations when they become due or lack sufficient liquidity to accommodate new customer financing requests, despite being able to obtain such funds in the short/medium term.

As part of Banca Sistema Group, Kruso Kapital relies primarily on funding provided by Banca Sistema, which grants a dedicated credit facility. Additionally, the Company maintains current account credit lines with other banks, which are actively managed and monitored by Kruso Kapital's Finance Department.

Liquidity risk is also monitored at the Group level.

Quantitative disclosure

1. Breakdown of financial assets and liabilities by remaining contractual term

Items/Time bands	on demand	from more than 1 day up to 7 days	from more than 7 days up to 15 days	from more than 15 days up to 1 month	from more than 1 month up to 3 months	from more than 3 months up to 6 months	from more than 6 months up to 1 year	from more than 1 year up to 3 years	from more than 3 years up to 5 years	Over 5 years	Duration term
Assets	53,975	3,393	4,952	11,467	37,079	25,939	2,986	11,405.20			
A.1 Government securities											
A.2 Other debt instruments											
A.3 Financing	53,975	3,393	4,952	11,467	37,079	25,939	2,986	11,405.20			
A.4 Other assets											
Liabilities	141,830										
B.1 Payables											
- banks	136,225										
- Financial corporations											
- customers	5,605										
B.2 Debt instruments											
B.3 Other liabilities											
Off-statement of financial position transactions											
C.1 Financial derivatives with exchange of principal											
- long positions											
- short positions											
C.2 Financial derivatives without exchange of principal											
- positive spreads											
- negative spreads											
C.3 financing to be received											
- long positions											
- short positions											
C.4 Commitments to disburse funds											
- long positions											
- short positions											
C.5 Financial guarantees issued											
C.6 Financial guarantees received											

4.1 EQUITY

4.1.1 Qualitative disclosure

In managing its consolidated equity, the Group aims to maintain an appropriate level of capital to support its growth objectives, while ensuring compliance with regulatory capital requirements and its risk appetite framework.

4.1.2 Quantitative disclosure

4.1.2.1 Equity attributable to the owners of the parent: breakdown

Items/Values	Amount 2024	Amount 2023
1. Share capital	24,610	23,162
2. Share premium	16,908	15,838
3. Reserves	3,475	596
- income-related		596
a) legal	350	170
b) established under the Articles of Association		
c) treasury shares		
d) other	3,125	426
- other		
4. (Treasury shares)		
5. Valuation reserves	(34)	(27)
- Equity instruments designated at fair value through other comprehensive income		
- Hedging of equity instruments designated at fair value through other comprehensive income		
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income		
- Property and equipment		
- Intangible assets		
- Hedges of foreign investments		
- Cash flow hedges		
- Hedging instruments (non-designated elements)		
- Exchange rate gains (losses)		
- Non-current assets held for sale and disposal groups		
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)		
- Special revaluation laws		
- Net actuarial gains (losses) on defined benefit pension plans	(34)	(27)
- Shares of valuation reserves of equity-accounted investees		
6. Equity instruments		
7. Profit (loss) for the year	4,500	2,885
Total	49,459	42,454

4.2 - Own funds and capital ratios

4.2.1 Own funds

Own funds, risk-weighted assets and solvency ratios as at 31 December 2024 were determined based on the provisions for Banks contained in Directive 2013/36/EU (CRD IV) and in Regulation (EU) 575/2013 (CRR) of 26 June 2013, that transpose in the European Union the standards defined by the Basel Committee on Banking Supervision (the so-called Basel 3 framework), and based on Bank of Italy Circulars no. 288. These are reported on an individual basis, as the Group does not apply consolidated supervisory reporting, referring instead to the reports prepared by Banca Sistema (the parent of the banking group).

4.2.1.1 Qualitative disclosure

The total own funds as of 31 December 2024 amounts to € 20.3 million, as shown in the table below.

4.2.1.2 Quantitative disclosure

	31/12/2024	31/12/2023
A. Tier 1 Capital before the application of prudential filters	51,838	43,600
B. Prudential filters for Tier 1 Capital:		
B1 - Positive prudential filters under IAS/IFRS (+)		
B2 - Negative prudential filters under IAS/IFRS (-)		
C. Tier 1 Capital before deducting elements (A+B)	51,838	43,600
D. Elements to be deducted from Tier 1 Capital	31,581	30,723
E. Total Tier 1 Capital (C-D)	20,257	12,877
F. Tier 2 Capital before the application of prudential filters		
G. Prudential filters for Tier 2 Capital:		
G1 - Positive prudential filters under IAS/IFRS (+)		
G2 - Negative prudential filters under IAS/IFRS (-)		
H. Tier 2 Capital before deducting elements (F+G)		
I. Items to deduct from Tier 2 Capital		
L. Total Tier 2 Capital (TIER2) (H-I)		
M. Elements to be deducted from total Tier 1 and Tier 2 capital		
N. Regulatory capital (E+L-M)	20,257	12,877

