Factorit

GRUPPO Banca Popolare di Sondrio

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REPORT AND FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

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Factorit S.p.A.

Registered Office, General Management and Operating Headquarters
Via Cino del Duca, 12 - 20122 Milan
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Belonging to the Banca Popolare di Sondrio Banking Group,
official List of Banking Groups under no. 5696.0
and subject to management and coordination activities
of Banca Popolare di Sondrio S.p.A., sole shareholder.

Tax code: 04797080969
Registered with the Business Register of Milan-Monza-Brianza-Lodi under no. 04797080969
Belonging to the Banca Popolare di Sondrio Banking Group, VAT no. 01086930144
R.E.A. no. 1773100
Registered in the Register of Financial Intermediaries pursuant to art. 106 of the CBA with no. 52

Share Capital € 85,000,002

Member of Assifact - Italian Factoring Association

Member of FCI - Facilitating Open Account - Receivables Finance

Administrative and control bodies

Board of Directors

Chair	Roberto Ruozi
Deputy Chair	Mario Alberto Pedranzini
Directors	Antonio De Martini
	Lino Enrico Stoppani
	Rossana Zambelli

Board of Statutory Auditors

Chair	Laura Vitali
Standing Auditors	Luigi Gianola
	Daniele Morelli
Alternate Auditors	Massimo De Buglio
	Elena Del Marco

General Management

General Manager	Fabio Bollini
Deputy General Manager	Maurizio Maria Beretta

Independent Auditors

EY S.p.A.

Local units

Milan
Via Cino del Duca, 12 - 20122 Milan
Tel. 02 581501 – Fax 02 58150205

Turin
Via XX Settembre, 37 - 10121 Turin
Tel. 011 0587284 – Fax 011 0587285

Padua
Vicolo Ponte Molino, 4 - 35137 Padua
Tel. 049 663370 – Fax 049 652827

Bologna
Via Riva di Reno, 58 - 40122 Bologna
Tel. 051 6443751 - Fax. 051 6443761

Rome
Viale Cesare Pavese, 336 - 00144 Rome
Tel. 06 94359720 – Fax 06 94359735

Palermo
Via della Libertà, 175/177 - 90139 Palermo
Tel. 091 7601073 – Fax 091 7906180

DIRECTORS' REPORT ON OPERATIONS

Dear Shareholder, the financial statements for the 2024 financial year, the forty-sixth of the Company, concluded with a net profit of Euro 35,637,257 due to increased investments and the ability to effectively address the complexity of the macro-economic environment.

During the past year, in a dynamic and controversial macroeconomic scenario characterised by numerous uncertainties due to the geopolitical instability resulting from ongoing conflicts with their related repercussions, the progressive phase of the attenuation of inflation with the associated effects of falling interest rates, the growing challenges for companies also due to the energy transition, and, lastly, by expectations regarding the direction of US trade policy, especially concerning tariffs, the Company has focused on maintaining and building customer loyalty by prioritising the growing service needs, without losing sight of credit quality and profitability.

From a commercial perspective, the developmental efforts initiated in previous years continued, particularly in terms of supply chain credit, with a special emphasis on the agri-food sector, leveraging the opportunities offered by the PNRR in the field of public works, and supporting businesses that have embarked on or are in the process of implementing ESG projects. All this, taking into account the territorial presence of the Parent Company's banking network and the Affiliated Banks, intensifying its commercial action in the most economically relevant areas already covered (Lombardy, Northern Italy, Emilia Romagna, Lazio, Puglia).

The commercial activity, supported by the relational capacity of its network, continues to benefit from the investments made in distribution capacity, product innovation, and specialisation of the offer, with particular regard to the proprietary platforms for Confirming and Reverse Factoring intended for Corporate customers.

Before outlining the activities undertaken throughout the year and presenting the Company's financial and economic status as of 31 December 2024, we consider it appropriate to succinctly review, as is customary, the developments in the cyclical context and the performance of the domestic factoring market.

The Financial Statements as at 31 December 2024, like the previous ones, were audited by EY S.p.A.

SUMMARY OF RESULTS

	31/12/2024	31/12/2023	Change %
Balance sheet figures			
Financial assets measured at fair value through other comprehensive income	1,585,353	1,041,024	52.29
Financial assets measured at amortised cost	5,029,483,092	4,277,811,600	17.57
a) Receivables from banks	*39,817,477*	*12,430,654*	*220.32*
b) Receivables from financial companies	*594,499,079*	*584,043,482*	*1.79*
c) Receivables from customers	*4,395,166,536*	*3,681,337,464*	*19.39*
Total assets	5,075,133,383	4,318,422,996	17.52
Equity	307,574,482	293,558,657	4.77

(values in Euro)

	31/12/2024	31/12/2023	Change %
Income statement			
Net interest income	44,617,534	42,585,469	4.77
Net fee and commission income	37,577,421	32,503,614	15.61
Total income	82,363,081	75,060,170	9.73
Profit from continuing operations	52,985,090	47,361,218	11.87
Profit (Loss) for the period	35,637,257	32,107,100	10.99
Capital ratios	**30/06/2023**	**30/06/2023**	
CET1 Capital ratio	8.99%	8.19%	9.84
Total Capital ratio	8.99%	8.19%	9.84
Free capital	94,089,220	71,218,291	32.11
Other information			
Number of employees	149	152	-1.97
Number of local units	6	6	0.00

(values in Euro)

	31/12/2024	31/12/2023
Cost/Income	29.69%	25.43%
ROE	13.13%	12.29%
Net interest income/Total income	54.17%	56.74%
Net commissions/Total commissions	45.62%	43.30%
Net interest income/Total assets	0.88%	0.99%
Net financial income/Total assets	1.52%	1.55%
Profit for the year/Total assets	0.70%	0.74%
NPE coverage ratio	69.90%	79.30%
NPE ratio	0.33%	0.29%

INTERNATIONAL ASPECTS

The consolidation of the truce in the Middle East and the recent diplomatic initiatives to end the conflict between Russia and Ukraine provide hope that 2025 could be a year of peace. Unknowns abound, just as there are numerous other wars scattered across the globe, but the hope of ending at least the two mentioned conflicts seems likely to prevail.

According to many observers, the world order is nevertheless destined for major upheavals. The hope is that the interests of the main international players can be adequately reconciled, even in the increasingly significant area of economic and technological competition.

Despite a general scenario that is anything but favourable, the world economy recorded more than decent expansion in the year under review: the international GDP growth is indeed estimated to be around 3.2%. The trends have, however, shown significant differences in various areas. US growth was primarily driven by consumer spending, whereas in other developed countries, the persistent weakness of the manufacturing sector and initial signs of a slowdown in the services sector had a significant impact. In China, the persistent crisis in the property market has been accompanied by weak consumption.

Global trade continued to grow, broadly in line with the expansion of output. In the short term, its dynamics will certainly be influenced not only by the progression of the crises mentioned earlier, but also by the trade policies set forth by the new US administration.

The dynamics of inflation, generally tending towards a contraction, albeit with significant variations among different economic areas, has enabled the central banks to significantly reduce rates.

The global stock markets had a record year, characterised by mostly double-digit growth, increased corporate share buybacks, and a new record in dividend distributions.

2024 for the euro area concluded with only weakly positive momentum, primarily hampered by the declining manufacturing sector, which notably faced significant challenges in the German industry. In the latter part of the year, the impetus provided by the service sector would also have weakened. The decline in consumption is primarily driven by the pessimism generated by the economic conditions and the anticipated deterioration in the labour market. Growth estimates for the coming years have also been progressively revised downwards.

At year-end, the inflation rate was 2.4%, influenced by the dynamics of the energy component. A further slight reduction is expected, which might allow the continuation of the monetary easing policy.

In 2024, the Swiss economy grew by approximately 1%, which, although lower than the usual pace, should be assessed positively in the difficult overall context. The dynamics of GDP were especially advantaged by the services and construction sectors, as well as the trends in private and public consumption, whereas foreign trade suffered a decline.

Inflation has been stabilising around 1%.

The Swiss National Bank cut the SNB rate to 0.5% also to support an economic trend that might be affected by the strength of the Franc and international developments.

ITALY'S ECONOMIC SITUATION

According to the latest estimates, the growth of Italy's GDP stood at 0.5%.

The 'zero-point curse' has extended to all major components: private consumption (0.2%), public consumption (0.6%), investments (0.9%), and exports (0.5%).

The international sector had a favourable impact mainly due to reduced imports (-3.1%), favouring the increase in the trade surplus from 34 billion in 2023 to 55 billion in 2024.

On the other hand, upon publishing the November industrial production figure (-1.5%), Istat commented: "in trend terms, the log phase of contraction of the index, adjusted for calendar effects, continues for the 22nd consecutive month." The situation has worsened by 7.1% in the last month, setting the annual total at -3.5%.

Nonetheless, the unemployment rate, partly influenced by a rise in the inactive population, dropped significantly from 7.7 % in the first quarter to a record low of 5.6% in the third quarter, before eventually rising to 6.5%.

Starting from a low of 0.5% at the end of 2023, inflation rose to 1.6% in July before settling at 1.4% by the year's end.

For the purpose of containing financial balances, in compliance with the renewed European rules, the Medium-term Structural Plan 2025-29 was drafted, focused on a multi-year, binding net expenditure trajectory, with a time frame usually of 4 years, extended to 7 in light of the commitment to carry out reforms in continuity with those required by the PNRR.

According to this document, however, the mentioned debt, which rose from 134.8% of GDP to 135.8% in the year in question, is projected to reach 136.9% in the current year and to further increase in 2026, postponing the start of a downward path to the following year.

Conversely, the annual deficit would have already contracted from 7.2% in 2023 to 3.8%, owing to the substantial diminishment of the Superbonus effects.

FACTORING: THE DOMESTIC MARKET

Throughout 2024, the factoring market saw a turnover of nearly Euro 289 billion, which is a 1% rise from the prior year, excluding tax receivables purchases. Of this, Euro 55.84 billion represented recourse transactions, comprising 19.35%, while Euro 232.75 billion constituted without recourse transactions, accounting for 80.65%.

As of 31 December 2024, the outstanding loans sold registered an increase of 0.51% compared to the same figure on 31 December 2023.

The advances and fees paid are also in line with the previous year (+1.76%).

Table 1. Evolution of the factoring market in Italy (source: Assifact)

	2021	2022	2023	2024
Turnover	250,629,550	287,258,017	289,753,062	288,586,885
Outstanding	65,599,552	69,468,897	70,291,103	70,646,933
Advances	51,440,505	56,630,010	58,126,642	59,151,398
Advances/Outstanding	*78.4%*	*81.5%*	*82.7%*	*83.7%*

(values in thousands of Euro)

Based on the information provided by Assifact as of 31 December 2024, in Italy, 43.3% of factoring companies are constituted by financial intermediaries under Article 106 "Sole Register", and they develop 51.9% of the turnover. Banks constitute 46.7% of the operators (43% of turnover), and other intermediaries make up 10% (5.1% of the turnover).

The volume of the loans sold to the leading 5 system operators, all of which are part of banking groups and include Factorit in 4th place with a 6.9% share, account for 64.5% of the overall market turnover.

COMPANY PERFORMANCE

The amount of loans sold in the period was Euro 20,042 million, an increase of 9.1% compared to the previous year (Euro 18,371 million).

The loans sold without recourse made up 70.4% of the total turnover, whereas those sold with recourse constituted 29.6%.

The active customers as of December 31, 2024, were 1,437, substantially in line with the figure as of December 31, 2023 (1,405).

Table 2. Management data

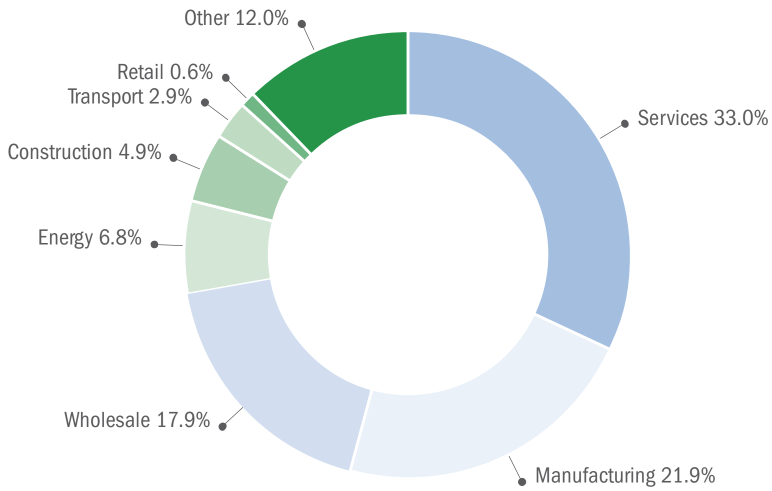
	2023	2024	Deviation
Turnover	**18,371,433**	**20,041,733**	**9.1%**
of which without recourse	12,562,808	14,111,753	**12.3%**
of which with recourse	5,808,625	5,929,980	**2.1%**
Net commission (%)	**0.18**	**0.19**	
Receivables on the assets side of the financial statements as at 31/12	**4,287,382**	**5,039,806**	**17.5%**
Outstanding loans sold	**4,558,623**	**5,262,701**	**15.4%**
of which without recourse	3,300,311	3,941,366	**19.4%**
of which with recourse	1,258,312	1,321,335	**5%**
No. of documents processed	**1,056,095**	**1,162,286**	**10.1%**

(values in thousands of Euro)

As for the average days of receivables turnover, there is a noticeable increase in the current financial year (96 days compared to 91 in 2023).

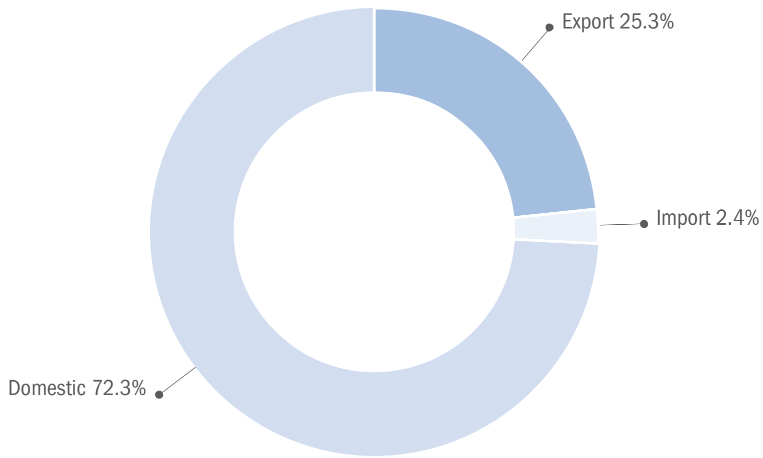
The distribution of turnover, based on the product sector of the Assignor, shows that the majority of volumes are generated by customers in the Services sector (33%), followed by Manufacturing (21.9%), Wholesale (17.9%), Energy (6.8%), Construction (4.9%), Transport (2.9%), and Retail (0.6%). The "Other" sector covers the remaining 12%.

Chart 1. Distribution of Turnover by Product Sector of the Assignor



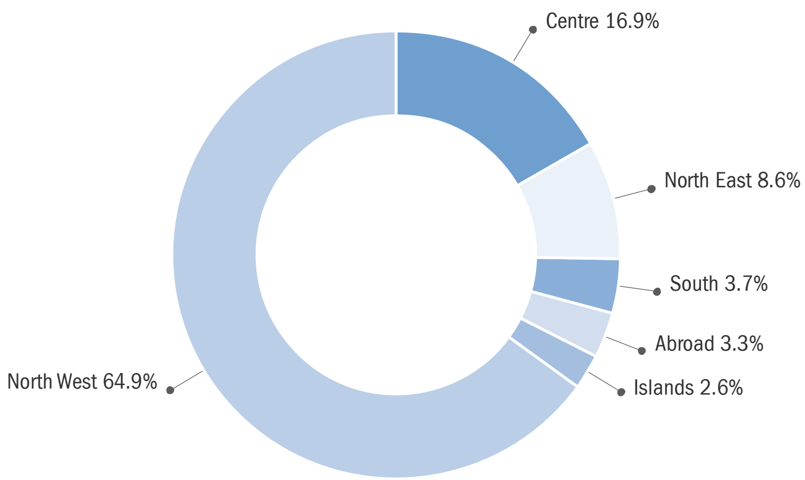
Domestic transactions made up 72.3% (73.9% in 2023) of the total loans sold, amounting to a turnover of Euro 14,486 million. Export factoring accounted for 25.3% (23.6% in 2023), equating to Euro 5,073 million, while import factoring represented 2.4% (2.5% in 2023), or Euro 483 million.

Chart 2. Territorial distribution of turnover



The Company's commercial activities were focused in areas with a strong presence of the Parent Company's branches, as well as in locations where direct commercial activity is most effective. The amount of loans sold by customers based in Lombardy, which is the leading region in terms of turnover, represents 32.7% of the total. Also among the most significant regions in terms of volume are Piedmont, with 27.9%, and Lazio, with 13.3%. The contribution to turnover of foreign-based assignors was 3.3%.

Chart 3. Geographical distribution of Assignors by macro-geographical areas



(percentages calculated on the basis of the registered office of the Assignor)

Table 3. Product segmentation (incidence on total)

	2022	2023	2024
Traditional factoring	31.6%	30.6%	26.9%
Factoring with financing without notification	54.7%	52.9%	57.6%
Maturity factoring	13.3%	16.2%	15.1%
Only guarantee without notification	0.4%	0.3%	0.4%
Total	**100.0%**	**100.0%**	**100.0%**

(percentage values)

The distribution of turnover by product is predominantly made up of traditional factoring with notification (26.9%) and without notification financing factoring (57.6%), primarily maintained with high-standing counterparties. Maturity factoring follows with 15.1% of the total, while the component related to guarantee-only products without notification is negligible at 0.4%.

The amount of advances as at 31 December 2024 was Euro 4,831 million, or 91.8% of the outstanding credits.

Distribution channels

The amount of assignments from customers reported by the Parent Company is Euro 4,390.1 million, representing 21.9% of the total loans sold (which reaches Euro 6,818.6 million including the banks with which agreements are active for the distribution of the Company's products and an incidence of 34%, with an increase of 5.4% compared to the previous year), marking a 7.6% increase in volumes compared to the previous year.

The customer base generated by the direct channel has made assignments amounting to Euro 12,746.7 million, accounting for 63.6% of the total and recording an 11.3% increase compared to the previous year, confirming its status as the Company's main distribution channel. Meanwhile, the volume of receivables for import factoring operations, stemming from reports by the FCI - Facilitating Open Account - Receivables Finance[1] correspondents, was Euro 476 million, with an incidence of about 2.4% of the total loans sold.

Table 4. Turnover divided by distribution channel

	2023	Incidence	2024	Incidence	Deviation
Banca Popolare di Sondrio	*4,081,082*	*22.2%*	*4,390,099*	*21.9%*	*7.6%*
Total banks	6,470,768	*35.2%*	6,818,643	*34.0%*	*5.4%*
Total foreign correspondents	446,899	*2.4%*	476,351	*2.4%*	*6.6%*
Total direct	11,453,766	*62.4%*	12,746,739	*63.6%*	*11.3%*
Total	18,371,433	*100.0%*	20,041,733	*100.0%*	*9.1%*

(values in thousands of Euro)

COMPANY PERFORMANCE

Economic and income results

As of 31 December 2024, it is noted that the interest margin was around Euro 44.6 million, compared to Euro 42.6 million in 2023 (+4.8%), primarily due to the higher average capital employed; active commissions amounted to approximately Euro 43 million, compared to Euro 37.4 million at 31 December 2023 (+14.9%); such a result is attributable to the increase in the percentage of average commission applied (0.214% compared to 0.204% in 2023) and to confirming operations. As a result, the intermediation margin amounted to approximately Euro 82.4 million, compared to Euro 75.1 million at 31 December 2023 (+9.7%).

Net adjustments/write-backs for credit risk show a negative balance of Euro 5.3 million, compared to a negative balance of Euro 8.1 million as at 31 December 2023.

In alignment with the current IFRS9 methodological framework, the Company has updated quarterly both the point-in-time probability of default and

1 Formerly called "Factors Chain International".

the parameterizations of the forward-looking information used for constructing the term structures of the risk parameters, with specific focus on the new macro-economic scenarios.

It is emphasised that, as with previous runs, on 31 December 2024, certain fine tunings were made to the methodological and procedural calculation framework, focusing particularly on components previously referred to as management overlay, in order to achieve, from a prudential standpoint, overall devaluation and coverage levels deemed most representative of the actual current and prospective risk profile of the portfolio.

Specifically, it is therefore the case that:

- geo-sectoral multipliers are now regarded as intrinsic components of the model-based computing framework and no longer merely supplementary or additional, due to the entirely data-driven approach used in their computation;
- the quantification of the so-called model-related A-IRB component, introduced in December 2023 and originally assessed semi-annually, is now updated quarterly during each calculation cycle, thus becoming a fully integrated element within the model-based calculation framework.

Hence, the total impairment level stands at an estimated Euro 10.1 million (+Euro 1.7 million compared to December 2023), which translates to a total coverage level of roughly 29 bps (+4 bps compared to the end of the 2023 accounting period).

It is important to highlight that the NPL ratio (incidence of gross non-performing loans) was 0.33% as of 31 December 2024, with gross non-performing loans amounting to Euro 16.6 million on total receivables from the gross financial statements of Euro 5,039.8 million, whereas on 31 December 2023 it was 0.30%, with gross non-performing loans amounting to Euro 12.5 million on total receivables from the gross financial statements of Euro 4,287.4 million. The coverage level for non-performing loans stands at 69.9% (79.3% as of 31 December 2023); the reduction is primarily due to the reclassification to UTP of a counterparty that has utilised the tool for the negotiated Composition of the Crisis, a position for which a provision of 35% has been allocated, considering it to be a reasonably self-liquidating exposure with a gross loan amount of Euro 3.7 million.

With regard to the quality of loans sold (outstanding), there was an increase, compared to last year, in the percentage incidence value of loans overdue over 90 days compared to the amount of overdue loans: 1.84% at 31 December 2024 (Euro 96.5 million) versus 1.54% at 31 December 2023 (Euro 70 million).

In general, as of 31 December 2024, the "overdue" globally considered (60 days, 90 days and over 90 days) were equal to 3.61% of the total, for an amount of Euro 189.5 million. At 31 December 2023, it accounted for 3.54% (Euro 161.6 million).

Administrative expenses amounted to Euro 19 million compared to Euro 18.5 million as of 31 December 2023, a rise of 2.4%; the "other administrative expenses" incurred by the company throughout the year, amounting to Euro 5 million, showed a slight decline of 2.9% compared to the previous year.

The item "Net provisions for risks and charges" shows a positive balance of Euro 0.4 million.

The item "Other operating income and expenses" indicates a negative balance of Euro 4 million, primarily due to an entry of Euro 4.7 million related to computer fraud identified by the Company on 6 February 2024.

Consequently, the net profit for the year amounted to Euro 35.6 million.

Main management events

Throughout the meetings in 2024, the Board of Directors analysed and evaluated the reports provided by the company's senior management, which concerned the Company's commercial performance, exposure to major Assignors and Debtors, risk positions classified among Bad Loans, Unlikely to pay, and Non-performing Past due, as well as the adequacy of provisions and loan loss transfers. The Board also acknowledged updates on the computer fraud that occurred in February, affecting the Company. The Administrative Body also examined the documentation pertaining to the portfolio composition, the decisions made on credit facilities and litigation, own funds, and liquidity risk.

Throughout the year, the Board of Directors approved the internal regulations, which also incorporated the guidelines issued by the Parent Company, ensuring the proper and effective management of the company. Furthermore, in accordance with the regulations outlined in Bank of Italy Circular no. 288 of 3 April 2015 and its subsequent updates *"Supervisory provisions for financial intermediaries"*, all reports produced by the Control Functions (compliance, risk control, anti-money laundering and internal audit) have been submitted to the attention of the Administrative Body.

It is specified that, among other provisions, it has been resolved as follows:

- on **26 January**, the Board of Directors identified the key personnel and decided on the structure of the incentive system for personnel, in line with the "2023 Remuneration Policies of the Banca Popolare di Sondrio Banking Group" as detailed in Section I of the document "Annual Report on the Remuneration Policy and the Remuneration Paid". It also approved the 2024 Budget.
- On **11 March**, the Board of Directors approved the draft financial statements for the year ended 31 December 2023, convened the Ordinary Shareholders' Meeting, made decisions regarding the variable remuneration of key personnel and managers, reviewed the progress of the *"Climate and Environmental Risk Action Plan"*, and approved the outcomes of the materiality analysis of climate and environmental risks potentially impacting capital exposure.

- On **19 April**, the Board of Directors acknowledged the new role taken on by the Deputy Chair, Dr. Mario Alberto Pedranzini, at Ca' Foscari University of Venice.
- On **3 May**, the Board of Directors, in the context of corporate management, acknowledged the findings within the Group's ICAAP and ILAAP reports dated 31 December 2023, issued by the Parent Company Banca Popolare di Sondrio, which pertain to the Banking Group and primarily focus on the internal processes for determining capital adequacy (ICAAP) and evaluating the adequacy of governance systems and liquidity risk management (ILAAP). It also approved the economic and financial situation as of 31 March 2024.
- On **17 June**, the Board of Directors assessed the Directors in relation to the "prohibition of interlocking" (Art. 36 Law 214/2011) and acknowledged the audit results provided by the Board of Statutory Auditors concerning its actual members.
- On **31 July**, the Board of Directors approved the economic and financial status as of 30 June 2024; it resolved to approve the outsourcing of the composition, printing, packaging, and posting services for customer communications; furthermore, it acknowledged the progress of the Company's *"Action Plan on Climate and Environmental Risks"*.
- On **25 October**, the Board of Directors approved the economic and financial status as of 30 September 2024; furthermore, it approved the suggested criteria and parameters for determining the variable remuneration of the most significant Personnel.
- On **13 December**, the Board of Directors acknowledged the formation of the Banca Popolare di Sondrio VAT Group and approved the *"Agreement for the Regulation of the Banca Popolare di Sondrio VAT Group"*; furthermore, it approved the outsourcing of the cyber monitoring service and the outsourcing of the Compliance Function to the Parent Company Banca Popolare di Sondrio.

During the year, the ordinary exchange of correspondence between the Company and the Financial Intermediaries Supervision Division of the Bank of Italy, Milan Office, continued.

Organisational structures and the system of internal controls

The Company's regulatory body has undergone updates, partly due to the issuance of new specific regulations (refer to the relevant section "Regulatory adjustments") and partly to further strengthen the internal organisational framework.

Factorit adopts a traditional administration and control model. The Corporate governance structure comprises the methodologies, models, and systems for planning, managing, and controlling, essential for the operation of the

Company's Bodies. It is articulated with the aim of ensuring effective and transparent allocation of roles and responsibilities among the Company's Bodies, as well as a proper balance between strategic oversight, management, and control functions, together with a careful analysis and assessment of the risks the Company is exposed to.

The Company Organizational Chart is structured with Control Functions (reporting both hierarchically and functionally to the Board of Directors), Services, and Offices (in both staff and line positions to the General Management), intended to provide benefits in terms of efficiency and risk mitigation. Outsourcing corporate functions, including essential or important control tasks, is a structural element of the organisational model adopted by the Company, taking into account, as provided by the principle of proportionality, the Company's size and its limited operational complexity.

Upon completing the evaluation of the organisational structure of the internal control system, on 13/12/2024, the Board of Directors expressed their approval for outsourcing the activities of the Compliance Function to the Parent Company, and on 17/01/2025, the no-objection from the Bank of Italy was received in response to the preliminary request submitted by the Parent Company.

The justifications for this outsourcing, which involves changing the outsourcer from Unione Fiduciaria, where the Compliance Function's activities were historically outsourced with positive service evaluation, can be found in:

– the pursuit of overall benefits regarding risk governance through the harmonisation of the non-compliance risk management model and the standardisation of the processes and methodologies adopted by the Parent Company, thereby contributing to enhancing the Company's capacity to promptly implement the Group's guidelines and policies;
– the possibility to draw on the skills and insights of the Parent Company's specialised resources, with a view to refining methodologies for managing non-conformity risk;
– the adherence to the organisational model of the compliance function of Banca Popolare di Sondrio for the management of non-compliance risk, also adopted for the subsidiary Banca della Nuova Terra.

Throughout the year, the Parent Company managed the outsourcing of the Risk Control Function, which involved ongoing efforts to review and standardise the structural components of the comprehensive risk management and governance system, ensuring alignment with the Group's organisational, governance and control frameworks.

In line with the Parent Company's expectations, the Company continued to perfect the distribution of responsibilities and related tasks in ICT Risk matters between the Risk Control Function and the Compliance Function.

Over the course of the year, the activities related to the Project for defining and implementing the framework on climate and environmental risks also advanced, with the completion of some tasks planned within the multi-year plan submitted by the Company to the Bank of Italy in 2023. The Company's internal control system and the related governance model are periodically examined and updated, if necessary, also according to the elements of any misalignment with the new supervisory provisions on the subject.

Regulatory adjustments

The Company leverages the expertise of the Compliance Function, which has the responsibility, as part of its non-compliance risk monitoring duties, to continuously identify applicable legislation and assess its impact on company processes and procedures.

During the year, the Company, in addition to reviewing the internal regulatory systems affected by organisational changes or developments in external regulation (laws and regulations), also approved new documents to ensure the adequacy of Factorit's regulatory framework to prevent breaches of mandatory and self-imposed regulations and to ensure an effective internal control system.

Throughout the year, the process of incorporating the regulations issued by the Banca Popolare di Sondrio, applicable to the banking group and pertinent to the Company, also continued.

In this comprehensive context, the Compliance Function has provided its assessments, contributing to the internal process of issuing and updating Factorit's regulatory framework.

Over the course of the year, some legislative and regulatory changes influenced, directly or indirectly, the banking and financial sectors and, specifically, the Company. Below are the main ones.

In accordance with the guidelines set out in the 40th update of the Bank of Italy Circular 285/2013 on prudential supervision, which mandated that banks establish a second-level control function for monitoring and supervising **security and ICT risks** by 30 June 2023, Factorit was involved by the Parent Company for the relevant areas. Specifically, the Compliance Function has engaged in activities from both ex-ante and ex-post perspectives, aimed at identifying the Company's information system and enhancing regulatory, organisational, and IT safeguards, also considering the fully applicable provisions of Regulation 2022/2554 ("DORA") effective from 17 January 2025. Considering the allocation of duties between the Risk Control Function and the Compliance Function as per their respective areas of expertise, the Parent Company received input for the Bank's IT Risk Questionnaire 2024 and contributed to drafting the "Summary Report on Cyber Risk – Year 2023".

Under the "Action Plan on Climate and Environmental Risks" submitted to the Bank of Italy in March 2023, ongoing activities have focused on gradually aligning with the Supervisory Authority's expectations, in accordance with the Parent Company's guidelines, while adhering to the principle of proportionality.

On 28 December 2023, the Bank of Italy released a publication outlining the key findings and best practices from the analysis of the action plans submitted by non-bank intermediaries and Less Significant Institutions.

Additionally, in March 2024, Assifact released "*The sustainability of factoring | Year 2024 | 2nd edition of the survey on operators in the sector*", incorporating data provided by Factorit's ESG & Sustainability Working Group in December 2023.

In this context, an overall review of the contents and structure of Factorit's C&E Risk Management Action Plan was carried out in March 2024. The revision was required to incorporate new activities or those set for rescheduling based on the interventions undertaken thus far, and to ensure an increasingly better alignment with the Parent Company.

With regard to the definition and implementation of the climate and environmental risk framework, the main activities undertaken throughout the year included: extending and implementing the calculation of an internally developed ESG score on Factorit's transferor portfolio, introducing the initial operational-level RAF metrics on credit risk and reputation within the ESG domain, and defining and designing a first iteration of the internal reporting relating to climate and environmental risk analysis.

As of 11 January 2024, the new Article 118-bis of the Consolidated Banking Act (or "TUB") took effect, requiring banks and financial intermediaries to publish, even in summary form, and to keep constantly updated on their websites the **plans** specified in Article 28(2) of the Benchmark Regulation. Updates to plans must be brought to the attention of customers at least once a year or at the first suitable opportunity. Additionally, financial intermediaries are required to include suitable clauses concerning interest rates in contracts for indexed products. These clauses must allow for the identification of changes to the reference index or a substitute index, either through the aforementioned plans, in instances of significant variation or cessation of the reference index applied to the contract.Finally, in case of the termination of a benchmark or a substantial change, financial intermediaries must inform the client, adhering to the timelines and procedures specified by the regulations in force from time to time, about the Substitute Index or the Modified Index (as defined below) that will be referenced in determining the amount to be paid concerning the specific financial contract involved. To comply with the regulatory provisions introduced by the Benchmark Regulation and art. 118-bis of the TUB, as referenced briefly herein, Factorit has established an internal plan for the replacement of the reference indices (referred to as the "Plan" or "Replacement Plan"), which outlines the actions Factorit will take if any of the reference indices utilised in its products cease to exist or undergo significant changes.

On 24 April 2024, the European Parliament definitively approved a legislative package designed to enhance the arsenal of tools available to the EU for combating money laundering and terrorist financing. The so-called "AML Package" consists of:

- Directive (EU) 2024/1640, known as the "VI AML Directive", on the mechanisms that Member States must implement to prevent the financial system from being exploited for money laundering or the financing of terrorism;

- Regulation (EU) 2024/1624, known as the "AML Regulation (EU Single Rulebook)", on the prevention of the misuse of the financial system for money laundering or terrorist financing, which applies from 10 July 2027;
- Regulation (EU) 2024/1620, known as the "AMLA Regulation" of the European Parliament and of the Council of 31 May 2024, establishing the Anti-Money Laundering and Terrorist Financing Authority.

On 27 November 2024, the Bank of Italy issued an amendment to the "Provisions concerning the organisation, procedures and internal controls aimed at preventing the use of intermediaries for money laundering and terrorist financing" dated 26 March 2019, introducing the new Manual for anti-money laundering reports.

With Communication Prot. No. 0740360/24 of 10/04/2024 concerning "Protection of customers in the context of the sale of legal relationships" the Bank of Italy aimed to highlight the issues that emerged in the transfer of legal relationships, negatively impacting customers due to insufficient information, operational restrictions, and breaches of contractual terms. After reiterating the existing information obligations dictated by current regulations, the Bank of Italy proceeded to outline several best practices aimed at defining the content of communication initiatives that should be adopted to address the reported issues. Such initiatives are entirely separate and independent from the information and advertising obligations required by law for different scenarios and types of transfer. The same communication suggests instituting adequate measures to ensure the continuity of service usage throughout the transition phase, as well as implementing organizational and control measures to maintain compliance with both regulatory obligations and contractual commitments assumed up until the termination date of the relationships.

Finally, with Communication Prot. No. 0921225/24 of 07/05/2024 concerning "Risk centre. Signalling news", the Bank of Italy informed in advance of the upcoming change concerning the use and process simplification of the technological infrastructure supporting the Risk Centre (RC) with regard to the use and provision of personal information in the first information service. The service will maintain the same level of information content while ensuring the removal of any duplicate entries during data processing and when cross-referencing between the RC application and the RS application (Registry of Subjects).

With reference to the measures implemented by government authorities, please refer to the *Explanatory Notes, Part A - Accounting policies - Section 4 - Other aspects*.

Organisational structure and human resources

Throughout the year, no specific areas were reinforced, but there were targeted additions based on the needs of certain offices or services.

Table 5. Employee age group

	2024							2023						
	Women			Men			Total	Women			Men			Total
Age group	**>50**	**50-30**	**<30**	**>50**	**50-30**	**<30**		**>50**	**50-30**	**<30**	**>50**	**50-30**	**<30**	
Executive managers	0	0	0	3	1	0	4	0	0	0	3	1	0	4
Managers	20	6	0	32	15	0	73	20	6	0	32	15	0	73
Office workers	20	20	1	9	17	5	72	18	21	1	9	19	7	75
Total	**40**	**26**	**1**	**44**	**33**	**5**	**149**	**38**	**27**	**1**	**44**	**35**	**7**	**152**
of which part-time	*4*	*4*	*0*	*0*	*0*	*0*	*8*	*5*	*6*	*0*	*0*	*0*	*0*	*11*

During the year there were 12 terminations, while there were 9 hires, including 1 person with an apprenticeship contract, 3 fixed-term and 5 permanent employees.

The specific number of employees as of 31 December 2024 was 149, including 82 men and 67 women.

The regular professional development activities for all employees continued, utilising digital tools and offering training courses to enhance the employees' understanding of regulatory and technical matters. In particular, internal training was provided on privacy, specific aspects of anti-money laundering, factoring products, and cybersecurity. Specific courses were also provided on how to detect the signs of a company's crisis. The Company continued to train all new employees and collaborators according to the latest State-Regions directives on occupational safety and also provided a course on DAE.

Risks related to company activity

In line with its business model, the Company is exposed to various types of risks, both actual and potential, which primarily relate to credit risk, interest rate risk, liquidity risk, and certain aspects of operational risks inherent to the business.

Company risks are managed within an organisational framework that separates control functions from operational ones. This framework integrates various methodologies and multi-level control measures to ensure the efficient and effective functioning of operational processes, safeguard the company's assets, protect the Company against losses, ensure the reliability and integrity of information, and consistently verify the correct performance of activities in compliance with relevant internal and external regulations.

<u>Interest rate and liquidity risk trend</u>

With regard to the general aspects, management processes and methods of measuring interest rate risk and liquidity risk, please refer to the Explanatory Notes *Part D – Other information – Section 3 – Information on risks and related hedging policies.*

<u>Credit risk trend</u>

As of 31 December 2024, the total receivables on the financial statements, gross of adjustments, amounted to Euro 5,040 million. The detail is provided below:

Table 6. Non-performing and performing loans

		31/12/2024	31/12/2023	Absolute changes	Changes %	Coverage % 2024	Coverage % 2023	Net of net loans 2024	Net of net loans 2023
Non-performing loans	Gross exposure	16,622,115	12,469,515	4,152,600	33%				
	Write-downs	11,613,885	9,883,200	1,730,685	18%				
	Net exposure	5,008,230	2,586,315	2,421,915	94%	69.87%	79.26%	0.100%	0.061%
Bad loans	Gross exposure	2,101,075	4,064,574	-1,963,499	-48%				
	Write-downs	2,101,075	4,051,794	-1,950,719	-48%				
	Net exposure	-	12,780	-12,780	-100%	100.00%	99.69%	0.000%	0.000%
Unlikely-to-pay loans	Gross exposure	13,303,203	8,395,744	4,907,459	58%				
	Write-downs	9,342,313	5,830,578	3,511,735	60%				
	Net exposure	3,960,890	2,565,166	1,395,724	54%	70.23%	69.45%	0.079%	0.060%
Non-performing past due exposures	Gross exposure	1,217,837	9,197	1,208,640	13,142%				
	Write-downs	170,497	828	169,669	20,491%				
	Net exposure	1,047,340	8,369	1,038,971	12,415%	14.00%	9.00%	0.021%	0.000%
Loans performing	Gross exposure	5,023,184,228	4,274,912,633	748,271,595	18%				
	Write-downs	9,768,825	7,625,348	2,143,477	28%				
	Net exposure	5,013,415,403	4,267,287,285	746,128,118	17%	0.19%	0.18%	99.900%	99.939%
Stage 1	Gross exposure	4,939,999,792	4,240,652,883	699,346,909	16%				
	Write-downs	9,552,961	7,531,695	2,021,266	27%				
	Net exposure	4,930,446,831	4,233,121,188	697,325,643	16%	0.19%	0.18%	98.247%	99.139%
Stage 2	Gross exposure	83,184,436	34,259,750	48,924,686	143%				
	Write-downs	215,864	93,653	122,211	130%				
	Net exposure	82,968,572	34,166,097	48,802,475	143%	0.26%	0.27%	1.653%	0.800%
Total loans to customers	Gross exposure	5,039,806,343	4,287,382,148	752,424,195	18%				
	Write-downs	21,382,710	17,508,548	3,874,162	22%				
	Net exposure	5,018,423,633	4,269,873,600	748,550,033	18%	0.42%	0.41%	99.576%	99.592%

(values in Euro)

During the year, losses totalling Euro 1.9 million were recorded, fully covered by specific funds.

With regard to the main risk factors, the management, measurement, and control systems adopted, the organisational structures in place, the methods of measuring expected losses and the risk mitigation techniques, please refer to the Explanatory Notes *Part D – Other information – Section 3 – Information on risks and related hedging policies.*

Concentration of credit risk and information on assets

Also during 2024, efforts continued to ensure a careful monitoring of the risks associated with an excessive concentration of the lending portfolio, also through the imposition of risk limits on the largest counterparties with a more pronounced risk profile.

As of 31 December 2024, there were 31 Groups of connected customers and individual customers included in the "Large exposures" (31 positions in 2023). For risk positions exceeding the 25% threshold of the eligible capital, the Parent Company ensures the coverage of the excess over the individual limit through guarantees; as of 31 December 2024, this applied to seven counterparties (major Groups or Companies) whose combined exposure amounted to 58.64% of the total Large Risks exposures.

In addition, for quantitative information on the Concentration of risk, the "Large exposures" and further details on equity, please refer to the Explanatory Notes *Part D – Other information – Section 3 – Information on risks and related hedging policies and Section 4 – Other information on Equity.*

Going concern

The evaluations and conclusions of the Directors were made with a focus on going concern, considering the favourable historical income and financial data the Company recorded, as corroborated by the 2024 financial statements, ensuring adherence to the general principles of truthful representation of facts and careful assessment of data within the prevailing economic-financial environment.

The Company, following the guidelines set by the Parent Company, will persist in its commercial efforts to expand its customer base, increase the brokered volumes, and enhance the profitability from the loans disbursed, leveraging technological innovations while maintaining a strong focus on credit quality.

Other news

Pursuant to art. 2428, paragraph 3, point 1 of the Italian Civil Code, it should be noted that your Company has not carried out research and development activities.

The information on relations with Group companies and related parties, required by paragraph 3, point 2 of art. 2428 of the Italian Civil Code, is reported under *Other information* in the Explanatory Notes.

Regarding the information indicated in paragraph 3, points 3 and 4, of Article 2428 of the Italian Civil Code, the Company states that it holds no ownership in its own shares or those of the Parent Company, whether directly or via a fiduciary company or through an intermediary; furthermore, the Company confirms that it neither acquired nor disposed of its own shares or those of the Parent Company in the 2024 financial year, either directly or through a fiduciary company or an intermediary.

With regard to the information on risks, referred to in paragraph 6-bis of art. 2428 of the Italian Civil Code, please refer to what is reported in the Explanatory Notes – *Part D* and to what is reported in the previous paragraphs.

The Company has no secondary offices.

Foreseeable outlook for operations

Italian economic growth has weakened in recent quarters, with projections indicating a modest expansion in GDP for 2025. International geo-political tensions continue to be the main sources of uncertainty, recently compounded by concerns arising from the substantial trade tariffs introduced by the new American Administration. On the monetary policy front, the gradual easing of reference rates decided by the European Central Bank since June of last year is set to continue, with a final goal that most macroeconomic research centres, in line with market expectations, see around 2 percent by mid-2025.

In the factoring sector, the Assifact trade association's surveys for this year are moderately positive, with turnover increasing by 3.03%, outstanding rising by 2.08%, and average uses improving by 1.87%.

The 2025 targets for Factorit have been drafted in alignment with the Group’s strategic directions, based on anticipated forecasts regarding the performance of the Italian economy, with special consideration given to GDP, while also factoring in persistent risks to financial stability and global growth, along with ongoing geopolitical tensions.

On the one hand, the commercial activity will emphasize building synergies with the Parent Company and affiliated Banks; on the other hand, it will not forgo independent growth initiatives and will maintain an ongoing commitment to customer loyalty, paying particular attention to portfolio quality.

Opportunities to expand the Company's operations towards customers engaged with the Public Administration and international markets will be considered, while ensuring a balanced volume distribution with the existing portfolio.

On the side of operating costs, the Company will continue with careful management without precluding investments related to development.

Taking all this into account, for the current year the Company will continue to maintain strong capitalisation and satisfactory profitability levels.

Significant subsequent events

On 6 February 2025, BPER Banca spa communicated, pursuant to Art. 102 of the TUF, the launch of a voluntary total offer for the shares of our parent company Banca Popolare di Sondrio. The Bank, with press releases of 7 and 11 February, announced that the Offer has not been solicited in any way, nor previously discussed or agreed.

Furthermore, after the end of the year, no significant events have occurred that could have an impact on these financial statements.

Dear Shareholder,

We propose the approval of the financial statements for the year ended 31 December 2024 and the allocation of the profit as follows:

Profit for the year	Euro	35,637,257
Profit carried forward to previous years	Euro	185,215
Profits to be allocated	Euro	35,822,472
of which:		
To legal reserve	Euro	551,126
Euro 0.295 dividend to each of the 85,000,002 shares outstanding	Euro	25,075,000
Profits carried over to extraordinary reserve	Euro	10,082,681
Profits carried forward	Euro	113,665

We therefore invite you to approve the financial statements presented and the proposed allocation of the profit.

We would like to thank the Shareholder for their support during the year.

Furthermore, we express our gratitude to the Board of Statutory Auditors for their aid to the Company throughout the year, to all employees for their continuous commitment, to the affiliated Banks, to the FCI – Facilitating Open Account – Receivables Finance Correspondents, and to the institutions of the Assifact trade association.

Milan, 5 March 2025

For the Board of Directors

Chair
(Roberto Ruozi)

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

CONTENTS OF THE FINANCIAL STATEMENTS

The financial statements of Factorit S.p.A., consisting of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement, the explanatory notes and the directors' report on operating performance, are drawn up in accordance with the international accounting standards (IAS/IFRS) issued by the International Accounting Standard Board (IASB), approved by the European Commission pursuant to Community Regulation No. 1606 of 19 July 2002, taking into account the related interpretations of the International Interpretations Committee (IFRIC) in force at the reporting date of the financial statements.
These financial statements have been drafted in accordance with the guidelines set out in the instructions from the Governor of the Bank of Italy dated 17 November 2022, titled "The financial statements of IFRS intermediaries other than bank intermediaries", abrogating the provisions "The financial statements of IFRS intermediaries other than bank intermediaries" mentioned in the Provision of the Bank of Italy dated 29 October 2021.
The financial statements of the Company are clearly presented and provide a true and fair view of the Company's financial position, the economic result for the year, changes in Shareholders' Equity, and cash flows.
The explanatory notes have the function of providing the illustration, analysis and, in some cases, an integration of the financial statements data. It contains the information required by the instructions for the preparation of the financial statements of financial intermediaries. In addition, it reports all the complementary information deemed necessary to give a true and correct representation.

BALANCE SHEET

(values in Euro)

Asset Items	31/12/2024	31/12/2023
10. Cash and cash equivalents	4,460,870	954,715
30. Financial assets measured at fair value through other comprehensive income	1,585,353	1,041,024
40. Financial assets measured at amortised cost	5,029,483,092	4,277,811,600
a) receivables from banks	39,817,477	12,430,654
b) receivables from financial companies	594,499,079	584,043,482
c) receivables from customers	4,395,166,536	3,681,337,464
80. Tangible assets	16,493,160	16,721,377
90. Intangible assets	113,665	185,215
100. Tax assets	5,785,900	10,401,288
a) current	-	-
b) prepaid	5,785,900	10,401,288
120. Other assets	17,211,343	11,307,777
TOTAL ASSETS	**5,075,133,383**	**4,318,422,996**

Liabilities and equity items	31/12/2024	31/12/2023
10. Financial liabilities measured at amortised cost	4,718,446,741	3,992,451,372
a) payables	4,718,446,741	3,992,451,372
60. Tax liabilities	1,978,549	2,408,505
a) current	583,203	548,078
b) deferred	1,395,346	1,860,427
80. Other liabilities	43,735,257	26,387,771
90. Provision for employee severance pay	1,898,442	1,856,691
100. Provisions for risks and charges	1,499,912	1,760,000
a) commitments and guarantees given	526,455	888,759
b) pension and similar obligations	-	-
c) other provisions for risks and charges	973,457	871,241
110. Share capital	85,000,002	85,000,002
140. Share premium accounts	11,030,364	11,030,364
150. Reserves	175,745,938	165,738,838
160. Valuation reserves	160,921	-317,647
170. Profit (loss) for the year	35,637,257	32,107,100
TOTAL LIABILITIES AND EQUITY	**5,075,133,383**	**4,318,422,996**

INCOME STATEMENT

(values in Euro)

Income statement items	31/12/2024	31/12/2023
10. Interest and similar income	160,021,791	128,707,458
of which: interest income calculated using the effective interest method	160,021,791	128,707,458
20. Interest and similar expenses	-115,404,257	-86,121,989
30. Net interest income	**44,617,534**	**42,585,469**
40. Fee and commission income	42,970,409	37,398,128
50. Fee and commission expense	-5,392,988	-4,894,514
60. Net fee and commission income	**37,577,421**	**32,503,614**
70. Dividends and similar income	37,927	30,185
80. Net trading income	130,199	-59,098
120. Total income	**82,363,081**	**75,060,170**
130. Net adjustments for credit risk of:	-5,296,703	-8,063,452
a) financial assets measured at amortised cost	-5,296,703	-8,063,452
b) financial assets measured at fair value through other comprehensive income	-	-
150. Net financial income	**77,066,378**	**66,996,718**
160. Administrative expenses:	-18,995,675	-18,542,420
a) personnel expenses	-13,968,410	-13,364,527
b) other administrative expenses	-5,027,265	-5,177,893
170. Net accruals to provisions for risks and charges	362,304	-548,033
a) commitments and guarantees given	362,304	-548,033
b) other net provisions	-	-
180. Net value adjustments/write-backs on tangible assets	-1,399,072	-1,350,901
190. Net value adjustments/write-backs on intangible assets	-74,795	-75,282
200. Other operating income and expenses	-3,981,573	878,415
210. Operating costs	**-24,088,811**	**-19,638,221**
250. Net gains (losses) on sales of investments	7,523	2,721
260. Pre-tax profit (loss) from continuing operations	**52,985,090**	**47,361,218**
270. Current operating income taxes	-17,347,833	-15,254,118
280. Post-tax profit (loss) from continuing operations	**35,637,257**	**32,107,100**
300. Profit (loss) for the year	**35,637,257**	**32,107,100**

STATEMENT OF OTHER COMPREHENSIVE INCOME

(values in Euro)

	31/12/2024	31/12/2023
10.Profit (Loss) for the year	**35,637,257**	**32,107,100**
Other income items net of income taxes that will not be reclassified to profit or loss		
20.Equity securities measured at fair value through other comprehensive income	507,465	175,211
30.Financial liabilities measured at fair value through profit or loss (changes in own creditworthiness)	-	-
40.Hedges of equity securities measured at fair value through other comprehensive income	-	-
50.Tangible assets	-	-
60.Intangible assets	-	-
70.Defined-benefit plans	(28,897)	4,203
80.Non-current assets and groups of assets held for sale	-	-
90.Share of valuation reserves of equity investments measured at equity	-	-
Other income items net of income taxes that may be reclassified subsequently to profit or loss		
100.Hedges of foreign investments	-	-
110.Exchange rate differences	-	-
120.Cash-flow hedges	-	-
130.Hedging instruments (non-designated elements)	-	-
140.Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-
150.Non-current assets and groups of assets held for sale	-	-
160.Share of valuation reserves of equity investments measured at equity	**-**	**-**
170.Total other income items net of income taxes	**478,568**	**179,414**
180.Other comprehensive income (Item 10+170)	**36,115,825**	**32,286,514**

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

(values in Euro)

	Balance at 31/12/2023	Changes in opening balances	Balance at 01/01/2024	Allocation of prior year result		Changes during the year						Statement of comprehensive income 31/12/2024	Equity 31/12/2024
							Equity transactions						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Others changes		
Share capital	85,000,002	-	85,000,002	-	-	-	-	-	-	-	-	-	85,000,002
Share premium accounts	11,030,364	-	11,030,364	-	-	-	-	-	-	-	-	-	11,030,364
Reserves:													
a) from earnings	156,569,636	-	156,569,636	10,007,100		-	-	-	-	-	-	-	166,576,736
b) other	9,169,202	-	9,169,202	-	-	-	-	-	-	-	-	-	9,169,202
Valuation reserves	(317,647)	-	(317,647)	-	-	-	-	-	-	-	-	478,568	160,921
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	32,107,100	-	32,107,100	(10,007,100)	(22,100,000)	-	-	-	-	-	-	35,637,257	35,637,257
Equity	293,558,657	-	293,558,657	-	(22,100,000)	-	-	-	-	-	-	36,115,825	307,574,482

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

(values in Euro)

	Balance at 31/12/2022	Changes in opening balances	Balance at 01/01/2023	Allocation of prior year result		Changes during the year						Statement of comprehensive income 31/12/2023	Equity 31/12/2023
							Equity transactions						
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Others changes		
Share capital	85,000,002	-	85,000,002	-	-	-	-	-	-	-	-	-	85,000,002
Share premium accounts	11,030,364	-	11,030,364	-	-	-	-	-	-	-	-	-	11,030,364
Reserves:													
a) from earnings	148,816,203	-	148,816,203	7,753,433		-	-	-	-	-	-	-	156,569,636
b) other	9,169,202	-	9,169,202	-	-	-	-	-	-	-	-	-	9,169,202
Valuation reserves	(497,061)	-	(497,061)	-	-	-	-	-	-	-	-	179,414	(317,647)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	23,903,433	-	23,903,433	(7,753,433)	(16,150,000)	-	-	-	-	-	-	32,107,100	32,107,100
Equity	277,422,143	-	277,422,143	-	(16,150,000)	-	-	-	-	-	-	32,286,514	293,558,657

CASH FLOW STATEMENT

(values in Euro)

A. OPERATING ACTIVITIES	Amount	
	31/12/2024	**31/12/2023**
1. MANAGEMENT	**36,822,906**	**34,508,992**
- result of the year (+/-)	35,637,257	32,107,100
- gains/losses on financial assets held for trading and on assets financial assets and liabilities measured at fair value through profit or loss (+/-)	(130,199)	59,098
- gains (losses) on hedging (+/-)	-	-
- net adjustments/write-backs for credit risk	5,296,703	8,063,452
- net adjustments/write-backs for tangible and intangible assets (+/-)	1,473,867	1,426,183
- provisions for risks and charges and other costs/revenues (+/-)	(362,304)	548,033
- unpaid taxes, duties and tax credits (+/-)	13,222,291	10,844,974
- other adjustments (+/-)	(18,314,709)	(18,539,848)
2. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL ASSETS	**(753,503,999)**	**(738,207,256)**
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other assets mandatorily measured at fair value	-	-
- financial assets measured at fair value through other comprehensive income	(544,329)	(247,808)
- financial assets measured at amortised cost	(751,671,492)	(745,818,231)
- other assets	(1,288,178)	7,858,783
3. LIQUIDITY GENERATED/ABSORBED BY FINANCIAL LIABILITIES	**742,589,778**	**719,086,010**
- financial liabilities measured at amortised cost	725,995,369	713,642,788
- financial liabilities held for trading	-	-
- financial liabilities designated at fair value	-	-
- other liabilities	16,594,409	5,443,222
Net cash generated/absorbed by operating activities	**25,908,685**	**15,387,746**
B. INVESTING ACTIVITIES		
1. LIQUIDITY GENERATED BY	**-**	**2,721**
- sales of property, equipment and investment property	-	2,721
- sales of intangible assets	-	-
- sales of business units	-	-
2. LIQUIDITY ABSORBED BY	**(302,530)**	**(199,600)**
- purchases of property, equipment and investment property	(299,285)	(110,343)
- purchases of intangible assets	(3,245)	(89,257)
- purchases of business units	-	-
Net cash generated/absorbed by investing activities	**(302,530)**	**(196,879)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	-	-
- distribution of dividends and other uses	(22,100,000)	(16,150,000)
Net cash generated/absorbed by financing activities	**(22,100,000)**	**(16,150,000)**
NET CASH GENERATED/ABSORBED IN THE YEAR	**3,506,155**	**(959,133)**

RECONCILIATION	Amount	
	31/12/2024	**31/12/2023**
Cash and cash equivalents at the beginning of the year	**954,715**	**1,913,848**
Total net liquidity generated/absorbed during the year	3,506,155	(959,133)
Cash and cash equivalents at the end of the year	**4,460,870**	**954,715**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

PART A *Accounting policies*

A.1 - GENERAL PART

Section 1 *Declaration of compliance with international accounting standards*

The Company Factorit S.p.A., subsidiary of Banca Popolare di Sondrio S.p.A., declares that these financial statements have been prepared in accordance with the International Accounting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB), approved by the European Commission pursuant to Community Regulation no. 1606 of 19 July 2002, taking into account the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC), in force on the reference date, as well as the provisions of the document "The financial statements of IFRS intermediaries other than banking intermediaries" issued by the Bank of Italy on 9 December 2016 and subsequent updates.