4.2.2 Capital adequacy

4.2.2.2 Quantitative disclosure

Categories/Amounts	Unweighted amounts		Weighted amounts/requirements	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
A. EXPOSURES				
A.1 Credit and counterparty risk	143,333	135,331	41,473	28,857
1. Standardised approach	143,333	135,331	41,473	28,857
2. Internal ratings based approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisations	-	-	-	-
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			2,488	1,731
B.2 Credit valuation adjustment risk			-	-
B.3 Settlement risk			-	-
B.4 Market risk			-	-
1. Standard approach			-	-
2. Internal models			-	-
3. Concentration risk			-	-
B.5 Operational risk			3,033	2,400
1. Basic indicator approach			3,033	2,400
2. Standardised approach			-	-
3. Advanced measurement approach			-	-
B.6 Other calculation elements			-	-
B.7 Total prudential requirements			5,521	4,131
C. EXPOSURES AND CAPITAL RATIOS				
C.1 Risk-weighted assets			92,018	68,862
C.2 CET1 capital/risk-weighted assets (CET1 Capital Ratio)			22.01%	18.70%
C.3 Tier 1 capital/risk-weighted assets (Tier 1 Capital Ratio)			22.01%	18.70%
C.4 Total Own Funds/risk-weighted assets (Total Capital Ratio)			22.01%	18.70%

SEZIONE 5 – BREAKDOWN OF CONSOLIDATED COMPREHENSIVE INCOME*(amounts in thousands of Euro)*

Items		31/12/2024	31/12/2023
10.	Profit for the year	4,500	2,885
	Items, net of tax, that will not be reclassified subsequently to profit or loss		
70.	Defined benefit plans	(7)	(5)
170.	Total other comprehensive income (expense), net of income tax	(7)	(5)
180.	Comprehensive income (Items 10+170)	4,493	2,880

SEZIONE 6 – RELATED PARTY TRANSACTIONS

6.1 Information on the remuneration of directors and key management personnel

	Board of Directors	Board of Statutory Auditors	Other managers
Remuneration to Board of Directors and Board of Statutory Auditors	185	41	
Short-term benefits for employees			734
Other long-term benefits			
Post-employment benefits			69
Total	185	41	802

6.2 Loans and guarantees issued to directors and statutory auditors

The Group has not issued loans or guarantees to directors or statutory auditors.

6.3 Disclosure on related party transactions

The following table shows the assets and liabilities as at 31 December 2024, differentiated by type of related party with an indication of the impact on each individual caption.

	Parent	Other related parties	% of caption
Assets			
Cash and cash equivalents	4,247		47.1%
Loans and receivables with banks	14		39.9%
Other assets			0.3%
Liabilities			
Due to banks	(70,601)		-49.8%
Other liabilities	(239)		-3.2%

The item “Cash and cash equivalents” includes only financial receivables related to active current accounts opened with the parent company.

The items “Loans and receivables with banks” and “Other assets” only include trade receivables.

The item “Due to banks” includes financial payables amounting to € 70 thousand and trade payables for the remainder.

	Parent	Other related parties	% of caption
Total income			
Interest income	79		0.5%
Interest expense	(3,757)		81.1%
Fee and commission expense	(5)	-	3.3%
Operating costs			
Administrative expenses	(745)	-	4.6%
Other operating income (expense)	70	-	7.5%

The item “Interest expense” refers to interest accrued on loans from the parent company.

The item “Fee and commission expense” mainly refers to fees and commissions accrued towards the parent company for sureties.

The item “Administrative expenses” refers to servicing activities, rental of office space, and costs for seconded staff.

The item “Other operating income (expense)” refers to rental income for office space.

SECTION 7 – LEASES (LESSEE)

Qualitative disclosures

The Company has contracts that fall within the scope of IFRS 16 attributable to the following categories:

1. Property used for business purposes;
2. Cars.

At 31 December 2024, there were 35 leases, 29 of which were property leases for a total right of use value of € 5 million, while 6 were for cars, for a total right of use value of € 101 thousand.