Section 2 *General preparation principles*

The financial statements of the Company are clearly presented and provide a true and fair view of the Company's financial position, and the economic result for the year.
These explanatory notes, drawn up in Euro units, are based on the application of the following general drafting principles dictated by IAS 1:

1) <u>going concern</u>: the financial statements have been prepared on a going concern basis; assets, liabilities and off-balance sheet transactions have therefore been valued according to their operating values;
2) <u>accrual basis</u>: costs and revenues are recognised in the accounting periods to which they relate, regardless of when the transactions are settled, in line with the matching principle;
3) <u>presentation consistency</u>: the presentation and classification of items remain constant over time to ensure information comparability, unless a variation is required by an International Accounting Standard or an Interpretation or makes the depiction of values more appropriate in terms of significance and reliability. In the event of a change in the presentation or classification criterion, the new approach is implemented retroactively where possible. In this case, details on the nature and reason for the amendment, as well as the items impacted, are provided, with an explanation of the effects on the Company's representation of equity, financial, and economic conditions. In the presentation and classification of items, the schemes prepared by the Bank of Italy for the financial statements of Financial Intermediaries are adopted;
4) <u>aggregation and relevance</u>: all significant grouping of items sharing a similar nature or function is presented separately. Elements of a different nature or function, if relevant, are presented separately;
5) <u>prohibition of offsetting</u>: assets and liabilities, costs and revenues shall not be offset against each other, unless an International Accounting Standard, an Interpretation,

or the formats issued by the Bank of Italy for the financial statements of IFRS Intermediaries other than banking intermediaries require or allow it;

6) comparative information: comparative information from the previous year is reported for all the data contained in the accounting statements, unless an International Accounting Standard or an Interpretation prescribes or allows otherwise. Descriptive information or comments are also included, when useful for understanding financial statements data.

Section 3 *Subsequent events to the reference date of the financial statements*

The draft financial statements were approved by the Board of Directors held on 5 March 2025.

Section 4 *Other aspects*

With reference in particular to paragraph 125 of IAS 1, please refer to the paragraphs "Risks related to company activity".

Drafting the financial statements necessitates employing estimates and assumptions that may significantly influence the recorded figures in the balance sheet and income statement, as well as the information concerning potential assets and liabilities reported. These estimates and assumptions can vary between years due to their nature, meaning it is not improbable that the recorded values could significantly differ in subsequent financial years as a result of changes in the subjective assessments used. All required disclosures are given in the notes on the Accounting Policies applied to each of the aggregates in the financial statements.

The primary situations for which the company's subjective assessments are most extensively required are:

a. the quantification of losses due to impairment of loans and, in general, of other financial assets;
b. the quantification of personnel funds and provisions for risks and charges:
c. the estimates and assumptions on the recoverability of deferred tax assets.

The Company defined the estimation processes to support the carrying amount of the more significant items requiring valuation in the 2024 financial statements, as required by prevailing accounting standards and relevant regulations.

Tax payables and receivables for deferred taxes are assessed using the tax rates anticipated to be in effect during the year when the debt is settled or the credit is realised, in accordance with the tax laws currently enacted or substantially in effect by the end of the period.

The analyses carried out confirm the carrying amount of the items mentioned as at 31 December 2024.

It should be stated, however, that the valuation process described is made particularly complex by the ongoing macroeconomic and market context, which makes it continually challenging to formulate even short-term forecasts regarding financial parameters that significantly influence the values under estimation.

The parameters and information used to verify the above figures are significantly influenced by the macroeconomic and market environment, which might experience rapid changes that are currently unforeseeable, with potentially significant effects on the values reported in the financial statements at 31 December 2024.

Establishment of the VAT Group

Factorit S.p.A., together with the Banca Popolare di Sondrio Group companies with the necessary requirements to participate, exercised the option for the establishment of the VAT Group governed by Articles 70-bis to 70-duodecies of the Presidential Decree 633/1972 with effect from 1 January 2025. This accession does not entail any change in legal status or ownership of active or passive rights, and a new entity is established solely for Value Added Tax purposes, named BANCA POPOLARE DI SONDRIO VAT Group, which has its own VAT number.
Due to the option, the provision of services and the sale of goods performed externally by participating parties are regarded as activities conducted by the Group. Similarly, services and goods received externally are considered as being provided to the Group. For tax purposes, the provision of services and the transfer of goods between participants is not relevant, except for particular scenarios where the supply emanates from a VAT activity with a higher deduction rate to one with a lower deduction rate.
The obligations arising from the application of the rules on Value Added Tax are fulfilled by the Representative (Banca Popolare di Sondrio), while the individual participants remain jointly and severally liable for the tax, interest, and penalties due.
The option has a three-year duration with automatic renewal from year to year unless revoked.

New international accounting standards endorsed and applied in the preparation of the consolidated financial statements as of 31 December 2024

Below is an illustration of the new accounting standards or amendments to existing standards approved by the IASB, as well as the new interpretations or amendments to existing ones published by the IFRIC, with separate indication of those applicable in the financial year 2024 and those applicable in subsequent financial years.

New documents issued by the IASB and endorsed by the EU to be mandatorily adopted from the 2024 financial year:

- Regulation (EU) 2023/2579 of 20 November 2023, amending Regulation (EU) 2023/1803 as regards IFRS 16. The amendments to IFRS 16 specify how the selling lessee subsequently evaluates sale and leaseback transactions. The implementation of the amendments under review had no impact on the Group.
- Regulation (EU) No. 2822 of 19 December 2023 - Amendments to IAS 1 "Classification of liabilities as current or non-current and Non-current liabilities with clauses". On 23 January 2020, the IASB published an amendment to IAS 1, which seeks to clarify one of the IAS 1 criteria for the classification of a liability as non-current, namely the requirement that the entity must have the right to defer settlement of the liability for at least 12 months after the end of the reporting period. The amendment includes:
    - clarification that the right to defer settlement must exist at the end of the reporting period;
    - clarification that classification is unaffected by management intentions or expectations about possible exercise of the deferral right;
    - clarification about how loan conditions influence classification;
    - clarification of the requirements for classifying a liability that the entity intends to settle or might settle by the transfer of its own equity instruments.

The amendments to IAS 1 are not relevant for the Group.

- Regulation (EU) 2024/1317 of 15 May 2024 amending Regulation (EU) No. 2023/1803 as regards IAS 7 and IFRS 7. The amendments introduced disclosure requirements on financing agreements for a company's supplies. The implementation of the amendments under review had no impact on the Group.

New accounting standards, amendments and interpretations, whose application will become mandatory after 31 December 2024.

- Regulation (EU) 2024/2862 of 12 November 2024 amending Regulation (EU) 2023/1803 as regards IAS 21. The amendments specify when a currency can be exchanged for another and, if it cannot be, how the company determines the applicable exchange rate to use, and the supplementary information the company must provide when a currency is non-exchangeable. The amendments are applicable from 1 January 2025.

IAS/IFRS and SIC/IFRIC interpretations issued by the IASB/IFRIC, pending endorsement

- In April 2024, the International Accounting Standards Board (IASB) issued a new accounting standard IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve financial performance reporting.IFRS 18 will come into force on 1 January 2027, but earlier application is permitted. In view of the content of the amendment and given the obligation to apply the Bank of Italy's layouts, application will be subject to any updates to Bank of Italy Circular Letter No. 262/05.
- In May 2024, the International Accounting Standards Board (IASB) issued a new accounting standard IFRS 19 Subsidiaries without Public Accountability: Disclosures. The new standard allows eligible subsidiaries to use IFRS accounting standards with reduced disclosure. The new standard will enter into force on 1 January 2027.
- On 30 May 2024, the IASB published "Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7". The paper clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). The amendments shall apply as of the financial statements for financial years beginning on or after 1 January 2026.
- IFRS 14 Regulatory deferral accounts. IFRS 14 allows only those adopting IFRS for the first time to continue to book amounts relating to rate regulation according to the previous accounting standards adopted. The endorsement process is suspended pending new accounting standard on "rate-regulated activities". Since the Group is not a first-time adopter, this standard is not applicable.
- Amendments to IAS 28 and IFRS 10. These amendments are intended to address the inconsistency between the requirements of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011), in dealing with the loss of control of a subsidiary that is contributed to an associate or joint venture. The endorsement process is suspended pending conclusion of IASB project on the equity method.

With regard to the determination of expected losses on performing loans, please refer to *Section 3 – Information on risks and related hedging policies*, in the Section on Credit Risk.

For the information required by paragraph 125 of IAS 1, which requires the disclosure of assumptions regarding the future and other main causes of uncertainty in the estimates at the end of the year that present a significant risk of giving rise to significant adjustments of the book values of assets and liabilities within the following year, in *Section 3 – Information on risks and related hedging policies*, the evolutionary dynamics of the main macrofactors (gross domestic product, unemployment, and inflation) are reported on a three-year forecast horizon with the related simulations carried out. In particular, regarding the assessment of expected losses on financial instruments not measured at fair value through profit or loss as of 31 December 2024, these were estimated using all reasonable and verifiable information available at the reference date as well as those noted subsequently, including the anticipated trends of key economic variables, suitably weighted based on the probability of occurrence assigned to the various identified scenarios.
In compliance with Article 1, paragraphs 125-129, of Italian Law No. 124/17 dated 4 August 2017, *"Annual Law for the Market and Competition – Transparency measures in public disbursements"*, it is specified that cash or in-kind contributions or aid that are not of a general, remunerative, or compensatory nature paid to the Company have been published in the National Register of State Aid, to which reference is made as provided for by Article 125-quinquies. We inform you that during the year the Company did not receive any funds.
In drafting these financial statements, amendments to accounting standards already in force have been noted.
In drafting these financial statements, the Company did not make any exceptions to international accounting standards.
The Independent Auditors are EY S.p.A., appointed following the resolution passed at the Shareholders' Meeting on 20 September 2017, whose term will conclude upon the approval of Factorit S.p.A.'s financial statements as of 31 December 2025.

A.2 MAIN FINANCIAL STATEMENT ITEMS

For the main items in the balance sheet, the following points are illustrated:

- registration criteria;
- classification criteria;
- evaluation criteria;
- derecognition criteria;
- the recognition of components affecting the income statement criteria.

ASSETS

Section 1 ***Cash and cash equivalents***

Included in this category are legal tender currencies, which cover foreign divisional banknotes and coins, as well as "on demand" loans including current accounts and on demand deposits sourced from banks.
The balances on bank current accounts and on demand deposits, as well as the cash available in company tills, have been assessed at nominal value.

Section 3 ***Financial assets measured at fair value through other comprehensive income***

3.1 Registration criteria

The assets classified in this item are recorded on the settlement date. Financial assets assessed at fair value are initially recorded at fair value, which typically corresponds to the current value of the consideration paid to acquire them. This includes any transaction costs or revenues that are specifically attributable to each loan or security for receivables and for securities with a duration exceeding the short term.
With regard to debt securities and loans, any changes in business model due to inconsistency between the management of the portfolio and the business model chosen, or due to significant changes in strategic choices, will be decided by the Board of Directors, during which any potential reclassification will be defined.
No possibility exists for the reclassification of equity securities. The exercise of the FVOCI option, being the option envisaged by the standard that permits equity instruments to be designated at fair value through other comprehensive income upon initial recognition, is in fact irrevocable.

3.2 Classification criteria

This item includes financial assets (equity securities) classified in the portfolio measured at fair value with an impact on overall profitability.
Equity securities classified within the portfolio measured at fair value, affecting overall profitability, necessitate the irrevocable exercise of the FVOCI option at the time of recognition.

3.3 Evaluation criteria

At each financial statements closing date or interim reporting period, there is no requirement to conduct an impairment test for the equity securities classified under item 30, as changes in fair value due to credit deterioration are attributed to an equity reserve termed "Valuation reserve".

3.4 Derecognition criteria

Financial assets measured at fair value are derecognised when the contractual rights over the cash flows deriving from the assets expire or when the financial asset is sold with the transfer of substantially all the related risks and benefits.

3.5 Recognition of components affecting the income statement criteria

Income and charges deriving from changes in fair value, net of the related deferred tax effect, are recognised in an equity reserve named "Valuation reserves".

Section 4 *Financial assets measured at amortised cost*

4.1 Registration criteria

Financial assets measured at amortised cost are recognised on the settlement date at fair value, which normally coincides with the amount paid, including transaction costs.
Financial assets measured at amortised cost include loans made on the sale of loans with recourse or on a without recourse basis, but without transferring substantially all of the related risks and benefits.
They also include loans sold to the company, and recorded in the name of the assigned debtor, for which the substantial transfer of risks and benefits has been recognised in favour of the transferee company through an analytical evaluation of the contract clauses.
If transferred to third parties, loans and securities are deleted from the financial statements only if, and to the extent that, all risks and rewards are substantially transferred.
Any changes in the business model due to inconsistency between the management of the portfolio and the business model chosen, or due to significant changes in strategic choices, are decided by the Board of Directors, where any necessary reclassification is defined.

4.2 Classification criteria

This item includes debt securities and loans allocated to the portfolio measured at amortised cost. To qualify for inclusion in the aforementioned portfolio, a financial asset must be managed within an HTC business model and be in compliance with the SPPI Test.

In carrying out the SPPI Test, the Company, in line with the Parent Company's Guidelines, adopts a differentiated approach (massive or analytical) depending on the level of contract standardisation, distinguishing between:

- Standard products (loans with common contractual characteristics for macro categories of products).
- Non-standard contracts (loans with contractual characteristics negotiated with individual counterparties).

Thus, for standard products, a Test result can be assigned at the product category level by examining the common contractual characteristics; consequently, the Test result will be valid for all loans related to standard products. Non-standard contracts, having particular contractual characteristics, require individual verification. The Test must therefore be performed for each contract, for which a result valid only for that specific contract will be attributed.

As a result, recognition is required for receivables from banks, financial companies, and customers, as well as unlisted debt securities that the Company does not intend to sell in the short term.

4.3 Evaluation criteria

IFRS 9 replaces the concept of incurred loan losses with the expected loss approach. With this approach, it will no longer be necessary for a loss to occur before it is recognised in the financial statements, and therefore, generally, all financial assets will lead to the creation of a loan impairment provision.
IFRS 9 introduces various changes relating to the scope, the holding period for estimating expected losses, and the modification of valuation models which must consider aspects like macroeconomic data and forward-looking insights.
The impairment model requires the classification of financial instruments within the scope of IFRS 9 into three stages. The three stages reflect the degree of deterioration in loan quality:

- **stage 1**: financial instruments that have not had a significant increase in credit risk since initial recognition or with low credit risk at the financial statements date;
- **stage 2**: financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk on the balance sheet date), but that do not have objective evidence of impairment;
- **stage 3**: financial assets with objective evidence of loss at the reporting date.

At each financial statement closing date, the Entity examines whether there has been a significant change in credit risk compared to initial recognition (refer to section 3 "Information on risks and related hedging policies"). In this case, there will be a transfer between stages: this model is symmetric, and activities can move between stages.
The measurement of financial assets at amortised cost is based on a computation of expected credit loss, which is defined as an estimate of the weighted probability of credit losses over the expected life of the financial instrument weighted for the probability of occurrence and is calculated based on the classification in stages as indicated above.
In particular:

– 12-month expected credit losses, for assets classified in stage 1. 12-month expected credit losses are those that result from default events that are possible within 12 months (or within a shorter period if the expected life is less than 12 months), weighted for the probability of occurrence of the default event.
– Lifetime expected credit losses, for assets classified in stage 2 and 3. Lifetime expected credit losses are those that result from all possible default events over the expected life of the financial instrument, weighted for the probability of occurrence of the default event. For pro-solvendo relationships involving performing customers, Debtors are classified based on the transfer of credit risk to them, as provided by the prudential supervision rules for non-bank intermediaries.

As regards performing positions, measurement is carried out on an overall basis, taking account of the risk parameters consisting of probability of default (PD) and loss given default (LGD), as well as exposure at default (EAD).
In relation to the collective assessments of performing loans, the qualitative deterioration of Debtors (impaired or non-performing portfolios) is recognised when there are increases in the relevant "PD proxy" and LGD (a parameter representing the loss rate in the event of default) for loans within the same portfolio.

To carry out the collective assessments on performing loans, the following steps were taken:

a) segment the performing loans portfolio on the basis of the guidelines indicated by the Supervisory regulations;
b) statistically estimate the probability of transition to Unlikely to Pay/Bad Loans (so-called default rates) of performing positions;
c) determine the loss rates in the event of insolvency, on a historical-statistical basis, using an archive of positions in Bad Loans and Unlikely to Pay.

At the time of disbursement or purchase, loans or securities are recorded at fair value, which typically coincides with the disbursed amount or purchase price, including any transaction costs or revenues specifically attributable to each loan or security for those with a duration beyond the short term.
Following initial registration, valuations adhere to the amortised cost principle, subjecting loans and securities to impairment tests if there are signs indicating a deterioration in the solvency of the Debtors or issuers. The amortised cost method is not used for short-term loans, for which the effect of the discounting logic is negligible.

As regards non-performing positions, measurement may be performed on an overall or detailed basis. Specifically, the following are defined, based on the criteria dictated by the Bank of Italy and in force at the financial statements date:

a) Unlikely to Pay;
b) Bad Loans;
c) Past due by more than 90 days.

Impairment losses assigned to each non-performing loan result from the gap between their recoverable value and the amortised cost. Recoverable amount corresponds to the present value of expected cash flows, determined with reference to the following elements:

a) value of contractual cash flows net of expected losses, estimated considering both the specific ability of the Debtor to meet their obligations and the recoverable value of any real or personal guarantees accepted;
b) the expected recovery time, also estimated based on the status of ongoing recovery procedures;
c) the internal rate of return.

In particular, the following calculation parameters were used for Unlikely to Pay / Bad Loans:

a) recoveries forecast by the account managers;
b) the expected recovery time, also estimated based on the status of ongoing recovery procedures;
c) historic discount rates, represented by the contractual rates at the time of classifying the individual position as disputed.

Regarding "Past due for more than 90 days", classified at the Group level, the Company applies an individual write-off based on a collective logic, meaning that an identical write-down percentage is used for each loan in equivalent circumstances. This percentage has been determined based on internal management statistics and is not subject to any discounting.

It is important to highlight that, in line with the Parent Company's adopted timelines, if the exact recovery date is not specified, the duration for both Bad loans and Unlikely to Pay loans has been estimated at 4 years. With regard to the effects of the application set out, please refer to section 8.1 of the income statement in the explanatory notes.

4.4 Derecognition criteria

Financial assets are removed from the financial statements when there is a significant transfer of risks and benefits, and no control is retained over them.
IFRS 9 therefore confirms the rules for the derecognition of financial assets already provided for in IAS 39.
However, the standard includes new guidance on:

– Write-off of financial assets: when an Entity does not reasonably expect to fully or partly recover contractual cash flows from a financial asset, it must directly reduce the gross carrying amount of the financial asset. This write-down constitutes partial or total derecognition of the asset.
– Modification of contractual cash flows: when a modification of contractual cash flows occurs, the Entity must assess whether the modification would lead to derecognition, that is, whether the modification is substantial.

If the alteration in the contractual cash flows of the financial asset does not lead to the derecognition of the financial asset in accordance with this Standard, the Entity should recalculate the gross carrying amount of the financial asset and recognise in the income statement any gain or loss resulting from the alteration.
When the modification of contractual cash flows from a financial asset leads to the derecognition of the same in compliance with the present standard, the Entity should derecognise the existing financial asset and subsequently recognise the modified financial asset: the modified financial asset is considered a new financial asset for the purpose of this standard (IFRS 9 B5.5.25).

4.5 Recognition of components affecting the income statement criteria

The allocation of income components in the relevant income statement items takes place based on the following:

a) interest income on loans and securities is allocated under the item *"Interest and similar income"*;
b) impairment losses and write-backs of impairment losses on loans and securities are allocated to "Net adjustments/write-backs on financial assets measured at amortised cost".

It is important to highlight that for financial assets categorised as stage 3 and for non-performing originated or purchased loans (POCI), according to IFRS 9, interest is determined using the net interest method, and the non-recoverable component of interest is reversed from "Interest and similar income" with a corresponding entry in "Financial assets measured at amortised cost".

Section 8 *Tangible assets*

8.1 Registration criteria

Tangible assets are initially recorded at acquisition cost, including any ancillary charges incurred and directly attributable to the asset's commissioning or improvement of its productive capacity. Ordinary maintenance costs, on the other hand, are recognised in the income statement on an accrual basis.

8.2 Classification criteria

This item encompasses assets intended for operational use, such as buildings, furnishings, equipment, hardware, and vehicles, both those owned and those whose usage rights are obtained via leasing; for this latter category, refer to what is described in the Accounting Policies concerning the introduction of the IFRS 16 principle.

8.3 Evaluation criteria

Subsequent to initial recognition, the financial statements are measured at cost less amortisation and any impairment losses. Amortisation is charged over the useful life of the assets and is based on the straight-line method. At least once a year, it is assessed whether any substantial changes in the original conditions have occurred, necessitating modifications to the initial amortisation schedules. If there's symptomatic evidence of enduring losses, tangible assets undergo an impairment test, and any decrease in value is recorded. The increase in value following an impairment reversal must not exceed the asset's net value after depreciation if no impairment had been recognised.

8.4 Derecognition criteria

Tangible assets are derecognised on disposal or when they have entirely exhausted their economic functionality, and no future economic benefits are expected from their use.

8.5 Recognition of components affecting the income statement criteria

The allocation of income components in the relevant income statement items takes place based on the following:

a) periodic depreciation, impairment losses and write-backs are allocated under the "Net adjustments/write-backs on tangible assets" item;
b) gains and losses from disposal transactions are allocated under the "Gains/losses on disposal of investments" item.

Section 9 *Intangible assets*

9.1 Registration criteria

Intangible assets are recorded at purchase cost, including ancillary costs, as well as expenses incurred to enhance value and initial production capacity.

9.2 Classification criteria

The item includes intangible production assets with multi-year usefulness, the cost of which can be reliably measured, provided they are elements:

- identifiable, i.e., protected by legal recognition or tradable separately from other corporate assets;
- controllable by the Company;
- capable of generating future economic benefits.

These consist of *acquired software and software developed internally*; for this latter category, note the following:

- the cost incurred remains recognised in the relevant item;

- for assets that have not yet been put into production, the costs incurred are temporarily held and recorded in a specific income statement account titled "increases in fixed assets for internally developed operating software", which is classified under financial statements item 200. "Other operating income and expenses" and in return the SP account "Fixed assets in progress and internally generated advances";
- once the software enters production, the sum is transferred to the SP account "internally generated operating software" and is then amortised according to the timeline established during the project approval phase.

9.3 Evaluation criteria

Intangible assets are recorded at cost less amortisation and any impairment losses.
Amortisation is charged over the useful life of the assets to be amortised and is based on the straight-line method. Periodically, it is assessed whether any substantial changes in the original conditions have occurred, necessitating modifications to the initial amortisation schedules. Should there be symptomatic evidence indicating the presence of lasting losses, intangible assets are tested for impairment, resulting in the recording of any decrease in value; any subsequent write-backs cannot exceed the previously recorded impairment losses.

9.4 Derecognition criteria

Intangible assets are written off from the financial statements at disposal, meaning when they have completely fulfilled their economic functions and cannot generate future economic benefits anymore.

9.5 Recognition of components affecting the income statement criteria

The allocation of income components in the relevant income statement items takes place based on the following:

a) periodic amortisation, impairment losses and write-backs are allocated under the "Net adjustments/write-backs on tangible assets" item;
b) gains and losses from disposal transactions are allocated under the "Gains/losses on disposal of investments" item.

Section 10 *Tax Assets and Tax Liabilities*

10.1 Registration, cancellation, and evaluation criteria

Deferred tax assets are recognised following the "balance sheet liability method" only when it is probable that taxable income will be available to utilise deductible temporary differences, whereas deferred tax liabilities are typically recognised, except as outlined in IAS 12. The value of a deferred tax asset is reviewed at each financial statements date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to utilise some or all of the benefits of that deferred tax asset. Any reduction in this value will later be reversed to the extent that it becomes probable that sufficient taxable income can be realised.
Deferred tax assets and liabilities are calculated at the tax rates expected to be applicable in the year in which the asset is realised or the liability is settled, based on the tax rates (and tax laws) that are currently in force or substantially in force at the financial statements date.

10.2 Classification criteria

Items include current tax assets, deferred tax assets, current tax liabilities, and deferred tax liabilities.
Current tax assets include the tax prepayments made throughout the year for IRAP and the additional IRES, as the company participates in the National Tax Consolidation scheme, and accordingly, advances concerning the current IRES are remitted to the Parent Company; tax liabilities include the obligations for period income taxes concerning IRAP and additional IRES, given the company's participation in the National Tax Consolidation scheme, which results in the obligations for the current IRES being recorded under Other liabilities as a debt to the Parent Company.
On the other hand, deferred tax items represent income taxes recoverable in future periods in connection with deductible temporary differences (deferred assets) and income taxes payable in future periods as a consequence of taxable temporary differences (deferred liabilities).

10.3 Recognition of components affecting the income statement criteria

Tax assets and liabilities are allocated in the income statement under the item "Income taxes for the year of current operations", except when they derive from transactions whose effects are directly attributed to shareholders' equity.

LIABILITIES

Section 1 *Financial liabilities measured at amortised cost*

1.1 Registration criteria

The aforementioned payables are recorded upon regulation and at their current value, which typically corresponds to the amount collected by the Company for payables to banks, and to the debt amount for payables to financial institutions and customers, given the short-term nature of the related operations.

1.2 Classification criteria

Payables to banks include all financial liabilities, other than trading liabilities, liabilities measured at fair value, and securities in circulation that constitute the Company's typical financing operations.
Payables to financial institutions and customers include the outstanding consideration to the Assignor, in the context of operations involving loans sold that meet the requirement of the full transfer of all risks and benefits to the assignee company.

1.3 Evaluation criteria

After initial recognition, payables are maintained at their received cash value, or at their original value, due to their short-term nature.

1.4 Derecognition criteria

Payables are removed from the financial statements when the related contractual rights are overdue or extinguished.

1.5 Recognition of components affecting the income statement criteria

The allocation of income components to the relevant categories in the income statement takes place for the interest expense, which is allocated under "Interest expense and similar charges".

Section 9 *Provision for employee severance pay*

9.1 Classification criteria

The severance indemnity reflects the liability towards all employees, concerning the compensation to be provided at the time of the termination of the employment relationship.

9.2 Evaluation criteria

The severance indemnity and the internal supplementary pension treatment for employees with defined benefits are recognised based on estimates by independent actuaries, discounted using the "projected unit credit method" as stipulated by IAS 19 for defined benefit plans, as these treatments fall under this category.

It should be noted that this calculation is based solely on the value of the fund and does not take into account the provisions for the year that support the external supplementary pension.
In consideration of the adoption of IAS 19 "Employee Benefits", actuarial gains and losses are accounted for directly against net equity.

9.3 Recognition of components affecting the income statement criteria

The allocation of income components in the relevant income statement items takes place based on the following:

a) provisions for severance pay, seniority premiums and supplementary pension treatment, as well as payments to the defined contribution fund, are allocated under the item "Administrative expenses – Personnel expenses";
b) actuarial gains and losses are accounted for directly against net equity.

Section 10 *Provisions for risks and charges*

10.1 Registration, evaluation, and derecognition criteria

Should the effect of the present value of money become significant (assuming the disbursement will occur more than 12 months from the recognition date), the provision amount is represented by the present value of the expenses which are expected to be incurred to settle the obligation.
The Provision is cancelled in case of use or if the conditions for its maintenance fail to be met.

10.2 Classification criteria

This item comprises the following provisions:

– The sub-item "Commitments and guarantees given" includes provisions for credit risk in connection with commitments to grant funds and financial guarantees given that are subject to IFRS 9 impairment rules and provisions for other commitments and other guarantees that are not subject to IFRS 9 impairment rules. The provisions also relate to financial guarantees issued and commitments to grant funds, valued at the initial entry value minus the total revenues recognised in accordance with IFRS 15.
– The sub-item "Other provisions – personnel charges" includes the cost arising from paying bonuses to employees, which have uncertain amounts or due dates, and can be recognised in the financial statements when a probable obligation exists, with a reliable estimate of the amount, and economic resources are required to satisfy the obligation.
– The sub-item “Other funds – legal and tax disputes” includes funds allocated according to IAS 37 standards for liabilities of uncertain amount or timing. These can be included in the financial statements when the following simultaneous conditions are met: the company has a current obligation (either legal or implied) at the reporting date due to a past event; it is probable that fulfilling the obligation will require the use of economic resources; and a reliable estimate of the amount necessary to fulfil the obligation can be made.

10.3 Recognition of components affecting the income statement criteria

Accruals and any write-backs against provisions for risks and charges are allocated under the item "Net accruals to provisions for risk and charges".

Currency transactions

Classification criteria
Foreign currency transactions include all assets and liabilities denominated in currencies other than the Euro.

Registration and derecognition criteria
The aforementioned assets and liabilities in foreign currencies are initially converted into Euro according to the spot exchange rate on the date of each transaction.

Evaluation criteria
As of the reporting date, assets and liabilities in foreign currency are translated using the spot exchange rates at that date.

Recognition of components affecting the income statement
The impact of transactions in currencies other than the Euro is marginal relative to the overall activity; furthermore, a foreign currency operation is generally counterbalanced by a provision in the same currency, which prevents the occurrence of foreign exchange risk.
Any exchange differences, albeit marginal, are recognised in the income statement item "Net result of trading activities".

Costs and revenues

Costs and revenues are accounted for and disclosed in the financial statements according to the accrual principle. Revenues are recognised when it is probable that the economic benefits from the operations will be enjoyed by the company, and their amount can be reliably measured. They are measured at the fair value of the consideration due.
In particular:

- the revenue from one-time commissions related to the sale of loans is recognized based on the lifespan of the loans sold. The commissions received at regular intervals and deferred are instead recognised on a cash basis when debiting occurs, aligning with the corresponding accrual for that period;
- default interest is recognised in the income statement exclusively at the time of actual collection;
- the interest received by the Assignors, as well as the deferred interest from the Assigned Debtors, are accounted for on an accrual basis.

Costs are recognised at the economic level when there's a reduction in future economic benefits leading to a decline in assets or an increase in liabilities that can be reliably assessed.

A.3 – REPORT ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

During the year, the Company made no transfers between portfolios of financial assets.

A.4 – INFORMATION ON FAIR VALUE

Qualitative information

Fair value is the amount for which an asset could be exchanged or a liability settled in a free transaction between knowledgeable and independent parties. It is not established as a genuine price, but as a monetary amount representing a value around which the agreements of two parties seeking to trade can align, and which, as such, is unaffected by subjective influences arising from the characteristics of the participants. Additionally, fair value does not equate to the current market value, but encompasses all those factors that intervene to turn a potential transaction into a real one: additional costs to be incurred, probable price changes at the time of exchange, and future business dynamics.
The fair value of financial instruments is classified into three levels by international accounting standards, based on inputs observable in the markets.
Level 1 inputs: the fair value of financial instruments classified at this level is determined based on quotations in an active market. A quoted price in an active market provides the most reliable evidence of fair value.
Level 2 inputs: the fair value of financial instruments classified in this level is based on market observable parameters other than the price quotations of the financial instrument.
Level 3 inputs: the fair value of financial instruments classified in this level relies on unobservable market parameters. An entity must process unobservable inputs using the best information available in the specific circumstances, which may also include the entity's own data.

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

The Company's financial assessment assets are largely composed of loans sold with no recourse and advances provided against loans sold as part of factoring operations.
It is specified that no markets exist where one can observe the transaction values of the loans sold, as the value of the sale depends solely on private and specific agreements between the counterparties.
Based on the considerations outlined, it's evident that the value of the loans sold can be reclassified only to level 3 without external inputs.
The most appropriate method for assessing the fair value of loans sold and advances granted is to recognise the present value based on the discounting of future cash flows, using a rate usually corresponding to the effective rate agreed with the Assignor; a rate that also takes into account other components of the transaction cost.
Additionally, it should be noted that loans sold and advances granted typically have a short-term maturity and the ratio rate often fluctuates.
Therefore, it can be concluded that the fair value of the loans is comparable to the transaction value, represented by the nominal amount of the loans sold in the case of a without recourse transaction, or by the amount of advances granted while considering the related credit risk.
The financial statements liabilities are primarily composed of financial obligations to the banking system, whose fair value, due to the short-term nature of the loans, aligns with the value of the amounts or funds gathered by the Company.
These items are categorized at the third hierarchical level because they are governed by privately negotiated agreements with the respective counterparties, and therefore, they are not reflected in market quotations or observable market parameters.

QUANTITATIVE INFORMATION

A.4.5 Fair value hierarchy

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

Assets and liabilities measured at fair value	Level 1	Level 2	Level 3	TOTAL
1. Financial assets measured at fair value through profit or loss	-	-	-	-
a) financial assets held for trading	-	-	-	-
b) financial assets designated at fair value				
c) other financial assets mandatorily measured at fair value	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	1,520,277	-	65,076	1,585,353
3. Hedging derivatives				
4. Tangible assets	-	-	-	-
intangible assets	-	-	-	-
Total	**1,520,277**	**-**	**65,076**	**1,585,353**
1. Financial liabilities held for trading	-	-	-	-
2. Financial liabilities designated at fair value	-	-	-	-
3. Hedging derivatives	-	-	-	-
Total	-	-	-	-

A.4.5.2. Annual changes in assets carried at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Tangible assets	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	-	-	-	-	**65,076**	-	-	-
2. Increases	-	-	-	-	-	-	-	-
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profits recognised in:	-	-	-	-	-	-	-	-
2.2.1 Income statement	-	-	-	-	-	-	-	-
of which: gains	-	-	-	-	-	-	-	-
2.2.2 Net equity	-	-	-	-	-	-	-	-
2.3. Transfers	-	-	-	-	-	-	-	-
from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
3. Decreases	-	-	-	-	-	-	-	-
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Reimbursements	-	-	-	-	-	-	-	-
3.3. Losses recognised in:	-	-	-	-	-	-	-	-
3.3.1 Income statement	-	-	-	-	-	-	-	-
of which: losses	-	-	-	-	-	-	-	-
3.3.2 Net equity	-	-	-	-	-	-	-	-
3.4. Transfers	-	-	-	-	-	-	-	-
to other levels	-	-	-	-	-	-	-	-
3.5. Other	-	-	-	-	-	-	-	-
decreases	-	-	-	-	-	-	-	-
4. Closing balance	-	-	-	-	**65,076**	-	-	-

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 levels

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2024				31/12/2023			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets measured at amortised cost	5,029,483,092	-	-	5,029,483,092	4,277,811,600	-	-	4,277,811,600
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets and groups of assets held for sale	-	-	-	-	-	-	-	-
Total	**5,029,483,092**	**-**	**-**	**5,029,483,092**	**4,277,811,600**	**-**	**-**	**4,277,811,600**
1. Financial liabilities measured at amortised cost	4,718,446,741	-	-	4,718,446,741	3,992,451,372	-	-	3,992,451,372
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Total	**4,718,446,741**	**-**	**-**	**4,718,446,741**	**3,992,451,372**	**-**	**-**	**3,992,451,372**

A.5 – INFORMATION ON THE "DAY ONE PROFIT/LOSS"

Day one profit/loss, as regulated by IFRS 7, derives from the difference at the time of initial recognition between the transaction price of the financial instrument and its fair value. Such a difference is generally observable for those financial instruments that do not have an active market, and is allocated to the income statement based on the useful life of the financial instrument itself.
The Company does not have any transactions outstanding which could generate significant income that could be defined as "day one profit/loss".

PART B *Balance sheet information*

ASSETS

Section 1 *Cash and cash equivalents*

The account of the asset related to item 10 is illustrated in this section.

	31/12/2024	31/12/2023
(a) Cash	2,270	1,629
c) Current accounts and sight deposits with banks	4,458,600	953,086
Total	**4,460,870**	**954,715**

Section 3 *Financial assets measured at fair value through other comprehensive income*

The account of the asset related to item 30 is illustrated in this section.

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by category

Items/Values	31/12/2024			31/12/2023		
	L1	L2	L3	L1	L2	L3
1. Debt securities	-	-	-	-	-	-
1.1. Structured securities	-	-	-	-	-	-
1.2. Other debt securities	-	-	-	-	-	-
2. Equity securities	1,520,277	-	65,076	975,948	-	65,076
3. Loans	-	-	-	-	-	-
Total	**1,520,277**	-	**65,076**	**975,948**	-	**65,076**

Equity securities are represented by:

- the shareholding in the Compagnia Aerea Italiana S.p.A. (L3) since the Company converted the receivable on 4 July 2017 in accordance with the restructuring agreement signed on 22 December 2014. In particular, in relation to a fully written-off credit of Euro 8,644,250.59, the Company received 824,833,073 class 1 shares. Given the non-significant materiality, the company did not adjust the shareholding in the last available financial statements, i.e. as of 31/12/2023, which would have been equal to approximately Euro 96,000.
- Webuild S.p.A. shares (formerly Astaldi S.p.A.) (L1) and participatory financial instruments of Astaris S.p.A. allocated at a ratio of 12,493 shares for every Euro 100 of confirmed credit, and additionally, the allocation of Participatory Financial Instruments (SFP) at a rate of one SFP for each Euro of confirmed credit. Effective 1 August 2021, following the proportional partial demerger of Astaldi S.p.A. into Webuild S.p.A., Webuild S.p.A. assumed all existing relationships, preserving the effects of the Astaldi S.p.A. arrangement endorsed by the Court of Rome on 17 July 2020.

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

	31/12/2024	31/12/2023
1. Debt securities	-	-
a) Public administrations	-	-
b) Banks	-	-
c) Other financial corporations	-	-
of which: insurance companies	-	-
d) Non-financial corporations	-	-
2. Equity securities	1,585,353	1,041,024
a) Public administrations	-	-
b) Banks	-	-
c) Other financial corporations	-	-
of which: insurance companies	-	-
d) Non-financial corporations	1,585,353	1,041,024
3. Loans	-	-
a) Public administrations	-	-
b) Banks	-	-
c) Other financial corporations	-	-
of which: insurance companies	-	-
d) Non-financial corporations	-	-
e) Families	-	-
Total	**1,585,353**	**1,041,024**

Section 4 *Financial assets measured at amortised cost*

The account of the asset related to item 40 is illustrated in this section.

4.1 Financial assets measured at amortised cost: breakdown of loans to banks

Composition	31/12/2024						31/12/2023					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	L1	L2	L3	First and second stage	Third stage	Impaired purchased or originated	L1	L2	L3
1. Current fixed-term deposits	-	-	-	-	-	-	-	-	-	-	-	-
2. Current accounts	-	-	-	-	-	-	-	-	-	-	-	-
3. Loans	**32,355,058**	-	-	-	-	**32,355,058**	**7,616,296**	-	-	-	-	**7,616,296**
3.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
3.2 Financing for leases	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Factoring	32,355,058	-	-	-	-	32,355,058	7,616,296	-	-	-	-	7,616,296
- with recourse	507,112	-	-	-	-	507,112	-	-	-	-	-	-
- without recourse	31,847,946	-	-	-	-	31,847,946	7,616,296	-	-	-	-	7,616,296
3.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
4. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
5. Other assets	**7,462,419**	-	-	-	-	**7,462,419**	**4,814,358**	-	-	-	-	**4,814,358**
Total	**39,817,477**	-	-	-	-	**39,817,477**	**12,430,654**	-	-	-	-	**12,430.6544**

The fair value of receivables from banks is considered equal to their book value, as they largely comprise on demand and short-term financial assets, net of adjustments.
Item 5 "Other assets" relates to Euro 7,445,236 advanced to Assignors on behalf of Credit Institutions, as part of pool-managed factoring operations, in which Factorit assumes the lead role.

4.2 Financial assets measured at amortised cost: breakdown of receivables from financial companies

Composition	31/12/2024						31/12/2023					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	L1	L2	L3	First and second stage	Third stage	Impaired purchased or originated	L1	L2	L3
1. Loans	**590,902,041**	-	-	-	-	**590,902,041**	**580,919,841**	-	-	-	-	**580,919,841**
1.1 Repurchase agreements	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Financing for leases	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Factoring	535,677,718	-	-	-	-	535,677,718	521,048,065	-	-	-	-	521,048,065
- with recourse	531,759,133	-	-	-	-	531,759,133	519,926,227	-	-	-	-	519,926,227
- without recourse	3,918,585	-	-	-	-	3,918,585	1,121,838	-	-	-	-	1,121,838
1.4 Other loans	55,224,323	-	-	-	-	55,224,323	59,871,776	-	-	-	-	59,871,776
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	**3,597,038**	-	-	-	-	**3,597,038**	**3,123,641**	-	-	-	-	**3,123,641**
Total	**594,499,079**	-	-	-	-	**594,499,079**	**584,043,482**	-	-	-	-	**584,043,482**

The fair value of receivables from financial institutions is considered equal to their book value, as they largely comprise on-demand and short-term financial assets, net of adjustments.

4.3 Financial assets measured at amortised cost: breakdown of loans to customers

Composition	31/12/2024						31/12/2023					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	Impaired purchased or originated	L1	L2	L3	First and second stage	Third stage	Impaired purchased or originated	L1	L2	L3
1. Loans	**4,390,158,306**	**5,008,230**	-	-	-	**4,395,166,536**	**3,678,751,149**	**2,586,315**	-	-	-	**3,681,337,464**
1.1 Financing for leases	-	-	-	-	-	-	-	-	-	-	-	-
of which: without final purchase option	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Factoring	3,961,269,910	4,866,169	-	-	-	3,966,136,079	3,267,462,119	1,208,439	-	-	-	3,268,670,558
- with recourse	1,364,322,446	3,478,086	-	-	-	1,367,800,532	1,234,086,729	1,078,235	-	-	-	1,235,164,964
- without recourse	2,596,947,464	1,388,083	-	-	-	2,598,335,547	2,033,375,390	130,204	-	-	-	2,033,505,594
1.3 Consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Credit cards	-	-	-	-	-	-	-	-	-	-	-	-
1.5 Loans on pledge	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Loans granted in connection with	-	-	-	-	-	-	-	-	-	-	-	-
payment services provided	-	-	-	-	-	-	-	-	-	-	-	-
1.7 Other loans	428,888,396	142,061	-	-	-	429,030,457	411,289,030	1,377,876	-	-	-	412,666,906
of which: from enforcement of guarantees and commitments	-	-	-	-	-	-	-	-	-	-	-	-
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	**4,390,158,306**	**5,008,230**	-	-	-	**4,395,166,536**	**3,678,751,149**	**2,586,315**	-	-	-	**3,681,337,464**

The fair value of receivables from customers is considered equal to their book value, as they largely comprise on demand and short-term financial assets, net of adjustments.

Non-performing assets are recorded at their presumed recovery value.

The "Other loans" performing include:
- Euro 2,102,405 relating to accrued fees borne by assigned Debtors, on the payment deferrals granted to them;
- Euro 191,241,265 relating to advances regarding assignments of loans not falling within the scope of the Law 52/91;
- Euro 213,316,734 for confirming operations;
- Euro 22,227,992 relating to other loans.

4.4 Financial assets measured at amortised cost: breakdown by Debtors/issuers of receivables from customers

Type of transaction/Amounts	31/12/2024			31/12/2023		
	First and second stage	Third stage	Impaired purchased or originated	First and second stage	Third stage	Impaired purchased or originated
1. Debt securities	**-**	**-**	**-**	**-**	**-**	**-**
a) Public administrations	-	-	-	-	-	-
b) Non-financial corporations	-	-	-	-	-	-
2. Loans to:	**4,390,158,306**	**5,008,230**	-	**3,678,751,149**	**2,586,315**	-
a) Public administrations	370,850,677	1,047,340	-	221,096,127	750	-
b) Non-financial corporations	3,821,225,763	3,880,242	-	3,267,628,128	2,484,954	-
c) Families	198,081,866	80,648	-	190,026,894	100,611	-
3. Other assets	-	-	-	-	-	-
Total	**4,390,158,306**	**5,008,230**	-	**3,678,751,149**	**2,586,315**	-

4.5 Financial assets measured at amortised cost: gross value and total value adjustments

	Gross value					Total write-downs				
	First stage									
		of which instruments with low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	Partial total write-off
Debt securities	-	-	-	-	-	-	-	-	-	-
Loans	4,939,999,792	-	83,184,436	16,622,115	-	9,552,961	215,864	11,613,885	-	6,455,215
Other Assets	11,059,459	-	-	-	-	-	-	-	-	-
31/12/2024	**4,951,059,251**	**-**	**83,184,436**	**16,622,115**	**-**	**9,552,961**	**215,864**	**11,613,885**	**-**	**6,455,215**
31/12/2023	**4,248,590,884**	**-**	**34,259,749**	**12,469,515**	**-**	**7,531,695**	**93,653**	**9,883,200**	**-**	**8,054,761**

4.6 Financial assets measured at amortised cost: secured assets

	31/12/2024						31/12/2023					
	Receivables from banks		Receivables from financial companies		Loans and receivables with customers		Receivables from banks		Receivables from financial companies		Loans and receivables with customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets secured by:	**36,681**	**36,681**	**529,933,509**	**529,933,509**	**2,300,326,767**	**2,257,894,071**	**31,225**	**31,225**	**517,890,032**	**517,890,032**	**1,786,644,116**	**1,751,261,764**
– Assets acquired under finance leases	-	-	-	-	-	-	-	-	-	-	-	-
– Receivables for factoring	-	-	513,315,924	513,315,924	1,128,201,637	1,128,201,637	-	-	512,285,356	512,285,356	1,111,034,674	1,111,034,674
– Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
– Pledges	-	-	-	-	-	-	-	-	-	-	-	-
– Personal guarantees	36,681	36,681	16,617,585	16,617,585	1,172,125,130	1,129,692,434	31,225	31,225	5,604,676	5,604,676	675,609,442	640,227,090
– Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-performing assets secured by:	-	-	-	-	**1,002,508**	**1,002,508**	-	-	-	-	**1,048,211**	**1,048,211**
– Assets acquired under finance leases	-	-	-	-	-	-	-	-	-	-	-	-
– Receivables for factoring	-	-	-	-	1,002,508	1,002,508	-	-	-	-	1,048,211	1,048,211
– Mortgages	-	-	-	-	-	-	-	-	-	-	-	-
– Pledges	-	-	-	-	-	-	-	-	-	-	-	-
– Personal guarantees	-	-	-	-	-	-	-	-	-	-	-	-
– Credit derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Total	**36,681**	**36,681**	**529,933,509**	**529,933,509**	**2,301,329,275**	**2,258,896,579**	**31,225**	**31,225**	**517,890,032**	**517,890,032**	**1,787,692,327**	**1,752,309,975**

VE = financial statements value of exposures
VG = fair value of guarantees
The table shows the guarantees received against performing and non-performing assets.

In compliance with the regulations regarding the sale of loans outside the scope of the Law 52/91, "receivables for factoring" do not include "other assignments". The amounts are classified by type of guarantee and by sector of economic activity of the guaranteed party. Should the guarantee's value surpass that of the guaranteed asset, the guaranteed asset's value is shown in the "guarantee value" column.

Loans acquired via without recourse factoring, when guaranteed, are indicated in the appropriate technical sections of the guarantees.

In cases of multiple underlying guarantees, the advances given to the Assignors for the sale of credit on a with recourse basis, and for the loans acquired via without recourse factoring, were prioritized in the following order:

1) mortgages;
2) pledges;
3) receivables for factoring;
4) personal guarantees.

Section 8 *Tangible assets*

The account of the asset related to item 80 is illustrated in this section.

8.1 Tangible assets used for business purposes: breakdown of assets measured at cost

Assets/Values	31/12/2024	31/12/2023
1. Owned assets	**357,928**	**139,416**
a) land	-	-
b) buildings	-	-
c) furniture	16,295	10,663
d) electronic equipment	216,012	38,033
e) other	125,621	90,720
2. Rights of use acquired through leases	**16,135,232**	**16,581,961**
a) land	-	-
b) buildings	16,013,206	16,529,824
c) furniture	-	-
d) electronic equipment	-	-
e) other	122,026	52,137
Total	**16,493,160**	**16,721,377**
Of which: obtained through enforcement of guarantees received	**-**	**-**

Regarding the sub-item "Rights of use acquired through leases", it should be pointed out that the category "buildings" encompasses, for Euro 15,958,466, the amount of property lease contracts with the Parent Company and Group Companies.

8.6 Tangible assets used for business purposes: changes in the year

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	-	**19,991,675**	**398,348**	**121,190**	**675,011**	**21,186,224**
A.1 Total net impairment	-	3,461,851	387,685	83,157	532,154	4,464,847
A.2 Net opening balances	-	**16,529,824**	**10,663**	**38,033**	**142,857**	**16,721,377**
a) Adjustment of opening balances (IAS 8)	-	-	-	-	-	-
B. Increases	-	**748,872**	**9,150**	**213,324**	**220,303**	**1,191,649**
B.1 Purchases	-	-	9,150	213,324	76,811	299,285
B.2 Capitalised improvement expenses	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Reclassified from property held for investment	-	-	-	-	-	-
B.7 Other changes	-	748,872	-	-	143,492	892,364
C. Decreases	-	**1,265,490**	**3,518**	**35,345**	**115,513**	**1,419,866**
C.1 Disposals	-	-	-	-	-	
C.2 Depreciation	-	1,265,490	3,180	35,302	95,100	1,399,072
C.3 Impairment recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Reclassified to:	-	-	-	-	-	-
a)Investment property	-	-	-	-	-	-
b) Assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	338	43	20,413	20,794
D. Net closing balance	-	**16,013,206**	**16,295**	**216,012**	**247,647**	**16,493,160**
D.1 Total net impairment	-	4,082,621	379,767	117,228	494,324	5,073,940
D.2 Closing gross amount	-	**20,095,827**	**396,062**	**333,240**	**741,971**	**21,567,100**
E. Valuation at cost	-	**16,013,206**	**16,295**	**216,012**	**247,647**	**16,493,160**

The table below pertains solely to what is recorded in compliance with the IFRS 16 accounting standard.

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Gross opening balance	-	**19,991,675**	-	-	**112,630**	**20,104,305**
A.1 Total net impairment	-	3,461,851	-	-	60,493	**3,522,344**
A.2 Net opening balances	-	**16,529,824**	-	-	**52,137**	**16,581,961**
a) Adjustment of opening balances (IAS 8)	-	-	-	-	-	
B. Increases	-	**748,872**	-	-	**143,492**	**892,364**
B.1 Purchases	-	-	-	-	-	-
B.2 Capitalised improvement expenses	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Reclassified from property held for investment	-	-	-	-	-	-
B.7 Other changes	-	748,872	-	-	143,492	115,002
C. Decreases	-	**1,265,490**	-	-	**73,603**	**1,339,093**
C.1 Disposals	-	-	-	-	-	-
C.2 Depreciation	-	1,265,490	-	-	53,190	1,318,680
C.3 Impairment recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value recognised in:	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Reclassified to:	-	-	-	-	-	-
a) Investment property	-	-	-	-	-	-
b) Assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	20,413	20,413
D. Net closing balance	-	**16,013,206**	-	-	**122,026**	**16,135,232**
D.1 Total net impairment	-	4,082,621	-	-	62,203	**4,144,824**
D.2 Closing gross amount	-	**20,095,827**	-	-	**184,229**	**20,280,056**
E. Valuation at cost	-	**16,013,206**	-	-	**122,026**	**16,135,232**

Section 9 *Intangible assets*

The account of the asset related to item 90 is illustrated in this section.