Property leases, which refer to lease payments for buildings used for business purposes such as offices and branches have terms exceeding 12 months and typically have renewal and termination options that may be exercised by the lessor and the lessee as provided for by law.

Contracts referring to other leases are long-term leases for cars which are generally used exclusively by the employees to whom they are assigned. These contracts have a maximum term of four years with monthly lease payments, no renewal option, and no option to purchase the asset.

Contracts with a term of less than 12 months or those for which the replacement value of the individual leased asset is low, i.e. less than € 20 thousand, are excluded from the application of the standard.

Quantitative disclosures

The following table provides a summary of the Statement of Financial Position items relating to leases; for further information, please refer to Part B of the notes to the financial statements:

Type of contract	Right of use (*)	Lease liabilities
Property lease payments	3,412	1,878
Long-term car lease	161	161
Total	3,573	2,039

(*) This is the right of use value net of accumulated depreciation.

The following table provides a summary of the Income Statement items relating to leases; for further information, please refer to Part C of the notes to the financial statements:

Type of contract	Interest expense	Net impairment losses on property and equipment
Property lease payments	47	930
Long-term car lease	1	32
Total	48	962

SECTION 8 – OTHER DISCLOSURES

The notes to the financial statements do not provide the information required by Article 2427, paragraph 1, point 16-bis) of the Italian Civil Code regarding fees payable to the independent auditors, as the Group is included within the scope of consolidation of Banca Sistema (the Group parent), and such information is contained in the notes to the consolidated financial statements of the parent.

8.1 Management and coordination activities

Pursuant to Article 2497-bis of the Italian Civil Code, Kruso Kapital is subject to the management and coordination activities of Banca Sistema S.p.A.

The following is a summary of the key data from the most recent financial statements of that company.

Key data from Banca Sistema's 2023 financial statements

The key data from the parent, Banca Sistema S.p.A., as shown in the summary table, was extracted from its 31 December 2023 financial statements, which, along with the independent auditor's report, is available in accordance with the applicable laws.

STATEMENT OF FINANCIAL POSITION*(amounts expressed in Euro)*

	Assets	31/12/2023	31/12/2022
10.	Cash and cash equivalents	247,375,590	124,174,855
20.	Financial assets measured at fair value through profit or loss	11,573,875	24,599,724
	<i>c) other financial assets mandatorily measured at fair value through profit or loss</i>	11,573,875	24,599,724
30.	Financial assets measured at fair value through other comprehensive income	576,001,679	558,383,831
40.	Financial assets measured at amortised cost	3,368,819,318	3,519,271,470
	<i>a) loans and receivables with banks</i>	795,432	34,824,671
	<i>b) loans and receivables with customers</i>	3,368,023,886	3,484,446,799
70.	Equity investments	45,250,000	45,250,000
80.	Property and equipment	2,318,593	3,035,010
90.	Intangible assets	3,997,839	3,957,290
	<i>of which:</i>	-	-
	<i>goodwill</i>	3,919,700	3,919,700
100.	Tax assets	24,141,577	23,239,118
	<i>a) current</i>	8,877,019	2,060,302
	<i>b) deferred</i>	15,264,558	21,178,816
120.	Other assets	241,209,525	76,029,368
	Total Assets	4,520,687,996	4,377,940,666

	Liabilities and equity	31/12/2023	31/12/2022
10.	Financial liabilities measured at amortised cost	4,018,100,468	3,923,475,253
	<i>a) due to banks</i>	610,786,777	604,659,631
	<i>b) due to customers</i>	3,407,313,691	3,318,815,622
60.	Tax liabilities	22,543,524	15,493,012
	<i>a) current</i>	-	-
	<i>b) deferred</i>	22,543,524	15,493,012
80.	Other liabilities	175,039,229	154,238,734
90.	Post-employment benefits	3,809,285	3,249,865
100.	Provisions for risks and charges:	37,132,057	35,776,561
	<i>a) commitments and guarantees issued</i>	59,157	23,973
	<i>c) other provisions for risks and charges</i>	37,072,900	35,752,588
110.	Valuation reserves	(12,332,684)	(24,869,635)
130.	Equity instruments	45,500,000	45,500,000
140.	Reserves	168,371,404	155,998,213
150.	Share premium	39,100,168	39,100,168
160.	Share capital	9,650,526	9,650,526
170.	Treasury shares (-)	(355,353)	(558,600)
180.	Profit for the year	14,129,372	20,886,569
	Total Liabilities and Equity	4,520,687,996	4,377,940,666