9.1 "Intangible assets": breakdown

Items/Valuation	31/12/2024		31/12/2023	
	Assets evaluated at cost	Assets evaluated at FV	Assets evaluated at cost	Assets evaluated at FV
1. Goodwill	**-**	**-**	**-**	**-**
2. Other intangible assets				
Of which: software	**-**	**-**	**-**	**-**
2.1 owned	113,665	-	185,215	-
- generated internally	-	-	-	-
- others	113,665	-	185,215	-
2.2 Rights of use acquired through leases	-	-	-	-
Total 2	**113,665**	**-**	**185,215**	**-**
3. Assets related to finance leases				
3.1 Unoptioned goods	-	-	-	-
3.2 Assets withdrawn following settlements	-	-	-	-
3.3 Other assets	-	-	-	-
Total 3	**-**	**-**	**-**	**-**
Total (1+2+3)	**113,665**	**-**	**185,215**	**-**

9.2 Intangible assets: changes in the year

	Total
A. Opening balance	**185,215**
B. Increases	**3,245**
B.1 Purchases	3,245
B.2 Write-backs	-
B.3 Positive changes in fair value	-
- equity	-
- booked to income statement	-
B.4 Other changes	-
C. Decreases	**74,795**
C.1 Disposals	-
C.2 Depreciation	74,795
C.3 Impairment	-
- net equity	-
- income statement	-
C.4 Negative changes in fair value	-
- equity	-
- booked to income statement	-
C.5 Other changes	-
D. Closing balance	**113,665**

Section 10 *Tax assets and tax liabilities*

Deferred tax assets and tax liabilities are recognised under the "balance sheet liability method" as set out by IAS 12, in line with the specific instructions from the Bank of Italy.

10.1 "Tax assets: current and deferred": breakdown

Name	Total 31/12/2024	Total 31/12/2023
Current tax assets	-	-
Deferred tax assets (balancing entry in shareholders' equity)	123,165	115,415
Deferred tax assets (balancing entry in income statement)	5,662,735	10,285,873
Total	**5,785,900**	**10,401,288**

Deferred tax assets pertain to taxes resulting from expenses allocated to the income statement and balance sheet, with their deductibility postponed to future years as per the current tax regulations. The deferred tax assets listed are chiefly associated with the surplus write-downs on loans that have not yet been deducted, as stipulated by the Decree Law 83/2015 and subsequent amendments for an amount equal to Euro 5.2 million, to provisions for risks for Euro 0.4 million and for the remaining portion to changes in the actuarial profit/loss of pension funds that occurred during the year.
DTAs associated with receivables write-downs recorded in the financial statements until the financial year ended on 31/12/2014, along with 25% of the write-downs related to the 2015 financial year, comply with the requirements of Italian Law no. 214 dated 22 December 2011. Consequently, they are eligible for conversion into tax credits in the event of a civil law loss, a tax loss under IRES, or a negative net production value for IRAP, ensuring their recoverability.
The residual tax assets that cannot be transformed have been recognised after verifying their recoverability by performing the so-called probability test.

10.2 "Tax liabilities: current and deferred": breakdown

Name	Total 31/12/2024	Total 31/12/2023
Current tax liabilities	583,203	548,078
Deferred tax liabilities (balancing entry in shareholders' equity)	1,281,875	1,748,221
Deferred tax liabilities (balancing entry in income statement)	113,471	112,206
Total	**1,978,549**	**2,408,505**

As of 31 December 2024, current tax liabilities reflect the amounts due to the Treasury for IRAP and the additional IRES, net of any prepayments made during the year.
The "Deferred tax liabilities" are primarily comprised of taxes arising from the different valuation of receivables in accordance with IAS at the initial application stage, with their taxability deferred to future fiscal years.
The rates applied for the determination of deferred taxes are: 27.5% (24.0% + 3.5%) for IRES (Art. 77 of the Presidential Decree no. 917/86) and 5.57% for IRAP.

10.3 Change in deferred tax assets (balancing entry in income statement)

	31/12/2024	31/12/2023
1. Opening balance	**10,285,873**	**14,860,004**
2. Increases	**265,464**	**386,125**
2.1 Deferred tax assets recognised in the year	265,464	386,125
a) relating to previous years	1,819	1,114
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) others	263,645	385,011
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**4,888,602**	**4,960,256**
3.1 Deferred tax assets derecognised in the year	4,888,602	4,960,256
a) reversals	4,888,602	4,960,256
b) written down as no longer recoverable	-	-
c) due to changes in accounting policies	-	-
d) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
a) transformation into tax credits as per the Law 214/2011	-	-
b)Others	-	-
4. Closing balance	**5,662,735**	**10,285,873**

10.3.1 Change in deferred taxes pursuant to the Law 214/2011 (balancing entry in the income statement)

	31/12/2024	31/12/2023
1. Opening balance	**9,750,060**	**14,532,107**
2. Increases	**-**	**-**
3. Decreases	**4,516,377**	**4,782,047**
3.1 Reversals	4,516,377	4,782,047
3.2 Transformation into tax credits	-	-
a) resulting from operating losses	-	-
b) resulting from tax losses	-	-
3.3 Other decreases	-	-
4. Closing balance	**5,233,683**	**9,750,060**

10.4 Changes in deferred tax liabilities (balancing entry in income statement)

	31/12/2024	31/12/2023
1. Opening balance	**112,206**	**-**
2. Increases	**501,265**	**263,800**
2.1 Deferred tax liabilities recognised in the year	1,265	.
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	1,265	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	500,000	263,800
3. Decreases	**500,000**	**151,594**
3.1 Deferred tax liabilities derecognised in the year	500,000	151,594
a) reversals	500,000	151,594
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**113,471**	**112,206**

10.5 Changes in deferred tax assets (balancing entry in shareholders' equity)

	31/12/2024	31/12/2023
1. Opening balance	**115,415**	**215,680**
2. Increases	**10,961**	**-**
2.1 Deferred tax assets recognised in the year	10,961	-
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	10,961	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**3,211**	**100,265**
3.1 Deferred tax assets derecognised in the year	3,211	52,813
a) reversals	3,211	52,813
b) written down as no longer recoverable	-	-
c) due to changes in accounting policies	-	-
d) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	47,452
4. Closing balance	**123,165**	**115,415**

This table comprises deferred taxes on actuarial gains/losses from the valuation of the Severance Indemnity Fund and deferred taxes arising from the adjustment of equity securities listed under item 30 of the Assets "Financial assets measured at fair value impacting overall profitability".

10.6 Changes in deferred tax liabilities (balancing entry in shareholders' equity)

	31/12/2024	31/12/2023
1. Opening balance	**1,748,221**	**2,039,162**
2. Increases	**33,654**	**-**
2.1 Deferred tax liabilities recognised in the year	-	-
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) others	-	-
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	33,654	-
3. Decreases	**500,000**	**290,941**
3.1 Deferred tax liabilities derecognised in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) others	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	500,000	290,941
4. Closing balance	**1,281,875**	**1,748,221**

Section 12 *Other assets*

The account of the asset related to item 120 is illustrated in this section.

12.1 "Other assets": Composition

	31/12/2024	31/12/2023
Receivables from the Treasury (not classifiable as tax assets)	126,899	123,171
Receivable from the Parent Company for tax consolidation	8,085,500	7,491,596
Purchase of tax credits	2,033,490	844,807
Work in Progress	6,015,008	1,919,550
Security Deposits	18,857	18,857
Advances to suppliers	2,803	1,500
Prepayments and accrued income not attributable to own items	711,161	726,183
Other items	217,625	182,113
Total	**17,211,343**	**11,307,777**

The item "Receivables from Treasury" refers to the virtual stamp duty.

The item "purchase of tax credits" refers to the credit purchased from a counterparty related to the operating costs of cinemas, as per Article 8 of the "national tax credit production decree" or Article 31 of the "other tax credit decree", which will be offset by April 2025.

The "Work in Progress" item solely comprises items undergoing the crediting process, associated with portfolio management concerning payments from assigned Debtors. These transactions are credited to Customer counterparties at different times compared to the credits provided by the presenting banks according to the accounting date.

It should be noted that the Company, by complying with the legislation on "National Tax Consolidation" as per the regulations set out in articles 117 to 129 of the TUIR, makes advance tax payments to the Parent Company.

LIABILITIES

Section 1 Financial liabilities measured at amortised cost

The account of liabilities related to item 10 is illustrated in this section.

1.1 Financial liabilities measured at amortised cost: breakdown of debts by merchandise category

Items	31/12/2024			31/12/2023		
	to banks	to financial companies	to customers	to banks	to financial companies	to customers
1. Loans	4,669,550,221	-	-	3,435,192,448	-	-
1.1 Repurchase agreements	-	-	-	-	-	-
1.2 Other loans	4,669,550,221	-	-	3,435,192,448	-	-
2. Lease payables	1,104,933	-	15,276,024	609,639	-	16,165,396
3. Other payables	4,838,230	14,582,313	13,095,020	5,264,307	474,307,587	60,911,995
Total	**4,675,493,384**	**14,582,313**	**28,371,044**	**3,441,066,394**	**474,307,587**	**77,077,391**
Fair value – level 1	-	-	-	-	-	-
Fair value – level 2	-	-	-	-	-	-
Fair value – level 3	4,675,493,384	14,582,313	28,371,044	3,441,066,394	474,307,587	77,077,391
Total fair value	**4,675,493,384**	**14,582,313**	**28,371,044**	**3,441,066,394**	**474,307,587**	**77,077,391**

The fair value of payables to credit institutions, financial institutions, and clients is assumed to be the nominal value, as they are financial liabilities payable on demand and short-term.

Payables for lease are given by the present value of lease payments due that are unpaid at that date and recognised in accordance with IFRS 16.

The item "Other payables" to financial institutions and customers mainly encompasses payables for factoring concerning receivables from assigned Debtors listed in the financial statements and occasional and temporary inventories in favour of customers.

In detail, the payable to banks refers to:

Technical form	Amount
Payables to parent company	4,193,725,066
Sight deposits in current accounts	72,734,841
Hot money at maturity	236,000,000
Accrued liabilities on hot money	44,544
Foreign currency advances	169,807,874
Accrued liabilities for foreign currency advances	807,893
Commissions to be recognised	690,588
Payables to principals	777,550
Supplier invoices and supplier invoices to be received	905,028
Total	**4,675,493,384**

1.5 Payables for lease

Financial outflows for leasing.

Liabilities / Values	Lease Liability Value 01/01/2024	Financial flows	Interest	Other Changes	Book Value as of 31/12/2024
Properties	16,723,888	(1,386,568)	173,969	748,873	16,260,162
Cars	51,147	(55,239)	2,825	122,062	120,795
Other types	-	-	-	-	-
Total	16,775,035	(1,441,807)	176,794	870,935	16,380,957

As of 31/12/2024, the weighted average of the lessee's weighted marginal lending rate, applied to the lease liabilities reported in the statement of financial position, is 1.17%.

The amounts reported pursuant to paragraphs 39 and B11 of IFRS 7 "Financial instruments" represent non-discounted cash flows.

Analysis of lease liability maturities.

Liabilities / Residual Duration	within 1 year	over 1 year and up to 5 years	over 5 years up to 10 years	over 10 years
Properties	1,378,231	5,088,323	5,835,935	5,248,370
Cars	55,820	69,000	-	-
Other types	-	-	-	-
Total	1,434,051	5,157,323	5,835,935	5,248,370

Section 6 *Tax liabilities*

The detail of this Section has been provided in Section 10 of the assets.

Section 8 *Other liabilities*

The account of liabilities related to item 80 is illustrated in this section.

8.1 "Other liabilities": breakdown

	31/12/2024	31/12/2023
Taxes to be paid	666,799	637,286
Payables to the Parent Company for tax consolidation	8,739,625	7,187,123
Payables to personnel	415,354	362,180
Payables to social security institutions	557,900	642,639
Suppliers	565,107	632,333
Invoices to be received	382,834	338,416
Miscellaneous credits being settled	22,938,615	7,650,066
Payables to directors and auditors	34,112	26,000
Other items	9,434,911	8,911,728
Total	**43,735,257**	**26,387,771**

The item "Miscellaneous credits being settled" refers to amounts received from debtors, primarily during the last days of the year, to be reallocated to their respective credit positions.
The item "Other items" is composed as follows:

- Euro 8,492,562 for deferred income due to the allocation on an accrual basis in relation to the duration of the underlying credit of the commissions invoiced to customers;
- Euro 942,349 for residual items.

Section 9 *Provision for employee severance pay*

The account of liabilities related to item 90 is illustrated in this section.

9.1 Termination indemnities: changes in the year

	31/12/2024	31/12/2023
A. Opening balance	**1,856,691**	**1,893,425**
B. Increases	**95,211**	**54,356**
B.1 Provision for the year	64,359	54,356
B.2 Other increases	30,852	-
C. Decreases	**53,460**	**91,090**
C.1 Payments made	53,460	85,293
C.2 Other decreases	-	5,797
D. Closing balance	**1,898,442**	**1,856,691**

The provision for termination indemnities required under Italian regulations amounts to Euro 1,863,185. In reference to the international accounting standards IAS/IFRS, the actuarial simulations were carried out according to the Projected Unit Credit Method.
This criterion lays down that the costs to be incurred during the year to accrue the termination indemnity are determined according to the proportion of services rendered during the same year. According to the accrued benefits method, the company's obligation to the individual employee is based on the services already rendered at the measurement date.

The actuarial calculations were made on the following assumptions:

	31/12/2024	31/12/2023
Discount rate	2.5805%	3.02%
Average annual rate of future inflation	2025-2027: 1.80% 2028 – 1.90% NEXT: 2.00%	2024: 2.40% NEXT: 2.00%
Average annual rate of increase in termination indemnities	EQUALISATION	EQUALISATION

The average discount rate was determined with reference to the value of the I-Boxx Corporates Financial EUR AA 3-5 index as of 13 December 2024.

Section 10 *Provisions for risks and charges*

The account of liabilities related to item 100 is illustrated in this section.

10.1 Provisions for risks and charges: breakdown

Items/Values	31/12/2024	31/12/2023
1. Provisions for credit risk related to commitments and financial guarantees given	526,455	888,759
2. Provisions on other commitments and other guarantees given	-	-
3. Corporate retirement funds	-	-
4. Other provisions for risks and charges	973,457	871,241
4.1 legal and tax disputes	-	-
4.2 personnel expenses	973,457	871,241
4.3. others	-	-
Total	**1,499,912**	**1,760,000**

The sub-item "1. Provisions for credit risk associated with commitments and financial guarantees issued" for stage 1 and stage 2 relate to value adjustments on commitments and "committed lines" offered to some high-standing customers, according to methodologies defined following the introduction of the IFRS 9 accounting standard, whereas adjustments for non-performing positions (stage 3) are applied individually.

The sub-item "Personnel costs" is entirely composed of allocations for productivity bonuses.

10.2 Provisions for risks and charges: changes in the year

	Provisions on other commitments and other guarantees given	Pension and similar obligations	Other provisions for risks and charges	Total
A. Opening balance	**-**	**-**	**871,241**	**871,241**
B. Increases	**-**	**-**	**815,320**	**815,320**
B.1 Provision for the year	-	-	815,320	815,320
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to variations in the discount rate	-	-	-	-
B.4 Other changes	-	-	-	-
C. Decreases	**-**	**-**	**713,104**	**713,104**
C.1 Used in the year	-	-	713,104	713,104
C.2 Changes due to variations in the discount rate	-	-	-	-
C.3 Other changes	-	-	-	-
D. Closing balance	**-**	**-**	**973,457**	**973,457**

10.3 Provisions for credit risk related to commitments and financial guarantees given

	Provisions for credit risk related to commitments and financial guarantees given				
	First stage	Second stage	Third stage	Impaired purchased or originated	Total
Commitments to grant loans	321,579	3,860	201,016	-	526,455
Financial guarantees given	-	-	-	-	-
Total	**321,579**	**3,860**	**201,016**		**526,455**

Section 11 *Equity*

The liability accounts related to items 110, 120, 130, 140, 150, 160 and 170 are illustrated in this section.

11.1 "Share capital": breakdown

Types	31/12/2024
1. Share capital	85,000,002
1.1 Ordinary shares	85,000,002
1.2 Other shares	-

The share capital consists of 85,000,002 shares with a nominal value of Euro 1.

11.2 Treasury shares: breakdown

As of 31 December 2024 and 31 December 2023, Factorit S.p.A. does not hold treasury shares.

11.3 Capital instruments: breakdown

As at 31 December 2024 and 31 December 2023, Factorit S.p.A. did not assign value to the capital instruments item.

11.4 Share premium accounts: breakdown

This reserve is equal to Euro 11,030,364.

11.5 Other information

Availability and distributability of shareholders' equity items.

Nature	Amount	Utilisation	Available share	Utilisation Summary in the previous three financial years	
				for coverage of losses	for other reasons
Share capital	85,000,002	-	-	-	-
Capital buffers	-	-	-	-	-
Profit reserves					
Legal reserve	16,448,874	B	16,448,874	-	-
Share premium reserve	11,030,364	A-B	551,126	-	-
Share premium reserve	-	A-B	10,479,238	-	-
Other reserves	159,272,770	A-B-C	159,272,770	-	-
Retained earnings	185,215	A-B-C	185,215	-	-
Total	**271,937,225**	**-**	**186,937,223**	**-**	**-**

Key: A: for capital increase; B: for coverage of losses; C: for distribution to shareholders.

The "Share premium accounts" may only be distributed in full if the legal reserve has reached one-fifth of the share capital (Art. 2431 of the Italian Civil Code).

It should be noted that the "Other reserves" include: Euro 5,350,212 FTA reserve relating to the first IAS impact, Euro 304,394 for the non-exercised stock option reserve, Euro -324,711 for the non-distributable severance pay profit/loss reserve, Euro 42,679 for the valuation of the shareholding in Compagnia Aerea Italiana and Euro 442,953 for the valuation of the non-distributable Webuild S.p.A. shares and Euro 4,215,490 for the reserve deriving from the first IFRS 9 impact.

In compliance with art. 2427, paragraph 1, no. 22-septies of the Italian Civil Code, the proposed allocation of profit for the year ended 31 December 2024 is set out below:

Profit for the year	Euro	35,637,257
Profit carried forward to previous years	Euro	185,215
Profits to be allocated, of which:	Euro	35,822,472
To legal reserve	Euro	551,126
Euro 0.295 dividend to each of the 85,000,002 shares outstanding	Euro	25,075,000
Profits carried over to extraordinary reserve	Euro	10,082,681
Profits carried forward	Euro	113,665

11.6 Breakdown of item 160 "Valuation reserves"

The item shows a negative balance of Euro 160,921 composed as follows:
- Euro -324,711 referring to the accounting of profits/losses related to the actuarial valuation of the severance indemnity fund;
- Euro 485,632 relating to the valuation of equity securities as shown in table 3.1 of "*Part B – Balance sheet information*".

OTHER INFORMATION

1. Commitments and financial guarantees given (excluding those designated at fair value)

	Nominal value on commitments and financial guarantees given				31/12/2024	31/12/2023
	First stage	Second stage	Third stage	Impaired purchased or originated		
Commitments to grant loans	**551,170,484**	**4,919,159**	**466,263**	**-**	**556,555,906**	**612,455,610**
a) Public administrations	6,498,587	-	71,683	-	6,570,270	1,833,050
b) Banks	377,353	-	-	-	377,353	562,329
c) Other financial corporations	4,462,826	-	-	-	4,462,826	1,364,806
d) Non-financial corporations	538,828,450	4,898,281	394,579	-	544,121,310	607,282,192
e) Families	1,003,268	20,878	1	-	1,024,147	1,413,233
Financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**
a) Public administrations	-	-	-	-	-	-
b) Banks	-	-	-	-	-	-
c) Other financial corporations	-	-	-	-	-	-
d) Non-financial corporations	-	-	-	-	-	-
e) Families	-	-	-	-	-	-

The table includes: the Assignor margins where the credit line has been communicated (including for the Confirming product), the commitment to conduct exclusively approved with recourse operations (formal without recourse), which refers to the difference between the total credits of the approved with recourse and the advance of the approved with recourse (recorded in the financial statements assets under the Assignor's name) and on the unused committed lines extended to high-standing clients.

PART C Income statement information

Section 1 Interest

The accounts related to items 10 and 20 are illustrated in this section.

1.1 Interest and similar income: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	31/12/2024	31/12/2023
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	-	-	-	-	-
1.3. Other financial assets mandatorily measured at fair value	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-
3. Financial assets measured at amortised cost:	-	159,661,293	-	159,661,293	128,505,901
3.1 Loans and receivables with banks	-	691,648	-	691,648	87,039
3.2 Receivables from financial companies	-	34,893,448	-	34,893,448	31,710,228
3.3 Loans and receivables with customers	-	124,076,197	-	124,076,197	96,708,634
4. Hedging derivatives	-	-	-	-	-
5. Other assets	-	-	360,498	360,498	201,557
6. Financial liabilities	-	-	-	-	-
Total	**-**	**159,661,293**	**360,498**	**160,021,791**	**128,707,458**
of which: interest income on impaired financial assets	-	**784,510**	-	**784,510**	**507,275**
of which: interest income on leasing	-	**-**	-	**-**	**-**

The increase in interest income reflects, on the one hand, the larger average capital employed during the year, as well as the rise, especially in the first half, in the rates resulting from the change, which began in the previous year, in the European Central Bank's monetary policy, which, to contain the strong inflationary recovery after many stable years, intervened by raising the refinancing rate.

The item "other assets" is almost entirely attributable to the income from the purchase of tax credits related to the operating costs of cinemas, as per Article 8 of the "national tax credit production decree" or Article 31 of the "other tax credit decree".

1.2 Interest and similar income: other information

Interest income in foreign currency on financial assets for receivables from customers and financial institutions amounted to Euro 5,655,730 (Euro 3,807,785 in 2023).

1.3 Interest and similar income: breakdown

Items/Technical forms	Payables	Securities	Other transactions	31/12/2024	31/12/2023
1. Financial liabilities measured at amortised cost					
1.1 Due to banks	(115,236,015)	-	-	(115,236,015)	(85,945,842)
1.2 Payables to financial companies	-	-	-	-	-
1.3 Payables to customers	(168,242)	-	-	(168,242)	(176,147)
1.4 Securities issued					
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities	-	-	-	-	-
5. Hedging derivatives	-	-	-	-	-
6. Financial assets	-	-	-	-	-
Total	**(115,404,257)**	-	-	**(115,404,257)**	**(86,121,989)**
of which: interest expense on lease payables	**(176,794)**	-	-	**(176,794)**	**(183,288)**

Interest expenses are up compared to last year in correlation with interest income.

Section 2 *Commissions*

The accounts related to items 40 and 50 are illustrated in this section.

2.1 Fee and commission income: breakdown

Detail	31/12/2024	31/12/2023
A. Leasing transactions	-	-
B. Factoring transactions	**35,807,365**	**31,268,977**
C. Consumer credit	-	-
D. Guarantees issued	-	-
E. Services of	-	-
- fund management for third parties	-	-
- foreign exchange brokerage	-	-
- product distribution	-	-
- other	-	-
F. Collection and payment services	-	-
G. Servicing for securitisation transactions	-	-
H. Other commissions (to be specified)	**7,163,044**	**6,129,151**
Total	**42,970,409**	**37,398,128**

It should be noted that the Company, within its factoring management system, utilises a computer application to allocate one-off commissions according to the duration of the sold loans. As of 31 December 2024, the prepaid amount is equal to Euro 8,492,563. The amount within the sub-item "Other commissions" refers to fees received for transactions not covered by Law 52/91 (other financing, confirming transactions, VAT credit transfers, etc.).

2.2 Fee and commission expense: breakdown

Detail/Sectors	31/12/2024	31/12/2023
A. Guarantees received	**(1,548,000)**	**(1,433,146)**
B. Distribution of services from third parties	**-**	**-**
C. Collection and payment services	**-**	**-**
D. Other commissions	**(3,844,988)**	**(3,461,368)**
d.1 relationships with banks	(202,670)	(148,733)
d.2 brokerage activities	(2,791,225)	(2,454,974)
d.3 credit insurance premiums	(631,297)	(628,703)
d.4 other assets	(219,796)	(228,958)
Total	**(5,392,988)**	**(4,894,514)**

Similarly to what is outlined under item 40, the passive commissions linked to one-off active commissions are allocated following the same criterion. As of 31 December 2024, the prepaid amount is equal to Euro 315,923.

Section 3 *Dividends and similar income*

The accounts related to item 70 are illustrated in this section.

3.1 Dividends and similar income: breakdown

Items/Income	31/12/2024		31/12/2023	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	-	-	-	-
C. Financial assets measured at fair value through other comprehensive income	37,927	-	30,185	-
D. Equity investments	-	-	-	-
Total	**37,927**	**-**	**30,185**	-

Section 4 *Net trading income*

The accounts related to item 80 are illustrated in this section.

4.1 Net trading income: breakdown

Transactions/Income items	Gains (A)	Trading profits (B)	Losses (C)	Trading losses (D)	Profit (loss) [(A+B)(C+D)]
1. Financial assets held for trading	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-
1.3 UCI units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	-	-	-	-	**130,199**
4. Derivatives	-	-	-	-	-
4.1 Financial derivatives	-	-	-	-	-
4.2 Credit derivatives, of which: natural hedges related to the fair value option	-	-	-	-	-
Total	-	-	-	-	**130,199**

Section 8 *Net adjustments/write-backs for credit risk*

The accounts related to item 130 are illustrated in this section.

8.1 Net adjustments/write-backs for credit risk related to financial assets measured at amortised cost: breakdown

The table shows the amounts charged to the income statement resulting from and in relation to the credit portfolio valuation process.

Transactions/ Income components	Write-downs						Write-backs					
			Third stage		Impaired purchased or originated							
	First stage	Second stage	write-off	Others	write-off	Others	First stage	Second stage	Third stage	Impaired purchased	31/12/2024	31/12/2023
A. Loans and receivables with banks	**(60,282)**	**(20)**	**-**	**-**	**-**	**-**	**10,834**	**20**	**-**	**-**	**(49,448)**	**(7,471)**
- for leasing	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	(60,282)	(20)	-	-	-	-	10,834	20	-	-	(49,448)	(7,471)
- other receivables	-	-	-	-	-	-		-	-	-	-	-
B. Receivables from financial companies	**(338,864)**	**(4,485)**	**-**	**-**	**-**	**-**	**278,947**	**4,485**	**-**	**-**	**(59,917)**	**(180,490)**
- for leasing	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	(315,976)	(4,485)	-	-	-	-	276,683	4,485	-	-	(39,293)	(152,078)
- other receivables	(22,888)	-	-	-	-	-	2,264	-	-	-	(20,624)	(28,412)
C. Receivables from customers	**(8,155,377)**	**(227,642)**	**-**	**(5,077,397)**	**-**	**-**	**6,221,395**	**105,401**	**1,946,282**	**-**	**(5,187,338)**	**(7,875,491)**
- for leasing	-	-	-	-	-	-	-	-	-	-	-	-
- for factoring	(7,543,468)	(219,084)	-	(3,580,307)	-	-	5,607,091	100,525	1,455,248	-	(4,179,995)	(3,935,477)
- for consumer credit	-	-	-	-	-	-	-	-	-	-	-	-
- loans on pledge	-	-	-	-	-	-	-	-	-	-	-	-
- other receivables	(611,909)	(8,558)	-	(1,497,090)	-	-	614,304	4,876	491,034	-	(1,007,343)	(3,940,014)
Total	**(8,554,523)**	**(232,147)**	**-**	**(5,077,397)**	**-**	**-**	**6,511,176**	**109,906**	**1,946,282**	**-**	**(5,296,703)**	**(8,063,452)**

The deviation from the previous fiscal year is due to higher value recoveries on stage 3 (approximately Euro 0.8 million), whereas for stages 1 and 2 the disparity between adjustments and value recoveries results in a negative balance of approximately Euro 2.2 million (around Euro 5.9 million in 2023). With regard to collective impairment, in alignment with the current IFRS 9 methodological framework, the Company has updated quarterly both the point-in-time probability of default and the parameterizations of the forward-looking information used for constructing the term structures of the risk parameters, with specific focus on the new macro-economic scenarios.
It is emphasised that, also on the occasion of the run on 31 December 2024, certain fine tunings were made to the methodological and procedural calculation framework, focusing particularly on components previously referred to as management overlay, in order to achieve, from a prudential standpoint, overall devaluation and coverage levels deemed most representative of the actual current and prospective risk profile of the portfolio.

Specifically, it is therefore the case that:

- geo-sectoral multipliers are now regarded as intrinsic components of the model-based computing framework and no longer merely supplementary or additional, due to the entirely data-driven approach used in their computation;
- the quantification of the so-called model-related A-IRB component, introduced in December 2023 and originally assessed semi-annually, is now updated quarterly during each calculation cycle, thus becoming a fully integrated element within the model-based calculation framework.

Specifically, the application of geo-sectoral multipliers, calibrated through an "inertial" methodology, leads to an increase relative to the outcomes of the initial run of about Euro 2.3 million.

Section 10 *Administrative expenses*

The accounts related to item 160 are illustrated in this section.

10.1 Personnel expenses: breakdown

Items/Sectors	31/12/2024	31/12/2023
1. Employees	**(14,572,166)**	**(13,967,057)**
a) Wages and salaries	(9,897,742)	(9,537,493)
b) Social security contributions	(2,906,286)	(2,727,846)
c) Termination indemnities	-	-
d) Pension expenses	-	-
e) Provision for employee termination indemnities	(64,359)	(144,907)
f) Provision for pension and similar obligations:	-	-
- defined contribution	-	-
- defined benefits	-	-
g) Payments to external supplementary pension funds:	(955,740)	(867,699)
- defined contribution	(955,740)	(867,699)
- defined benefits	-	-
h) Other personnel benefits	(748,039)	(689,112)
2. Other personnel in activity	**(51,611)**	**(57,563)**
3. Directors and Statutory Auditors	**(300,776)**	**(271,884)**
4. Retired personnel	**-**	**-**
5. Recovery of expenses for employees seconded to other companies	**956,143**	**931,977**
6. Reimbursement of expenses for personnel on secondment to the Company	**-**	**-**
Total	**(13,968,410)**	**(13,364,527)**

The deviation from the prior year substantially reflects the increased expenses following the implementation of the banking sector contract renewal, which took effect in the 2023 financial year and continued throughout the past year.

10.2 Average number of employees broken down by category

Staff	31/12/2024		31/12/2023	
	Medium	Punctual	Medium	Punctual
Employees	**151**	**149**	**152**	**152**
a) Managers	4	4	4	4
b) Officials	72	73	73	73
of which 3rd and 4th level	40	40	41	42
c) Other employees	75	72	75	75
Other personnel	**2**	**3**	**2**	**1**

The average total employee data does not include any weighting of part-time contracts.

10.3 Other administrative expenses: breakdown

	31/12/2024	31/12/2023
Expenses related to buildings:	(323,822)	(291,788)
- leases and local maintenance	(301,023)	(267,909)
- energy, water and heating	(22,799)	(23,879)
Indirect taxes and dues	(1,069,890)	(1,078,158)
Postal, telephone, printing, and other office expenses	(168,919)	(201,255)
Maintenance and fees for furniture, machines and plants	(533,576)	(569,411)
Professional services and consultancy	(409,078)	(429,449)
Legal costs	(397,232)	(284,995)
Advertising, representation and gifts	(58,414)	(60,308)
Insurance	(73,410)	(70,038)
Transport, rentals and travel	(406,951)	(392,198)
EAD services outsourced to Group Companies	(740,811)	(960,000)
Outsourced EAD services	(17,118)	(47,976)
Outsourcing	(91,647)	(82,565)
Membership fees	(71,404)	(63,392)
Services outsourced to Group Companies	(260,000)	(275,000)
Services outsourced to other parties	(95,093)	(63,234)
Other miscellaneous costs and expenses	(309,900)	(308,126)
Total	**(5,027,265)**	**(5,177,893)**

Section 11 *Net accruals to provisions for risks and charges*

The accounts related to item 170 are illustrated in this section.

11.1 Net accruals for credit risk related to commitments to grant funds and financial guarantees given: breakdown

	Provisions	Reallocations of surpluses	31/12/2024	31/12/2023
Net accruals for credit risk related to commitments to grant funds and financial guarantees given	(93,936)	456,240	362,304	(548,033)

The table outlines the value of accruals/recoveries made throughout the year concerning the commitments solely linked to "approved with recourse" operations (formal without recourse), i.e., the difference between the credit amount of the approved with recourse and the corresponding advance (the latter documented in the balance sheet assets on behalf of the Assignor). These commitments pertain to "committed lines" extended to certain esteemed Clients and already undertaken commitments within the framework of confirming operations.

11.3 Net accruals to other provisions for risks and charges: breakdown

	Provisions	Reallocations of surpluses	31/12/2024	31/12/2023
Net accruals to other funds for risks and charges:	**-**	**-**	**-**	**-**
a) litigation	-	-	-	-
b) others	-	-	-	-

Section 12 *Net value adjustments/write-backs on tangible assets*

The accounts related to item 180 are illustrated in this section.

12.1 Net adjustments/write-backs on tangible assets: breakdown

Assets/Income component	Amortisation (a)	Impairment adjustments (b)	Write-backs (c)	Net result (a+b-c)
A. Tangible assets				
A.1 For business purposes	(1,399,072)	-	-	(1,399,072)
- Owned	(80,392)	-	-	(80,392)
- Rights of use acquired through leases	(1,318,680)	-	-	(1,318,680)
A.2 Investment property	-	-	-	-
- Owned	-	-	-	-
- Rights of use acquired through leases	-	-	-	-
A.3 Inventories	-	-	-	-
Total	**(1,399,072)**	**-**	**-**	**(1,399,072)**

Section 13 *Net value adjustments/write-backs on intangible assets*

The accounts related to item 190 are illustrated in this section.

13.1 Net adjustments/write-backs on intangible assets: breakdown

Assets/Income component	Amortisation (a)	Impairment adjustments (b)	Write-backs (c)	Profit (loss) (a+b-c)
1. Intangible assets other than goodwill	**(74,795)**	**-**	**-**	**(74,795)**
of which: software	-	-	-	-
1.1 owned	(74,795)	-	-	(74,795)
1.2 Acquired under finance leases	-	-	-	-
2. Assets related to finance leases	-	-	-	-
3. Assets granted under operating lease	-	-	-	-
Total	**(74,795)**	**-**	**-**	**(74,795)**

Section 14 *Other operating income and expenses*

The accounts related to item 200 are illustrated in this section.

14.1 Other operating expenses: breakdown

	31/12/2024	31/12/2023
- contingent liabilities for operating losses	(4,785,800)	-
- contingent liabilities - other	(3,598)	(21,131)
- other	(1,112)	(697)
Total	**(4,790,510)**	**(21,828)**

It is important to highlight that on 6 February 2024, the Company discovered a cyber fraud leading to the transfer of funds amounting to Euro 4,785,800 to a non-EU country; efforts to retrieve the transferred funds are still underway.

14.2 Other operating income: breakdown

	31/12/2024	31/12/2023
- recovery of taxes	132,526	117,764
- recovery of expenses	189,444	150,736
- revenues from IT services rendered	290,368	258,186
- other	196,599	373,557
Total	**808,937**	**900,243**

The sub-item "Others" includes Euro 57,604 in revenues from activities related to factoring and other disposals.

Section 18 *Net gains (Losses) on sales on investments*

The accounts related to item 250 are illustrated in this section.

18.1 Net gains (losses) on sales on investments: breakdown

	31/12/2024	31/12/2023
1. Properties	-	-
1.1 Gains from disposals	-	-
1.2 Losses on disposal	-	-
2. Other assets	**7,523**	**2,721**
2.1 Gains from disposals	7,904	2,774
2.2 Losses on disposal	(381)	(53)
Profit (loss)	**7,523**	**2,721**

The item "Gains from disposals" includes what is accounted for in respect of sales of company-owned cars.

Section 19 *Current operating income taxes*

The account relating to item 270 "Income taxes for the year from current operations" is illustrated in this section.
Taxes pertaining to the period represent a reasonable estimate of the tax burden for the year, determined based on the tax regulations in effect at the date of the financial statements.

From the 2019 tax period onwards, Factorit, as a consolidated entity, opted to participate in the "National tax consolidation", as outlined in Articles 117 - 129 of the TUIR.
The Parent Company (consolidating entity) and the following Group companies jointly exercised this option:

- Factorit S.p.A.
- Banca della Nuova Terra S.p.A.
- Pirovano S.p.A.
- Immobiliare Borgo Palazzo S.r.l.
- Immobiliare San Paolo S.r.l.
- Rent2Go S.r.l.
- Sinergia Seconda S.r.l.

By virtue of this option, the total income or tax losses of the individual companies – along with the withholding taxes incurred – are transferred to the parent company, which determines a single taxable income and, consequently, a single tax liability.

19.1 Income taxes: breakdown

	31/12/2024	31/12/2023
1. Current taxes (-)	(13,222,291)	(10,844,975)
2. Change in current taxes of previous years (+/-)	(1,139)	13,394
3. Decrease in current taxes for the year (+)	-	-
3.bis Decrease in current taxes for the year for tax credits pursuant to Law No. 214/2011	-	-
4. Change in deferred tax assets (+/-)	(4,623,138)	(4,574,131)
5. Change in deferred tax liabilities (+/-)	498,735	151,594
6. Taxes for the year	**(17,347,833)**	**(15,254,118)**

The taxes for the year include IRES with a rate of 24.0%, additional IRES with a rate of 3.5%, and IRAP with a rate of 5.57%.

19.2 Reconciliation of theoretical tax expense and actual tax expense in the financial statements

Profit before tax	**52,985,090**
IRES (corporate income taxes)	27.5%
Theoretical tax	(14,570,900)
Dividends	9,908
Irap deductibility 10% and labour costs (-)	4,792
Other changes (+/-)	448,398
TOTAL IRES	**(14,107,802)**
IRAP (Regional business tax)	5.57%
Theoretical tax	(2,951,270)
Dividends	1,056
Personnel expenses	(10,943)
Administrative expenses	(28,130)
Depreciation and amortisation	(8,209)
Other operating income/expense	(239,455)
Other items	(3,080)
TOTAL IRAP	**(3,240,031)**
TOTAL TAXES	**(17,347,833)**

Section 21 *Income statement: other information*

21.1 Analytical breakdown of interest and commission income

Items/Counterparty	Interest income			Fee and commission income			31/12/2024	31/12/2023
	Banks	Financial companies	Customers	Banks	Financial companies	Customers		
1. Finance leases	-	-	-	-	-	-	-	-
- immovable assets	-	-	-	-	-	-	-	-
- movables assets	-	-	-	-	-	-	-	-
- capital goods	-	-	-	-	-	-	-	-
- intangible assets	-	-	-	-	-	-	-	-
2. Factoring	**311,642**	**34,893,448**	**124,076,197**	**328,078**	**6,570,438**	**36,071,893**	**202,251,696**	**165,816,989**
- on current receivables	311,642	34,884,858	106,150,198	328,078	6,534,051	27,546,900	175,755,637	133,343,404
- on future receivables	-	8,590	9,515,812	-	35,604	1,362,822	10,922,828	5,755,390
- on receivables purchased outright	-	-	-	-	-	-	-	-
- on receivables purchased below the original value	-	-	-	-	-	-	-	-
- for other financing	-	-	8,410,187	-	783	7,162,261	15,573,231	26,718,195
3. Consumer credits	-	-	-	-	-	-	-	-
- personal loans	-	-	-	-	-	-	-	-
- finalised loans	-	-	-	-	-	-	-	-
- assignment of one-fifth	-	-	-	-	-	-	-	-
4. Loans on pledge	-	-	-	-	-	-	-	-
5. Guarantees and commitments	-	-	-	-	-	-	-	-
- of a commercial nature	-	-	-	-	-	-	-	-
- of a financial nature	-	-	-	-	-	-	-	-
Total	**311,642**	**34,893,448**	**124,076,197**	**328,078**	**6,570,438**	**36,071,893**	**202,251,696**	**165,816,989**

21.2 Other information

Analytical breakdown of interest expenses and similar charges.

Technical form	Amount
Current account overdrafts	(7,581,431)
Advances subject to collection	(378,982)
Hot money	(101,974,975)
Advance payments in foreign currency	(5,292,075)
Interest on payables for lease	(176,794)
Total	**(115,404,257)**

PART D Other information

Section 1 Specific references on the operations performed

B. FACTORING AND ASSIGNMENT OF RECEIVABLES

B.1 – GROSS VALUE AND BOOK VALUE

B.1.1 - Factoring transactions

Items/Values	31/12/2024			31/12/2023		
	Gross value	Write-downs	Net value	Gross value	Write-downs	Net value
1. Performing	**4,537,734,923**	**8,432,237**	**4,529,302,686**	**3,802,438,957**	**6,312,477**	**3,796,126,480**
- exposures to Assignors (with recourse)	1,900,572,427	3,983,736	1,896,588,691	1,757,275,878	3,262,922	1,754,012,956
- assignments of future loans	237,892,075	654,562	237,237,513	114,816,532	375,318	114,441,214
- others	1,662,680,352	3,329,174	1,659,351,178	1,642,459,346	2,887,604	1,639,571,742
- exposures to assigned Debtors (without recourse)	2,637,162,496	4,448,501	2,632,713,995	2,045,163,079	3,049,555	2,042,113,524
- purchases below the nominal value	-	-	-	-	-	-
- others	2,637,162,496	4,448,501	2,632,713,995	2,045,163,079	3,049,555	2,042,113,524
2. Non-performing	**10,811,337**	**5,945,168**	**4,866,169**	**6,918,179**	**5,709,740**	**1,208,439**
2.1 Bad loans	**2,055,159**	**2,055,159**	**-**	**4,018,633**	**4,005,853**	**12,780**
- exposures to Assignors (with recourse)	1,148,714	1,148,714	-	3,109,650	3,096,870	12,780
- assignments of future loans	-	-	-	-	-	-
- others	1,148,714	1,148,714	-	3,109,650	3,096,870	12,780
- exposures to assigned Debtors (without recourse)	906,445	906,445	-	908,983	908,983	-
- purchases below the nominal value	-	-	-	-	-	-
- others	906,445	906,445	-	908,983	908,983	-
2.2 Unlikely-to-pay loans	**7,538,341**	**3,719,512**	**3,818,829**	**2,890,349**	**1,703,059**	**1,187,290**
- exposures to Assignors (with recourse)	5,694,367	2,216,281	3,478,086	1,887,817	822,362	1,065,455
- assignments of future loans	3,885,067	1,445,418	2,439,649	31,375	5,439	25,936
- others	1,809,300	770,863	1,038,437	1,856,442	816,923	1,039,519
- exposures to assigned Debtors (without recourse)	1,843,974	1,503,231	340,743	1,002,532	880,697	121,835
- purchases below the nominal value	-	-	-	-	-	-
- others	1,843,974	1,503,231	340,743	1,002,532	880,697	121,835
2.3 Non-performing past due exposures	**1,217,837**	**170,497**	**1,047,340**	**9,197**	**828**	**8,369**
- exposures to Assignors (with recourse)	-	-	-	-	-	-
- assignments of future loans	-	-	-	-	-	-
- others	-	-	-	-	-	-
- exposures to assigned Debtors (without recourse)	1,217,837	170,497	1,047,340	9,197	828	8,369
- purchases below the nominal value	-	-	-	-	-	-
- others	1,217,837	170,497	1,047,340	**9,197**	**828**	**8,369**
Total	**4,548,546,260**	**14,377,405**	**4,534,168,855**	**3,809,357,136**	**12,022,217**	**3,797,334,919**

To complete, the following table provides details of advances relating to assignments of loans not included within the scope of Law 52/91.

Item/Values	31/12/2024			31/12/2023		
	Gross value	Write-downs	Net value	Gross value	Write-downs	Net value
1. Performing assets	192,038,473	797,208	191,241,265	172,536,220	878,301	171,657,919
2. Non-performing assets	254,120	196,157	57,963	36,257	36,257	-
2.1 Bad loans	36,257	36,257	-	36,257	36,257	-
2.2 Unlikely-to-pay loans	217,863	159,900	57,963	-	-	-
2.3 Non-performing past due exposures	-	-	-	-	-	-
Total	**192,292,593**	**993,365**	**191,299,228**	**172,572,477**	**914,558**	**171,657,919**

B.2 – BREAKDOWN BY RESIDUAL LIFE

For loans overdue with respect to the invoice due date, those performing are placed in the "on demand" category, while non-performing loans are classified by their estimated maturity date for the purposes of financial statement assessments.

B.2.1 – With recourse factoring operations: advances and "credits"

Time band	31/12/2024		31/12/2023	
	Advances	Credit amounts	Advances	Credit amounts
- on demand	318,024,108	373,957,148	236,478,307	360,497,151
- up to 3 months	1,194,782,189	1,438,959,747	1,146,288,738	1,408,249,468
- over 3 months up to 6 months	305,781,487	288,647,032	263,536,791	369,274,712
- 6 months to 1 year	68,465,259	135,056,755	91,930,218	147,346,430
- over 1 year	13,013,734	48,068,376	16,857,137	10,781,349
- unspecified duration	-	-	-	-
Total	**1,900,066,777**	**2,284,689,058**	**1,755,091,191**	**2,296,149,110**

The table provides a breakdown of the values indicated in the previous table B.1, with reference solely to the credits owed by Assignors, excluding transactions not falling within the scope of Law 52/91.
The distribution of with recourse advances has been conventionally carried out in proportion to the maturity dates of the related credit amounts.
At the same time, it is important to specify that as of 31 December 2024, the total credit related to assignments of receivables carried out outside of L.52/91 amounts to Euro 17,224,039.

B.2.2 – without recourse factoring operations: exposures

Time band	Exposures	
	31/12/2024	31/12/2023
- on demand	67,291,179	101,606,185
- up to 3 months	1,558,754,411	1,260,870,899
- over 3 months up to 6 months	270,051,883	248,032,890
- 6 months to 1 year	272,257,565	92,596,649
- over 1 year	465,747,040	339,137,105
- unspecified duration	-	-
Total	**2,634,102,078**	**2,042,243,728**

The table reports the book value of exposures related to receivables acquired through without recourse factoring transactions and those acquired not at nominal value, divided by residual life band. At the same time, it is important to specify that the total credits related to assignments of receivables carried out outside of Law 52/91 as of 31 December 2024 amount to Euro 191,161,612.

B.3 - OTHER INFORMATION

B.3.1 – Turnover of receivables subject to factoring operations

	31/12/2024	31/12/2023
1. Without recourse transactions	8,596,559,573	7,175,452,829
- of which purchases below the nominal value	-	-
2. With recourse transactions	11,148,563,295	10,906,326,525
Total	**19,745,122,868**	**18,081,779,354**

The table presents the nominal value of receivables obtained during the year (turnover) for factoring transactions. The data differs from that indicated in the Directors' Report because, in this table, the 'formal' without recourse is included within the with recourse transactions.

The table below shows the details of the turnover for "Other disposals".

	31/12/2024	31/12/2023
- Without recourse	115,329,633	95,895,653
- With recourse	181,280,072	193,757,859
Total	**296,609,705**	**289,653,512**

B.3.2 – Collection services

The Company did not carry out collection-only services in the financial years 2024 and 2023.

B.3.3 – Nominal value of contracts for the acquisition of future receivables

	31/12/2024	31/12/2023
- Flow of contracts for the purchase of future receivables during the year	2,046,123,900	1,212,130,763
- Amount of receivables outstanding at the end of the financial year	1,070,588,220	759,407,071

D. – GUARANTEES ISSUED AND COMMITMENTS

D.1 – VALUE OF GUARANTEES (REAL OR PERSONAL) ISSUED AND COMMITMENTS

	31/12/2024	31/12/2023
1) Guarantees issued of a financial nature on first demand	**-**	**-**
a) Banks	-	-
b) Financial corporations	-	-
c) Customers	-	-
2) Other guarantees issued of a financial nature	-	-
a) Banks	-	-
b) Financial corporations	-	-
c) Customers	-	-
3) Guarantees issued of a commercial nature	**-**	**-**
a) Banks	-	-
b) Financial corporations	-	-
c) Customers	-	-
4) Irrevocable commitments to make loans	**388,198,614**	**448,274,095**
a) Banks	377,353	562,329
i) for certain use	-	-
ii) for uncertain use	377,353	562,329
b) Financial corporations	4,462,264	1,364,799
i) for certain use	4,009,585	3
ii) for uncertain use	452,679	1,364,796
c) Customers	383,358,997	446,346,967
i) for certain use	44,443,038	90,838,214
ii) for uncertain use	338,915,959	355,508,753
5) Commitments underlying credit derivatives: protection sales	-	-
6) Assets pledged as collateral for third-party obligations	-	-
7) Other irrevocable commitments	**-**	**-**
a) to provide guarantees	**-**	**-**
b) others	-	-
Total	**388,198,614**	**448,274,095**

The table highlights the commitment to conduct only approved "with recourse operations" (formal without recourse), which refers to the difference between the total credits of the approved with recourse and the advance of the approved with recourse (recorded in the financial statements as assets in the Assignor's name), on the committed lines extended to high-standing clients and on the commitments to pay regarding the Confirming product.

For Euro 339,745,991, these are irrevocable commitments for uncertain use, as the commitment to disburse funds is optional; in this case, it is not certain if and to what extent the actual disbursement of funds will take place.

D.2 – FINANCING RECORDED IN THE FINANCIAL STATEMENTS DUE TO ENFORCEMENT

There are no amounts.

Section 3 *Information on risks and related hedging policies*

3.1 – CREDIT RISKS

QUALITATIVE INFORMATION

1. General aspects

The purpose of the factoring activity is the assignment of receivables of a commercial nature, either with recourse or without recourse.
A distinctive characteristic of the transaction is the tripartite nature of the contract, due to the involvement of the Client company (Assignor) that holds the credit subject to assignment, the Assigned Debtor, and the Factor, who interposes as a financial subject in the existing supply relationship between the two previous entities.
To this end, one aspect to consider is the intensity of the relationship between the Factor and the Client, usually based on a continuous and lasting relationship over time. Moreover, the relevance of the relational aspect can also be perceived in the relationship between the Factor and the assigned Debtor, in cases of a notified assignment of the receivable.
From the perspective of the underlying services, this product allows for the combination of several elements, either wholly or partially, including credit management, assurance of the solvency of the assigned Debtor, and the disbursement of advances to the Assignor for receivables obtained in assignment.
The guidelines regarding risk assumption and management contribute to the formulation of orientation and guidelines with which to align the definition of strategic objectives and the overall business planning of the Company in the medium-term. These guidelines are defined by the Board of Directors and express Factorit's strategic attitude towards credit risk, as well as being the foundation of decision-making processes regarding risk governance. They are linked to company operations through the establishment of risk-taking objectives determined by the RAF (Risk Appetite Framework) and the adoption of consistent risk management policies, which are usually updated annually depending on the materiality of the risk itself.
In implementing its strategic objectives, the Company pursues a policy based on balance and prudence, characterised by a limited and conscious assumption of risk, followed by lines of action aimed at directing operational activity towards lines of development that are considered less risky.

In general, the operational activity carried out by the Company is based on the principles of:

- Cautious attitude towards the assumption of the risks associated with lending and confirmation that they are closely monitored throughout the credit "life cycle";
- rigorous preliminary investigation of credit line requests, aimed at understanding the effective degree of risk of the counterparties by analysing their ability to generate wealth, not only now, but also in the future;
- inadmissibility of all credit line transactions that involve taking risks that are not consistent with the Group's risk objectives and the rejection of those likely to compromise its profitability and stability;
- adequate remuneration for the risk assumed on the basis of the type of credit facility granted and the adoption of prudent provisioning policies;
- systematic and shared use of rating models in credit management processes, favouring selective, efficient and predictive assessment of the customer's creditworthiness and probability of default;

- intensification of risk identification, monitoring and management to safeguard the quality of credit assets from deterioration risks, with the aim of progressively limiting the cost of risk and the levels of non-performing loans;
- carefully monitoring the risks related to an excessive concentration of the lending portfolio, also through the imposition of limits on exposure to larger counterparties and economic sectors with a more pronounced risk profile.

2. Credit risk management policies

a) The main risk factors

The risk evaluation of a factoring operation should take into account a variety of factors such as the solvency of the Assignor and the Assigned Debtors, the level of fragmentation of the assigned portfolio, the characteristics of the underlying commercial relationship, the duration of the loans sold, and the repayment capacity of the Assignor in case of advance disbursements.
According to the definition reported in the Company's "Risk Map", credit risk is understood as the risk that a credit-granted counterparty is unable to meet its obligations on time and in full, or that a change in its creditworthiness generates a corresponding change in the economic or market value of the position.
In the case of factoring, a counterparty's ability to fulfil payment obligations is assessed based on the Assignor's ability to convert their sales into cash flows, the turnover rate of trade receivables and payables, and the specific characteristics of the supply relationship concerning its short-term substitutability.
In the broadest sense, credit risk includes various types of risk. In particular, with specific reference to Factorit's operations, the following types of risk appear to be predominant and relevant:

- credit risk and recovery: the risk that a counterparty which has been granted credit is unable to meet its obligations on time and in full, or that the amount recovered after liquidating the assets of an insolvent counterparty is lower than originally estimated;
- concentration risk (single credit user): risk deriving from exposures to individual counterparties - including central counterparties - and groups of connected counterparties, or deriving from the application of credit risk mitigation techniques (including those connected to indirect exposures).

b) The risk management, measurement, and control systems adopted and the organisational structures in charge

The process of managing credit risk relies on methodologies, procedures, organisational structures, and tools that ensure understanding of both its scale and evolving dynamics at all times. In this sense and in compliance with Group current regulations and inspired by best practices, Factorit develops a structured system for detecting and managing credit risk and promotes its use in the context of operational, management and control processes.
From a regulatory standpoint, Factorit measures credit risk through the regulatory requirement determined according to the approaches prescribed by the applicable supervisory legislation and calculated using the Standardised Method.
Credit risk management for customer exposures is supported not only by measuring the RWA and Capital Requirement but also by specialised measurement systems based on different components.