INCOME STATEMENT*(amounts expressed in Euro)*

	Items	31/12/2023	31/12/2022
10.	Interest and similar income	166,214,678	91,151,677
	of which: interest income calculated with the effective interest method	166,214,678	91,151,677
20.	Interest and similar expense	(109,026,741)	(14,967,340)
30.	Net interest income	57,187,937	76,184,337
40.	Fee and commission income	23,910,139	23,080,565
50.	Fee and commission expense	(16,774,121)	(14,776,049)
60.	Net fee and commission income (expense)	7,136,018	8,304,516
70.	Dividends and similar income	226,667	226,667
80.	Net trading income (expense)	2,771,730	(1,517,569)
100.	Gain (loss) from sales or repurchases of:	13,926,608	5,077,427
	<i>a) financial assets measured at amortised cost</i>	12,608,394	3,990,912
	<i>b) financial assets measured at fair value through other comprehensive income</i>	1,318,214	1,086,515
	<i>c) financial liabilities</i>	-	-
110.	Net gain (loss) on other financial assets and liabilities measured at fair value through profit or loss	2,836,313	2,195,577
	<i>b) other financial assets mandatorily measured at fair value through profit or loss</i>	2,836,313	2,195,577
120.	Total income	84,085,273	90,470,955
130.	Net impairment losses/gains on:	(4,512,853)	(8,476,471)
	<i>a) financial assets measured at amortised cost</i>	(4,689,499)	(8,333,072)
	<i>b) financial assets measured at fair value through other comprehensive income</i>	176,646	(143,399)
140.	Gains/losses from contract amendments without derecognition	(692)	69
150.	Net financial income (expense)	79,571,728	81,994,553
160.	Administrative expenses	(51,868,573)	(46,362,961)
	<i>a) personnel expense</i>	(22,988,079)	(20,816,955)
	<i>b) other administrative expenses</i>	(28,880,494)	(25,546,006)
170.	Net accruals to provisions for risks and charges	(3,170,927)	(4,461,042)
	<i>a) commitments and guarantees issued</i>	(35,184)	15,095
	<i>b) other net accruals</i>	(3,135,743)	(4,476,137)
180.	Net impairment losses on property and equipment	(1,692,132)	(1,501,191)
190.	Net impairment losses on intangible assets	(30,211)	(22,541)
200.	Other operating income (expense)	(1,920,261)	896,341
210.	Operating costs	(58,682,104)	(51,451,394)
260.	Pre-tax profit (loss) from continuing operations	20,889,624	30,543,159
270.	Income taxes	(6,760,252)	(9,656,590)
280.	Post-tax profit from continuing operations	14,129,372	20,886,569
290.	Post-tax profit (loss) from discontinued operations	-	-
300.	Profit for the year	14,129,372	20,886,569

Kruso Kapital S.p.A.

Independent auditor's report
pursuant to article 14 and article
19-bis of Legislative Decree no.
39, dated January 27, 2010

Consolidated financial statements
at 31 December 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative

Independent auditor's Report

pursuant to article 14 and article 19-bis of Legislative Decree no. 39, dated January 27, 2010

To the Shareholders of
Kruso Kapital S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Group Kruso Kapital S.p.A. (the "Group"), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flow for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union, as well as the regulation issued to implement article 43 of Legislative Decree no.136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of Kruso Kapital S.p.A. (the "Company") in accordance with the ethical and independence requirements applicable in Italy to the audit of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union, as well as the regulation issued to implement article 43 of Legislative Decree no.136/15 and, in the terms prescribed by the law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company Kruso Kapital S.p.A. or to cease operations, or has no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercised professional judgment and maintain professional skepticism throughout the audit. We also have:

- Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We have communicated with Those charged with governance, as properly identified in accordance with ISA Italia, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Reports on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, (e), e-bis) and e-ter) of Legislative Decree no. 39/10

The directors of Kruso Kapital S.p.A. are responsible for the preparation of the report on operations of Kruso Kapital S.p.A. as at December 31, 2024, including its consistency with the consolidated financial statements and compliance with the applicable laws and regulations.

We have performed the procedures required under Auditing Standard (SA Italia) no. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;

- express an opinion on the compliance of the report on operations with the applicable laws and regulations;
- issue a statement on whether the report on operations contain material misstatements.

In our opinion, the report on operations is consistent with the consolidated financial statements of Group Kruso Kapital S.p.A. as at December 31, 2024.

Furthermore, in our opinion the report on operations is compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, e-ter), of Legislative Decree no. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milano, 26 March 2025

BDO Italia S.p.A.
Signed in the original by

Andrea Mezzadra
Partner

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