Among the measurement systems used, the following are particularly noteworthy:
- rating system – AIRB risk parameters (PD and LGD): internally developed, it provides accurate, consistent, and differentiated quantitative estimates of both counterparty risk and the specific risk of transactions;
- primary, complementary, and operational indicators of the Risk Appetite Framework: indicators defined within the Risk Appetite Framework and aimed at defining risk appetite and the limits to taking on risks;
- second level checks on credit processes: assessments based on specific risk indicators (KRIs - Key Risk Indicators), referring to the various dimensions of the credit process (classification, provisioning, monitoring, recovery, and pricing), accompanied by a portfolio selection determined by criteria for adequacy of risk coverage levels and segmented by relevant dimensions (such as counterparty, technical forms, etc.).

Factorit employs a monitoring system that forms part of an array of methodologies, procedures, tools, and organisational structures, proficient in detecting, efficiently and swiftly, the credit risk profile trends, segmented into its various components, for the Company's entire loan portfolio. The monitoring phase develops according to the following guidelines:
1. first-level safeguards adopted in the credit process;
2. carrying out quarterly and ad hoc analyses focused on monitoring specific risk profiles through the evaluation of portfolio composition and a series of indicators that depict risk phenomena, which can be analysed at a summary level and according to various disaggregation criteria;
3. monitoring of the indicators and limits defined in the Risk Appetite Statement;
4. second-level checks on credit business processes;
5. consistency checks with RAF indicators for each new credit issuance that can be classified as a "major operation" under specific internal regulations, due to its significant unit size and the risk profile inherent to it.

The Risk Control Function collaborates in defining and implementing relevant credit risk governance policies, overseeing the credit risk management and control process, and preparing established information flows to improve the management of said risk, consequently aiding the Company's decision-making processes. These flows also aim to ensure that corporate bodies and business control functions have full knowledge and manageability of risk factors.

Organisational aspects adopted in the credit process

The "Credit Process Guidelines", approved by the Board of Directors, regulate Factorit's credit governance and management process in accordance with the existing credit regulations at the Parent Company. This framework acts as the foundational model for the regulations of the Group Companies, establishing standardised criteria and methodologies for credit management while accommodating any unique aspects stemming from distinct loan varieties and the nature of the counterparties.

The complex process of credit governance and management, in line with the Parent Company's credit policy, is mainly divided into the following major phases:
- investigation;
- resolution;
- disbursement;
- review of credit lines;

- monitoring;
- management of non-performing loans.

Investigation

The investigation is aimed at ascertaining and evaluating the prerequisites of the operation, including:
- the creditworthiness of the requesting counterparty is evaluated by gathering and analysing information essential for assigning a rating to counterparties that are within the AIRB perimeter;
- the characteristics of the loans sold;
- the solvency of the assigned Debtors;
- the gathering of information necessary for evaluating the counterparty's compliance with credit policies;
- the asset risk, meaning the interaction of individual names within the assigned portfolio, whose risk profile is determined by the concentration and nature of the Debtors;
- the concentration of risk;
- the consistency between the return on the transaction and the risk assumed;
- the profitability of the transaction;
- any guarantees.

The investigative procedure involves the Commercial department and the Credit Service, ensuring the principle of role opposition throughout the different stages of the process.

Resolution

The resolution phase consists of a series of activities aimed at formulating, based on the outcomes of the inquiry and any other considerations, the decision to assume or not assume a credit risk.
The strategic oversight body can approve factoring transactions for any amount and can delegate some of its powers to other internal bodies, either individual or collective, that are authorised to do so. The overall structure of powers and responsibilities, as well as the decision-making mechanisms in force at Factorit, is governed by the internal regulatory framework "*Delegation System*" approved by the Board of Directors.

Thresholds are also established beyond which a prior opinion from the Parent Company is mandatory.
The following elements are taken into consideration:
- amount of credit line requested;
- creditworthiness of the counterparty;
- adequacy of the technical form;
- adequacy of guarantees;
- concentration of risks.

Credit disbursement

Credit lines approved are made operational by the Credit Secretariat only after the provisions of the resolution have been fulfilled. At this stage, every aspect related to the characteristics of the contract and the loans sold is evaluated.
In particular, prior to the activation of the credit lines, the formal and substantial compliance with the contractual arrangement for the agreed technical form and any specifically introduced clauses is checked.
Disbursement is initiated at the Client's request, typically following the transfer and a comprehensive evaluation by the Manager of the relationship. This evaluation examines existing credit lines, assesses the loans sold with input from the Debtors, and evaluates any alerts concerning the parties involved (Assignor and Debtors), involving inquiries with the Bank of Italy's Risk Centre as well.

Revision

Individual credit exposures are reviewed periodically to check whether the conditions identified during the assessment still persist.
The review of a credit line is carried out by the Credit Service and is activated:

- on a time basis, i.e. at fixed deadlines or according to defined intervals;
- upon notification by the credit monitoring office, which also uses automatic risk indicator systems;
- on the initiative of the organisational unit that manages the relationship.

Monitoring

Credit risk management is observed at all stages that characterise the credit relationship and, in particular, through effective monitoring aimed at making timely assessments by the Management Offices and the Credit Service regarding any anomalies and critical issues detected.
Ongoing surveillance of risk positions makes it possible to highlight potential indicators of deteriorating creditworthiness, with the aim of defining actions targeted at ensuring the maintenance of portfolio quality.
The Company's credit monitoring model, constantly updated, presents financial, trend, and data Early Warning (EW) indicators sourced from external sources, exhibiting a strong predictive capacity and partially coherent with what is adopted at the Parent Company level.
The phase of identifying Customers who present a potential risk aggravation can therefore be activated:

1. upon a proposal made by the Commercial Department, the Debtor Management Office, the Credit Department, or the Anti-Money Laundering Department;
2. upon the occurrence of specific presumptive events of a possible aggravation of the degree of risk of the position.

If the Commercial Service or the Debtors Management Department identify factors that could indicate a potential increase in risk (even in the absence of explicit signs of anomaly), they are required to propose classifying the position as Supervisory W1 and W2 and, in cases of greater and significant criticality, to propose transferring the management of the counterparty to the Credit Recovery and Litigation Department. A similar activity can be conducted by the Credit Service during the report review process.

Positions that are characterised by significant risk are subject to appropriate analysis by the relevant Functions (Credit Service, Management Divisions and Credit Monitoring Department) and, if concrete signs of criticality are found, the Credit Monitoring Department, based on their severity, will place them under observation (Watchlist).
Even some predefined EW Indicators automatically determine the immediate classification of the counterparty under surveillance.
Conversely, the Legal Service, Credit Recovery and Litigation are still responsible for the potential classification of positions among "non-performing" counterparties.

c) The methods for measuring expected losses

Classification of financial instruments

For the measurement of expected losses, the impairment model requires the classification of financial instruments within the scope of IFRS 9 into three stages. The three stages reflect the levels of deterioration, both current and prospective, in credit quality; specifically, the first two stages, which apply to performing counterparties, divide exposures into those for which a significant increase in credit risk (SICR) has not been detected since initial recognition (stage 1) and those that have experienced it (stage 2) yet are not considered non-performing exposures (stage 3).
For the purpose of evaluating the significant increase in credit risk (stage 2), the specific characteristics of the financial assets held, and the relevant context are considered. In particular, these include:

- positions classified in the Watchlist through the monitoring process;
- positions classified in Forborne performing;
- financial assets that have an overdue of more than 30 days (figure calculated at Group level by the "mode" engine in light of the introduction of the new Past Due EBA);

while financial assets overdue within 30 days are excluded, as considering the unique nature of factoring activities involving trade receivables, it is likely that a payment delay on the invoice's due date is not indicative of any current or future financial difficulty for the party involved.
Finally, with regard to non-performing counterparties, or the identification of stage 3, all exposures in Past Due, Unlikely to Pay and Bad Loans status are included.
Positions classified in various stages and non-performing are highlighted by the information system across different management phases to monitor their exposures and ensure activities aimed at managing credit risk.

Expected loss

The expected credit loss (ECL) represents an estimate of potential losses arising from the (potential) occurrence of a state of insolvency, which is quantified based on the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) parameters with reference to a time horizon that depends on the staging assigned to individual positions. More precisely, the impairment period is equivalent to one year for positions classified as stage 1 and to the remaining contractual life for positions classified as stage 2.
In particular, in line with the guidelines set by the Parent Company, the Company has implemented a similar valuation model for all performing loans within stage 1 and stage 2, where the sole differentiating factor is the time frame of the credit duration and, consequently, the estimation of the expected loss.

In this model, the parameters mentioned above are calculated, which, when applied to individual exposures, determine the expected loss:

- PD (Probability of Default) – probability of insolvency, a parameter that expresses in percentage terms the probability of a counterparty migrating from a 'performing' status to an 'insolvent' one within a one-year time horizon, or a shorter period if the expected remaining life is less than 12 months (stage 1), or over the entire remaining life of the credit (stage 2). The parameter is calculated by taking into account forward-looking factors, particularly with reference to the implementation of various macroeconomic scenarios, based on a specific model adopted by the Parent Company;
- LGD (Loss Given Default) – a rate of loss in the event of default, a parameter that expresses in percentage terms the incidence of the loss, net of recoveries, relative to the amount of exposure gone into default, determined based on historical recovery data observed from cases classified as Bad Loans and Unlikely to Pay. In the expected loss, legal expenses incurred and the discount factors applied to recoveries are also taken into account.

For non-performing positions, namely in stage 3, the expected loss estimate is calculated on either a flat-rate or analytical basis, as better described in paragraph "*3. Non-performing credit exposures"*.

Assessment of the significant increase in SICR credit risk

Even during the current year, the risk control actions in place continued in the light of the current and prospective context in which the company is operating; despite the fact that the effects of the Covid-19 pandemic can be considered substantially absorbed, the events that occurred in the immediate post-pandemic context – such as, by way of example but not limited to, the escalation of the Russian-Ukrainian conflict, the energy and inflationary crisis, tensions on production chains, the rapid and significant increase in interest rates, the Israeli-Palestinian conflict, the hotspots of conflict that increasingly affect different geographical areas of the planet, as well as the geopolitical tensions directly or indirectly related to them – create a general macroeconomic and geopolitical landscape still characterized, in both current and prospective terms, by a not negligible uncertainty.
Transactions without notification (so-called "not notification") have been carefully managed and, where it was deemed necessary to protect existing and prospective risks, transformed into notified transactions. Within the framework of Groups with a distribution network (such as car importers with related "dealer" assigned Debtors), substantial interventions were agreed upon by the Assignors and carefully assessed by Factorit. This resulted in widespread extensions of the maturities of the receivables that had already been assigned, thereby supporting the product inventories.
The Company has refrained from instituting extraordinary support actions for Customers as a consequence of the crisis.
Upon fully evaluating these preliminary considerations, the assessment of an actual significant increase in credit risk, which determines the staging, occurs at the individual relationship level, considering the time duration between the credit's origination date and the reporting date and employing "absolute" indicators and triggers, such as forbearance status or the inclusion on the watchlist.[1]

[1] Given the typically brief nature of these relationships and the current unavailability of rating parameters for determining collective write-downs, it is believed that these criteria enable comprehensive analyses, and it is deemed unnecessary to consider the so-called relative staging criteria based on metrics derived from PD term structures.

Measurement of expected losses

As outlined in "Section 4 Other Aspects" within "*Part A – Accounting Policies*", the determination of expected losses on performing loans involves significant elements of judgment, particularly concerning the model used for measuring losses and the relevant risk parameters, the triggers considered indicative of significant credit deterioration, and the selection of macroeconomic scenarios. Specifically, the inclusion of forward-looking factors requires generating macroeconomic forecasts, selecting scenarios and their related probabilities, and defining a model capable of expressing the relationship between these macroeconomic factors and the default rates of the exposures under evaluation. The Company, through the Parent Company, carries out this activity with the support of a specialised external firm, Prometeia, which provides the necessary software for processing. The company procedures require that the relevant departments prudently reassess the values automatically determined through the use of the developed calculation algorithms and associated risk factors, balancing the need for timely updates and reassessment of counterparty risk levels with the need for stability and robustness of the estimates. In the face of substantial evidence of an expected risk escalation not captured by the evaluation models, they can integrate the findings by applying temporary incremental correction factors.

It is emphasised that on the occasion of the run on 30 September 2024, certain fine tunings were made to the methodological and procedural calculation framework, focusing particularly on components previously referred to as management overlay, in order to achieve, from a prudential standpoint, overall devaluation and coverage levels deemed most representative of the actual current and prospective risk profile of the portfolio.
Specifically, it is therefore the case that:

- geo-sectoral multipliers are now regarded as intrinsic components of the model-based computing framework and no longer merely supplementary or additional, due to the entirely data-driven approach used in their computation;
- the quantification of the so-called model-related A-IRB component, introduced in December 2023 and originally assessed semi-annually, is now updated quarterly during each calculation cycle, thus becoming a fully integrated element within the model-based calculation framework.
- Specifically, the application of geo-sectoral multipliers, calibrated through an "inertial" methodology, leads to an increase relative to the outcomes of the initial run of about Euro 2.3 million.

Regarding the explicit incorporation of scenario-dependent aspects into models for determining collective write-downs, the macro-economic scenarios utilised provide projections of the evolutionary trends of dozens of macro-economic variables. These projections are developed over multi-year time horizons and are typically updated on a quarterly basis under market conditions considered standard[2] and are subject to specific analysis and discussion, also with the support of the Parent Company. The scenarios examined address different degrees of adverse/favourable conditions affecting the overall macroeconomic situation.

For the purposes of estimating devaluations, a basic scenario has historically been considered, defined according to the "central" evolutionary trend of the macro-economic variables with respect to their value observed at the initial moment of the estimate and that

[2] These estimates are, however, subject to ad-hoc updates should the provider identify elements of atypicality and/or particular turbulence in the general macroeconomic context.

should therefore be configured as the one whose realisation is generally considered to be more probable and possible, and two scenarios so-called – "adverse" and "favourable" – that address outcomes deemed somewhat plausible and not extreme in the macroeconomic context identified. The importance of the above scenarios in the final determination of the write-downs is defined using an appropriate set of weighting coefficients that, in general, reflect the estimated severity assigned to each scenario by the external provider, as adjusted after specific internal analysis and processing by the Parent Company.

However, even in 2024, the Company maintained its prudent approach, adopted since the outbreak of the Russian-Ukrainian conflict in the previous year, which involved replacing the "favourable" scenario with the so-called "extreme adverse" one and revising the weighting factors, leading to greater emphasis on this scenario. In order to guarantee optimal monitoring of these aspects in view of the particular importance acquired by the same, the Company, through the support of the Parent Company, has continued to carry out periodic ad-hoc analyses of both a qualitative and quantitative nature in this area, also by conducting regular benchmarking analyses with other available information sources, namely both alternative providers and publications of the main domestic and foreign bodies and institutions of established reputation (so-called third party data).
In this regard, it should be noted that, when calculating write-downs in December 2024, the Company adopted the following three different macro-scenarios and their respective weightings, consistently with the Parent Company:

- a **baseline scenario**, being the same as the one issued by the official supplier on the occasion of the last forecast report available at the date of calculating collective write-downs, to which a probability of 70% is attributed;
- a **(slightly) adverse scenario**, being the same as the one issued by the official supplier on the occasion of the last forecast report available at the date of calculating collective write-downs, to which a probability of 25% is attributed;
- an **extreme adverse scenario**, being the same as the one issued by the official supplier on the occasion of the last forecast report available at the date of calculating collective write-downs, to which a probability of 5% is attributed;

Finally, with regard to the weighting with which the above-mentioned scenarios contribute to the final calculation of the write-downs, the baseline scenario - which, in accordance with its name, represents the evolution of the macroeconomic context considered most plausible and likely at the time of formulating the forecasts - is assigned the highest probability coefficient, while the so-called alternative scenarios, due to their "residual" nature, are assigned lower weighting factors.

Table 1 shows the evolutionary dynamics of the main macro-economic variables (gross domestic product, unemployment, and inflation) for each of the above scenarios over a three-year forecast horizon.

Table 1 – Annual forecasts for the main macro-variables

Macro-economic variable	Baseline scen. Dec. 2024			Adv. scen. Dec. 2024			Extr. scen. Dec. 2024		
	2025	2026	2027	2025	2026	2027	2025	2026	2027
Italy’s GDP (% on an annual basis)	0.8%	0.7%	0.4%	0.1%	0.4%	0.3%	-1.3%	0.2%	0.0%
Italy's unemployment	7.0%	6.8%	6.6%	7.3%	7.5%	7.5%	8.0%	8.8%	9.3%
Italy’s inflation (% on an annual basis)	1.9%	2.0%	2.0%	2.3%	2.1%	2.0%	3.1%	2.3%	2.0%

In order to quantify the variability to which the final write-downs are subject, given all the scenario-dependent factors considered explicitly in its methodological framework, the Bank has also carried out, in accordance with sector best practices and the most recent recommendations of the Supervisory Authorities[3], specific sensitivity analyses on the level of write-down of its performing exposures, the results of which are summarised in the tables below.

In particular, **Table 2** analyses by operational macro-segment and stage the different levels of write-down corresponding to the three scenarios identified – baseline, adverse and extreme – used to calculate the official amount, as well as the weighted outcome determined after applying the probabilities indicated above.

Table 2 - Write-downs [in €/thousand] at 31 December 2024 for the performing positions of the Company's portfolio associated with different macro-economic scenarios

Management macro-segment	Stage	Baseline scen. [€/1,000]	Adv. scen. [€/1,000]	Extr. scen. [€/1,000]	Weight. scen. [€/1,000]
Healthcare	Stage 01	0.0	0.0	0.0	0.0
	Stage 02	0.0	0.0	0.0	0.0
	Total	**0.0**	**0.0**	**0.0**	**0.0**
Other	Stage 01	0.0	0.0	0.0	0.0
	Stage 02	0.0	0.0	0.0	0.0
	Total	0.0	0.0	0.0	0.0
Commerce	Stage 01	3,672.7	3,921.9	4,185.6	3,760.6
	Stage 02	77.4	82.5	87.9	79.2
	Total	**3,750.1**	**4,004.4**	**4,273.5**	**3,839.8**
Agriculture / Industry / Services	Stage 01	5,757.5	5,946.8	6,145.6	5,824.2
	Stage 02	163.6	171.7	180.2	166.5
	Total	**5,921.1**	**6,118.5**	**6,325.8**	**5,990.7**
Construction	Stage 01	211.7	217.8	224.2	213.9
	Stage 02	0.0	0.0	0.0	0.0
	Total	**211.7**	**217.8**	**224.2**	**213.9**
Central Administration	Stage 01	50.3	55.9	62.1	52.3
	Stage 02	0.0	0.0	0.0	0.0
	Total	**50.3**	**55.9**	**62.1**	**52.3**
PopSo Guaranteed	Stage 01	0.0	0.0	0.0	0.0
	Stage 02	0.0	0.0	0.0	0.0
	Total	**0.0**	**0.0**	**0.0**	**0.0**
Total	Stage 01	9,692.2	10,142.4	10,617.5	9,851.0
	Stage 02	241.0	254.2	268.1	245.7
	Total	**9,933.2**	**10,396.6**	**10,885.6**	**10,096.7**

[3] See for example the paper ESMA32 -63 - 791 of 22 October 2019.

Dually, **Table 3** provides a representation of the value of write-downs that would be obtained in correspondence of four different choices of probabilistic[4] coefficients regarding the official one adopted.

Table 3- Write-downs [in €/thousands] at 31 December 2024 for the performing positions of the Company's loan portfolio associated with different weightings of the macro-economic scenarios

Management macro-segment	Stage	Baseline scen. [€/1,000]	Adv. scen. [€/1,000]	Extr. scen. [€/1,000]	Weight. scen. [€/1,000]
Healthcare	Stage 01	0.0	0.0	0.0	0.0
	Stage 02	0.0	0.0	0.0	0.0
	Total	**0.0**	**0.0**	**0.0**	**0.0**
Other	Stage 01	0.0	0.0	0.0	0.0
	Stage 02	0.0	0.0	0.0	0.0
	Total	**0.0**	**0.0**	**0.0**	**0.0**
Commerce	Stage 01	3,747.3	3,786.3	3,798.7	3,812.0
	Stage 02	78.0	79.7	80.0	80.2
	Total	**3,826.3**	**3,866.0**	**3,878.7**	**3,892.2**
Agriculture / Industry / Services	Stage 01	5,814.3	5,843.6	5,853.1	5,863.0
	Stage 02	166.0	167.3	167.7	168.1
	Total	**5,980.3**	**6,010.9**	**6,020.8**	**6,031.1**
Construction	Stage 01	213.6	214.5	214.8	215.1
	Stage 02	0.0	0.0	0.0	0.0
	Total	**213.6**	**214.5**	**214.8**	**215.1**
Central Administration	Stage 01	52.0	52.9	53.2	53.5
	Stage 02	0.0	0.0	0.0	0.0
	Total	**52.0**	**52.9**	**53.2**	**53.5**
PopSo Guaranteed	Stage 01	0.0	0.0	0.0	0.0
	Stage 02	0.0	0.0	0.0	0.0
	Total	**0.0**	**0.0**	**0.0**	**0.0**
Total	Stage 01	9,827.2	9,897.3	9,919.8	9,943.6
	Stage 02	245.0	247.0	247.7	248.3
	Total	**10,072.2**	**10,144.3**	**10,167.5**	**10,191.9**

Lastly, see "Part A – Accounting policies" for information about the determination of expected losses on stage 3 exposures i.e. non-performing loans. More specifically, the expected losses on non-performing loans at 31 December 2024 are determined analytically with reference to expected recoveries, which are discounted using the original effective interest rates over the collection period. Given that the expected recoveries are determined with reference to the specific circumstances of each debtor, it is not considered meaningful to analyse the sensitivity of the expected losses.

d) Credit risk mitigation techniques

The Company mitigates exposure to credit risk, in its various forms, through the adoption of strategies, safeguards, and management initiatives aimed at limiting and, where possible, containing the highest level of risk assumed.

[4] The values of the weighting factors for the baseline, adverse, and favourable scenarios are 70%-30%-0% (alternative weighted scenario 1), 65%-25%-10% (alternative weighted scenario 2), 60%-30%-10% (alternative weighted scenario 3), and 60%-25%-15% (alternative weighted scenario 4), respectively.

Should any critical issues be identified during the credit risk identification and assessment processes or during the regular monitoring of related exposure, specific interventions are initiated or targeted. These interventions aim to prevent and mitigate the detected risks, addressing events that could potentially harm the company's profitability and assets. In the case of such events occurring, the interventions aim to limit negative impacts.
As part of the company's activities, the adoption of safeguards contributes to the prevention and mitigation of credit risk such as:

- the increase in the number of intermediated business relationships;
- the acquisition and management of guarantees or of credit insurance coverage;
- the presence of mitigation clauses in "without recourse" relationships aimed at guaranteeing a credit risk profile considered acceptable for the Company, in line with its risk appetite;
- preventive measures to limit particularly concentrated exposures, leading to an intensification of controls and risk analyses to be carried out before the execution of the transactions;
- actions to correct the risk profile, to be implemented in the event of an increase in the levels of risk assumed, with the aim of bringing the amount of exposure back down below the limits of acceptability and restoring a situation in line with the Bank's risk appetite.

3. Non-performing loans

The technical and organisational procedures used in the management and control of anomalous receivables are structured according to the level of anomaly in the position.
With regard to non-compliance, a monitoring of final results and trends is carried out in order to:

- verify whether or not the state of economic-financial difficulty of the counterparties is reversible;
- assess the proposed repayment plans with respect to the respective capacities to meet these obligations within the specified timeframes, also considering any requests for relaxation of the terms applied to the cases under review;
- examine the outcome of the initiatives undertaken to normalise/recover the loans (repayment schedules, adjustments to the technical utilisation forms, etc.) as well as the reasons for their potential failure;
- determine the relevant loss forecasts analytically, taking into account the reference economic and financial context.

Regarding doubtful loans, risk control is carried out through the following activities:

- for the new positions, urging their settlement;
- any assignment to debt collection companies;
- entrust new positions to external lawyers for the initiation of rigorous actions towards the assigned Debtors, the Assignors, and any guarantors;
- for positions already placed in recovery, verification of compliance by the counterparties with the commitments undertaken;
- periodic verification, through the analysis of individual positions, of the correctness of the classification and the estimation of expected losses.

Specifically, for exposures identified as Bad Loans and Unlikely to Pay, the Legal, Credit Recovery and Litigation Service, which is responsible for quantifying analytical loss forecasts, considers prospective recovery expectations in its evaluations. Furthermore, the Company

has a procedure that allows recoverable amounts to be discounted according to the EIR rate of the transaction at the time of the first transition into Unlikely to Pay or Bad Loans.
For Past Due exposures, considering the historically low significance of this class, the Company utilises a unified parameter for the calculation of value adjustments on a lump-sum basis, calculated consistently with the model adopted for performing exposures. This parameter is subject to periodic review based on the changes in these exposures, considering a time frame of 7 years.

4. Financial assets subject to trade renegotiation and exposures subject to forbearance

The provision to a Debtor who is experiencing or is on the verge of experiencing difficulties in fulfilling their financial commitments is governed by the "*Credit Process Guidelines*", approved by the Board of Directors.
For an exposure to be recognised as forborne, it is essential that, based on specific evaluations by the Credit Service (for performing exposure) or the Legal Service, Credit Recovery, and Litigation (for non-performing exposures), both of the following conditions are satisfied:

- the exposure is subject to the granting of tolerance measures (so-called forbearance measures) in favour of the counterparty;
- the counterparty benefiting from the concession is in a situation of *financial difficulty* or is at any rate close to it.

A granting therefore occurs in conjunction with one of the following actions:

- modification of the terms or previous contractual conditions that the counterparty is presumed to be unable to comply with and which would not have been granted if the party had not been in financial difficulties;
- full or partial refinancing of a contract relating to a "problematic" loan, which would not have been granted if the counterparty had not been in financial distress.

The identification of potential forborne loans is made regardless of the classification of the counterparty and is therefore conducted with reference to both performing and non-performing exposures.
The verification of forbearance granting is carried out at the level of the individual factoring relationship, i.e. Assignor with recourse or Debtor without recourse. Consequently, only those exposures involving a concession towards the counterparty are regarded as forborne exposures, while other relationships remain unchanged and unrenegotiated.
In view of the above, the anticipated losses on positions with concessions are estimated in relation to the financial instrument's classification, which could fall under stage 2 (forborne performing) or stage 3 (forborne non-performing).

Supervisory expectations on climate and environmental risks

Following the Parent Company's new "Climate and Environmental Risk Management Plan" and the dissemination by the Bank of Italy of key findings and best practices from reviewing Less Significant Institutions' action plans, the structure and content of Factorit's Climate and Environmental Risk Management Action Plan, originally sent to the Supervisory Authority on 15 March 2023, were revised during the first quarter of 2024. The Board approved this update at their meeting on 11 March 2024. The new Plan embraces, similar to the activity programmes already developed and implemented at the Parent Company, multiple areas of

intervention: from governance and internal organisation mechanisms to strategies and business models; from risk and data management to reporting and disclosure systems.
In the course of this year, symbolically central being the action plan prepared on the 2023-2025 multi-year time horizon, progress was recorded, allowing for a natural margin of flexibility, in several macro-areas of work, in particular: i) the formalisation of an initial mapping and materiality analysis of climate and environmental (C&E) risks, which made it possible to identify for each identified cluster the potential level of exposure to C&E risks across short, medium, and long-term horizons with the integration of an initial set of ESG indicators on credit and reputational risk within the RAF; ii) the start of activities concerning the development of an ESG-based assessment of its suppliers, in alignment with the methodology already developed internally by the Parent Company; iii) considerable progress on the project to extend the internal ESG scoring model to Factorit, to classify and assess each assignor also under its sustainability profile; iv) concerning governance issues, the initiation of specific assessments of the efforts necessary to comply with ESG-related activities, also from a future-oriented standpoint, the conclusion of project activities on ESG-related training, the initiation of analyses to determine individual climate strategy, and dedicated reflections on the introduction of incentive-based remuneration mechanisms tied to ESG indicators for relevant personnel.
In the course of 2025, Factorit aims to finalise the activities outlined in its 'Climate and Environmental Risk Action Plan', whilst considering any potential changes introduced at the Parent Company level.

QUANTITATIVE INFORMATION

1. Distribution of financial assets by portfolio and credit quality (book values)

Portfolios/quality	Bad loans	Unlikely-to-pay loans	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	-	3,960,890	1,047,340	70,280,213	4,954,194,649	5,029,483,092
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets being sold	-	-	-	-	-	-
31/12/2024	**-**	**3,960,890**	**1,047,340**	**70,280,213**	**4,954,194,649**	**5,029,483,092**
31/12/2023	**12,780**	**2,565,166**	**8,369**	**77,755,790**	**4,197,469,495**	**4,277,811,600**

2. Distribution of financial assets by portfolio and credit quality (gross and net values)

Portfolios/quality	Non-performing			Partial total write-off	Performing			Total (net exposure)
	Gross exposure	Total write-downs	Net exposure		Gross exposure	Total write-downs	Net exposure	
1. Financial assets measured at amortised cost	16,622,115	11,613,885	5,008,230	6,455,215	5,034,243,687	9,768,825	5,024,474,862	5,029,483,092
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-	-	-
5. Financial assets being sold	-	-	-	-	-	-	-	-
Total 31/12/2024	**16,622,115**	**11,613,885**	**5,008,230**	**6,455,215**	**5,034,243,687**	**9,768,825**	**5,024,474,862**	**5,029,483,092**
Total 31/12/2023	**12,469,515**	**9,883,200**	**2,586,315**	**8,054,761**	**4,282,850,633**	**7,625,348**	**4,275,225,285**	**4,277,811,600**

Portfolios/quality	Assets with poor credit quality	Other assets	Total
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	-
31/12/2024	**-**	**-**	**-**
31/12/2023	**-**	**-**	**-**

3. Distribution of financial assets by past due categories (carrying amount)

Portfolios/risk stages	First stage			Second stage			Third stage			Impaired purchased or originated		
	From 1 day to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days	Up to 30 days	From over 30 days to 90 days	Over 90 days
1. Financial assets measured at amortised cost	28,043,889	-	-	2,473,764	39,762,560	-	53,535	74,949	1,839,522	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets being sold	-	-	-	-	-	-	-	-	-	-	-	-
31/12/2024	**28,043,889**	**-**	**-**	**2,473,764**	**39,762,560**	**-**	**53,535**	**74,949**	**1,839,522**	**-**	**-**	**-**
31/12/2023	**57,263,718**	**-**	**-**	**62,897**	**20,429,175**	**-**	**-**	**555,865**	**1,574,615**	**-**	**-**	**-**

4. Financial assets, commitments to grant funds and financial guarantees given: analysis of total value adjustments and total provisions (carrying amount)

Causes/stages of risk	Total write-downs																	
	First stage assets						Second stage assets						Third stage assets					
	Receivables from banks and central banks on demand financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets being sold	of which: individual write-downs	of which: collective write-downs	Receivables from banks and central banks on demand financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets being sold	of which: individual write-downs	of which: collective write-downs	Receivables from banks and central banks on demand financial assets measured at amortised cost	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets being sold	of which: individual write-downs	of which: collective write-downs
Total opening adjustments	**-**	**7,531,695**	-	-	-	**7,531,695**	**-**	**93,653**	**-**	**-**	**-**	**93,653**	**-**	**9,883,200**	**-**	**-**	**9,883,200**	**-**
Increases in financial assets purchased or originated	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition other than write-offs	-	-5,377,505	-	-	-	-5,377,505	-	-69,372	-	-	-	-69,372	-	-1,448,366	-	-	-1,448,366	-
Net adjustments/write-backs for credit risk (+/-)	-	7,422,658	-	-	-	7,422,658	-	191,613	-	-	-	191,613	-	5,068,764	-	-	5,068,764	-
Contractual amendments without derecognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-1,913,630	-	-	-1,913,630	-
Other changes	-	-23,887	-	-	-	-23,887	-	-30	-	-	-	-30	-	23,917	-	-	23,917	-
Final overall inventories	**-**	**9,552,961**	-	-	-	**9,552,961**	**-**	**215,864**	**-**	**-**	**-**	**215,864**	**-**	**11,613,885**	**-**	**-**	**11,613,885**	**-**
Recoveries from collection on financial assets subject to write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	489,283	-	-	489,283	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Causes/stages of risk	Total write-downs					Total provisions for commitments to grant loans and financial guarantees given				Total
			Financial assets impaired purchased or originated							
	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets being sold	of which: individual write-downs	of which: collective write-downs	First stage	Second stage	Third stage	Commitments to grant funds and fin. guarantees given impaired acquired or originated	
Total opening adjustments	-	-	-	-	-	**771,624**	**10,054**	**107,081**	-	**18,397,307**
Increases in financial assets purchased or originated	-	-	-	-	-	-	-	-	-	-
Derecognition other than write-offs	-	-	-	-	-	-	-	-	-	**-6,895,243**
Net adjustments/write-backs for credit risk (+/-)	-	-	-	-	-	-450,045	-6,194	93,935	-	**12,320,731**
Contractual amendments without derecognition	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	**-1,913,630**
Other changes	-	-	-	-	-	-	-	-	-	-
Final overall inventories	-	-	-	-	-	**321,579**	**3,860**	**201,016**	-	**21,909,165**
Recoveries from collection on financial assets subject to write-offs	-	-	-	-	-	-	-	-	-	**489,283**
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-

For the sub-item concerning "commitments and other financial guarantees given", it should be noted that adjustments are due both to commitments to disburse "approved with recourse" transactions (formal without recourse), meaning the difference between the total receivables of the approved with recourse and the respective advance (the latter recognised within the financial statements assets of the Assignor), as well as commitments related to "committed lines" provided to certain high-standing customers.

5. Financial assets, commitments to grant funds and financial guarantees given: transfers between the various stages of credit risk (gross and nominal values)

Portfolios/risk stages	Gross values/nominal value					
	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	First stage to second stage	Second stage to first stage	Second stage to third stage	Third stage to second stage	First stage to third stage	Third stage to first stage
1. Financial assets measured at amortised cost	52,723,022	4,363,587	-	275	7,847,053	148
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets being sold	-	-	-	-	-	-
4. Commitments to grant loans and financial guarantees given	5,837,788	2,811,172	-	1	415,437	-
Total 31/12/2024	**58,560,810**	**7,174,759**	**-**	**276**	**8,262,490**	**148**
Total 31/12/2023	**24,417,806**	**51,398,646**	**280,897**	**-**	**6,603,106**	**650,183**

6. Credit exposures to customers, banks, and financial companies

6.1 Credit exposures and off-financial statements exposures to banks and financial companies: gross and net values

Exposure types/values	Gross exposure				Total adjustments and provisions				Net exposure	Partial total write-off
	First stage	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated		
A. CREDIT EXPOSURES FOR CASH										
A.1 ON DEMAND	**4,458,600**	-	-	-	-	-	-	-	**4,458,600**	-
a) Non-performing	-	-	-	-	-	-	-	-	-	-
b) Performing	**4,458,600**	-	-	-	-	-	-	-	**4,458,600**	-
A.2 OTHER	**634,760,257**	-	-	-	**443,701**	-	-	-	**634,316,556**	-
a) Bad loans	-	-	-	-	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
b) Unlikely-to-pay	-	-	-	-	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
c) Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
d) Performing past due exposures	2,204,820	-	-	-	9,304	-	-	-	2,195,516	-
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
e) Other performing exposures	632,555,437	-	-	-	434,397	-	-	-	632,121,040	-
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
TOTAL A	**639,218,857**	-	-	-	**443,701**	-	-	-	**638,775,156**	-
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Non-performing	-	-	-	-	-	-	-	-	-	-
b) Performing	4,840,179	-	-	-	1,020	-	-	-	4,839,159	-
TOTAL B	**4,840,179**	-	-	-	**1,020**	-	-	-	**4,839,159**	-
TOTAL A+B	**644,059,036**	-	-	-	**444,721**	-	-	-	**643,614,315**	-

Off-balance sheet credit exposures include not only commitments on the part of without recourse loans not yet advanced, but also credit margins granted to customers.

6.2 On-balance sheet credit exposures to banks and financial institutions: trend of gross non-performing exposures

Reasons/Categories	Bad loans	Unlikely-to-pay loans	Non-performing past due exposures
A. Opening gross exposure	-	-	-
- of which: exposures sold not derecognised	-	-	-
B. Increases	-	-	-
B.1 inflows from performing exposures	-	-	-
B.2 inflows from impaired purchased or originated financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	-	-	-
B.4 contractual amendments without derecognition	-	-	-
B.5 other increases	-	-	-
C. Decreases	-	-	-
C.1 transfers to performing loans	-	-	-
C.2 write-offs	-	-	-
C.3 collections	-	-	-
C.4 proceeds from disposals	-	-	-
C.5 losses on disposal	-	-	-
C.6 transfers to other categories of non-performing exposure	-	-	-
C.7 contractual amendments without derecognition	-	-	-
C.8 other decreases	-	-	-
D. Closing gross exposure	-	-	-
- of which: exposures sold not derecognised	-	-	-

6.2 bis Cash credit exposures to banks and financial companies: dynamics of gross exposures subject to concessions distinguished by credit quality

Reasons/Quality	Exposures subject to forbearance: non-performing	Exposures subject to forbearance: performing
A. Opening gross exposure	-	-
- of which: exposures sold not derecognised	-	-
B. Increases	-	-
B.1 inflows from performing exposures not subject to forbearance	-	-
B.2 inflows from performing exposures subject to forbearance	-	-
B.3 inflows from non performing exposures subject to forbearance	-	-
B.4 other increases	-	-
C. Decreases	-	-
C.1 outflows to performing exposure not subject to forbearance	-	-
C.2 outflows to performing exposures subject to forbearance	-	-
C.3 outflows to non-performing exposure subject to forbearance	-	-
C.4 write-offs	-	-
C.5 collections	-	-
C.6 proceeds from disposals	-	-
C.7 losses on disposal	-	-
C.8 other decreases	-	-
D. Closing gross exposure	-	-
- of which: exposures sold not derecognised	-	-

6.3 On-balance sheet credit exposures to banks and financial institutions: trend in total write-downs

Reasons/Categories	Bad loans		Unlikely-to-pay loans		Non-performing past due exposures	
	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance
A. Total opening adjustments	-	-	-	-	-	-
- of which: exposures sold not derecognised	-	-	-	-	-	-
B. Increases	-	-	-	-	-	-
B.1 value adjustments from financial assets impaired acquired or originated	-	-	-	-	-	-
B.2 other adjustments	-	-	-	-	-	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 contractual amendments without derecognition	-	-	-	-	-	-
B.6 other increases	-	-	-	-	-	-
C. Decreases	-	-	-	-	-	-
C.1 write-backs on valuation	-	-	-	-	-	-
C.2 write-backs due to collections	-	-	-	-	-	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-off	-	-	-	-	-	-
C.5 transfers to other categories of non-performing exposure	-	-	-	-	-	-
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
D. Total closing adjustments	-	-	-	-	-	-
- of which: exposures sold not derecognised	-	-	-	-	-	-

6.4 On and off-balance sheet credit exposures to customers: gross and net values

Exposure types/values	Gross exposure				Total adjustments and provisions				Net exposure	Partial total write-off
	First stage	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated		
A. ON-BALANCE SHEET CREDIT EXPOSURES										
a) Bad loans	-	-	2,101,075	-	-	-	2,101,075	-	-	**3,535,435**
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
b) Unlikely-to-pay	-	-	13,303,203	-	-	-	9,342,313	-	3,960,890	**2,879,383**
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
c) Non-performing past due exposures	-	-	1,217,837	-	-	-	170,497	-	1,047,340	-
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
d) Performing past due exposures	25,915,726	42,371,214	-	-	67,353	134,890	-	-	68,084,697	**40,397**
- of which: exposures subject to forbearance	-	-	-	-	-	-	-	-	-	-
e) Other performing exposures	4,290,383,268	40,813,222	-	-	9,041,907	80,974	-	-	4,322,073,609	-
- of which: exposures subject to forbearance	-	275	-	-	-	-	-	-	275	-
TOTAL A	**4,316,298,994**	**83,184,436**	**16,622,115**		**9,109,260**	**215,864**	**11,613,885**		**4,395,166,536**	**6,455,215**
B. OFF-BALANCE SHEET CREDIT EXPOSURES										
a) Non-performing	-	-	466,263	-	-	-	201,016	-	265,247	-
a) Performing	546,330,305	4,919,159	-	-	320,559	3,860	-	-	550,925,045	-
TOTAL B	**546,330,305**	**4,919,159**	**466,263**	-	**320,559**	**3,860**	**201,016**	-	**551,190,292**	-
TOTAL A+B	**4,862,629,299**	**88,103,595**	**17,088,378**	-	**9,429,819**	**219,724**	**11,814,901**	-	**4,946,356,828**	**6,455,215**

Off-balance sheet credit exposures include not only commitments on the part of without recourse loans not yet advanced, but also credit margins granted to customers.

6.5 Credit exposures to customers: trend of gross non-performing exposures

Reasons/Categories	Bad loans	Unlikely-to-pay loans	Non-performing past due exposures
A. Opening gross exposure	**4,064,574**	**8,395,744**	**9,197**
- of which: exposures sold not derecognised	-	-	-
B. Increases	**621,143**	**8,934,377**	**1,220,763**
B.1 inflows from performing exposures	404,315	6,450,602	1,217,837
B.2 inflows from impaired purchased or originated financial assets	-	-	-
B.3 transfers from other categories of non-performing exposures	103,893	-	-
B.4 contractual amendments without derecognition	-	-	-
B.5 other increases	112,935	2,483,775	2,926
C. Decreases	**2,584,642**	**4,026,918**	**12,123**
C.1 transfers to non-deteriorated exposures	-	-	42
C.2 write-offs	1,766,475	147,155	-
C.3 collections	818,167	3,775,870	6,142
C.4 proceeds from disposals	-	-	-
C.5 losses on disposal	-	-	-
C.6 transfers to other categories of non-performing exposure	-	103,893	-
C.7 contractual amendments without derecognition	-	-	-
C.8 other decreases	-	-	5,939
D. Closing gross exposure	**2,101,075**	**13,303,203**	**1,217,837**
- of which: exposures sold not derecognised	-	-	-

6.5 bis On-balance sheet credit exposures to customers: dynamics of gross exposures granted by credit quality

Reasons/Quality	Exposures subject to forbearance: non-performing	Exposures subject to forbearance: performing
A. Opening gross exposure	**364,316**	**-**
- of which: exposures sold not derecognised	-	-
B. Increases	**211,037**	**275**
B.1 inflows from performing exposures not subject to forbearance	-	-
B.2 inflows from performing exposures subject to forbearance	-	-
B.3 inflows from non performing exposures subject to forbearance	-	275
B.4 other increases	211,037	-
C. Decreases	**575,353**	**-**
C.1 outflows to performing exposure not subject to forbearance	-	-
C.2 outflows to performing exposures subject to forbearance	-	-
C.3 outflows to non-performing exposure subject to forbearance	-	-
C.4 write-off	212,620	-
C.5 collections	362,733	-
C.6 proceeds from disposals	-	-
C.7 losses on disposal	-	-
C.8 other decreases	-	-
D. Closing gross exposure	**-**	**275**
- of which: exposures sold not derecognised	-	-

6.6 Non-performing on-balance sheet credit exposures to customers: dynamics of total impairment adjustments

Reasons/Categories	Bad loans		Unlikely-to-pay loans		Non-performing past due exposures	
	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance	Total	of which: exposures subject to forbearance
A. Total opening adjustments	**4,051,794**	**191,946**	**5,830,578**	**107,897**	**828**	**-**
- of which: exposures sold not derecognised	-	-	-	-	-	-
B. Increases	**547,519**	**20,674**	**4,480,149**	**-**	**170,497**	**-**
B.1 value adjustments from financial assets impaired acquired or originated	-	-	-	-	-	-
B.2 other adjustments	447,610	7,040	4,467,008	-	162,777	-
B.3 losses on disposal	-	-	-	-	-	-
B.4 transfers from other categories of non-performing exposures	96,853	-	-	-	-	-
B.5 contractual amendments without derecognition	-	-	-	-	-	-
B.6 other increases	3,056	13,634	13,141	-	7,720	-
C. Decreases	**2,498,238**	**212,620**	**968,414**	**107,897**	**828**	**-**
C.1 write-backs on valuation	26	-	8,066	-	539	-
C.2 write-backs due to collections	731,737	-	716,340	94,263	289	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-off	1,766,475	212,620	147,155	-	-	-
C.5 transfers to other categories of non-performing exposure	-	-	96,853	-	-	-
C.6 contractual amendments without derecognition	-	-	-	-	-	-
C.7 other decreases	-	-	-	13,634	-	-
D. Total closing adjustments	**2,101,075**	**-**	**9,342,313**	**-**	**170,497**	**-**
- of which: exposures sold not derecognised	-	-	-	-	-	-

7. Classification of financial assets, commitments to grant funds, and financial guarantees provided based on external and internal ratings

Factorit utilises the external rating from ECAI Scope Rating AG for exposures within the Central Government and Central Bank portfolio.

Company	Class of merit	Rating	Italy rating as of 31/12/2024
Scope Rating AG	2	B	BBB+

Additionally, Factorit employs the external rating from the ECAI Cerved Rating Agency S.p.A. for exposures classified under the "company and other entities" portfolio. The valuations relate only to resident companies with an exposure of Euro 1.5 million or more.

Below are the weighting coefficients currently in force:

Class of merit	Weighting coefficient	Rating Class of Cerved Rating Agency
1	0.2	A1.1, A1.2, A1.3
2	0.5	A2.1 to A3.1
3	1	B1.1, B1.2
4	1	B2.1, B2.2
5	1.5	C1.1
6	1.5	C1.2 to C2.1

7.1 Distribution of financial assets, commitments to grant funds and financial guarantees given by external rating classes (gross amounts)

Exposures	External rating classes						Unrated	Total
	class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets measured at amortised cost	**15,979,470**	**679,875,462**	**551,849,297**	**518,693,157**	**72,968,865**	**6,352,107**	**3,205,147,444**	**5,050,865,802**
- First stage	15,979,470	679,875,462	551,831,398	509,917,168	56,119,665	2,680,897	3,134,655,191	4,951,059,251
- Second stage	-	-	-	8,775,989	16,849,200	-	57,559,247	83,184,436
- Third stage	-	-	17,899	-	-	3,671,210	12,933,006	16,622,115
B. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
- First stage	-	-	-	-	-	-	-	-
- Second stage	-	-	-	-	-	-	-	-
- Third stage	-	-	-	-	-	-	-	-
Total (A + B)	**15,979,470**	**679,875,462**	**551,849,297**	**518,693,157**	**72,968,865**	**6,352,107**	**3,205,147,444**	**5,050,865,802**
of which: financial assets impaired purchased or originated	-	-	-	-	-	-	-	-
C. Commitments to grant funds and financial guarantees given	**1,646,140**	**132,858,339**	**162,624,876**	**116,205,920**	**6,086,493**	**-**	**137,134,138**	**556,555,906**
- First stage	1,646,140	131,699,617	162,624,875	116,205,918	6,086,493	-	132,907,441	551,170,484
- Second stage	-	1,158,722	-	2	-	-	3,760,435	4,919,159
- Third stage	-	-	1	-	-	-	466,262	466,263
Total (C)	**1,646,140**	**132,858,339**	**162,624,876**	**116,205,920**	**6,086,493**	**-**	**137,134,138**	**556,555,906**
Total (A + B + C)	**17,625,610**	**812,733,801**	**714,474,173**	**634,899,077**	**79,055,358**	**6,352,107**	**3,342,281,582**	**5,607,421,708**

Off-balance sheet credit exposures include not only commitments on the part of without recourse loans not yet advanced, but also credit margins granted to customers.

9. Concentration of credit

9.1 Distribution of cash and off-balance sheet credit exposures by economic sector of the counterparty

	Governments and central banks			Other public bodies			Banks			Financial companies			Non-financial corporations			Households		
	Net exposure	Specific write-downs	Portfolio write-downs	Net exposure	Specific write-downs	Portfolio write-downs	Net exposure	Specific write-downs	Portfolio write-downs	Net exposure	Specific write-downs	Portfolio write-downs	Net exposure	Specific write-downs	Portfolio write-downs	Net exposure	Specific write-downs	Portfolio write-downs
A. Cash exposures																		
A.1 Bad loans	-	-	-	-	397,451	-	-	-	-	-	-	-	-	1,642,144	-	-	61,480	-
Of which subject to forbearance													-	-	-			
A.2 Unlikely-to-pay loans	-	-	-	-	-	-	-	-	-	-	-	-	3,880,242	9,327,744	-	80,648	14,570	-
Of which subject to forbearance												-	-	-	-	-	-	
A.3 Non-performing past due exposures	-	-	-	1,047,340	170,497	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which subject to forbearance																		
A.4 Other exposures	-	-	-	370,850,677	-	88,317	44,276,077	-	60,282	594,499,079	-	383,419	3,795,603,060	-	9,116,734	223,704,569	-	120,072
Of which subject to forbearance	-	-	-	-	-	-	-	-	-	-	-	-	275	-	-	-	-	-
Total A	**-**	**-**	**-**	**371,898,017**	**567,948**	**88,317**	**44,276,077**	**-**	**60,282**	**594,499,079**	**-**	**383,419**	**3,799,483,302**	**10,969,888**	**9,116,734**	**223,785,217**	**76,050**	**120,072**
B. Off-balance sheet exposures																		
B.1 Exposures Non-performing	-	-	-	61,647	10,036	-	-	-	-	-	-	-	203,599	190,980	-	1	-	-
B.2 Other exposures	-	-	-	6,497,626	-	961	376,698	-	655	4,462,461	-	365	543,403,941	-	322,790	1,023,479	-	668
Total B	**-**	**-**	**-**	**6,559,273**	**10,036**	**961**	**376,698**	**-**	**655**	**4,462,461**	**-**	**365**	**543,607,540**	**190,980**	**322,790**	**1,023,480**	**-**	**668**
Total 31/12/2024	**-**	**-**	**-**	**378,457,290**	**577,984**	**89,278**	**44,652,775**	**-**	**60,937**	**598,961,540**	**-**	**383,784**	**4,343,090,842**	**11,160,868**	**9,439,524**	**224,808,697**	**76,050**	**120,740**
Total 31/12/2023	**-**	**-**	**-**	**222,929,084**	**397,525**	**550,999**	**13,945,002**	**-**	**11,901**	**585,404,111**	**-**	**327,678**	**3,843,059,603**	**9,512,624**	**7,450,326**	**224,993,737**	**80,132**	**66,122**

9.2 Distribution of cash and off-balance sheet credit exposures by geographic area of the counterparty

Exposures/Geographical areas	ITALY		OTHER EU COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total value write-downs	Net exposure	Total value write-downs	Net exposure	Total value write-downs	Net exposure	Total value write-downs	Net exposure	Total value write-downs
A. Cash exposures										
A.1 Bad loans	-	2,101,075	-	-	-	-	-	-	-	-
A.2 Unlikely-to-pay loans	3,960,890	9,317,313	-	25,001	-	-	-	-	-	-
A.3 Non-performing past due exposures	1,047,340	170,497	-	-	-	-	-	-	-	-
A.4 Other exposures	3,998,686,178	6,496,224	929,394,990	3,018,206	40,431,559	113,968	29,461,514	67,913	30,959,221	72,513
Total A	**4,003,694,408**	**18,085,109**	**929,394,990**	**3,043,207**	**40,431,559**	**113,968**	**29,461,514**	**67,913**	**30,959,221**	**72,513**
B. Off-balance sheet exposures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Non-performing exposures	265,247	169,274	-	31,742	-	-	-	-	-	
B.2 Other Exposures	524,271,565	297,288	29,814,587	27,393	1,584,454	702			93,599	56
Total B	**524,536,812**	**466,562**	**29,814,587**	**59,135**	**1,584,454**	**702**			**93,599**	**56**
Total 31/12/2024	**4,528,231,220**	**18,551,671**	**959,209,577**	**3,102,342**	**42,016,013**	**114,670**	**29,461,514**	**67,913**	**31,052,820**	**72,569**
Total 31/12/2023	**4,016,500,132**	**16,283,716**	**651,185,355**	**1,571,428**	**119,220,931**	**126,193**	**48,959,196**	**177,150**	**54,465,923**	**238,820**

9.2.1 Distribution of credit exposures by geographic area of the counterparty (Italy)

Credit Status	Northwest Italy		Northeast Italy		Central Italy		Southern Italy		Italian Islands	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
A. On-balance sheet exposures										
Bad loans	-	779,996	-	360,241	-	202,477	-	758,361	-	-
Unlikely-to-pay loans	1,357,516	2,229,907	1,046	708,054	241,449	5,029,219	2,360,879	1,339,895	-	10,238
Non-performing past due exposures	-	-	1,047,340	170,497	-	-	-	-	-	-
Other transactions	2,335,673,931	3,396,288	557,468,324	1,174,406	863,250,796	1,290,696	167,665,926	479,651	74,627,201	155,183
TOTAL A	**2,337,031,447**	**6,406,191**	**558,516,710**	**2,413,198**	**863,492,245**	**6,522,392**	**170,026,805**	**2,577,907**	**74,627,201**	**165,421**
B. "Off-balance sheet" exposures										
Non-performing exposures	29,938	74,692	208,402	72,250	4,576	-	22,331	22,331	-	-
Performing exposures	246,225,467	118,817	127,403,958	84,977	101,975,317	63,672	30,463,567	20,987	18,203,256	8,836
TOTAL B	**246,255,405**	**193,509**	**127,612,360**	**157,227**	**101,979,893**	**63,672**	**30,485,898**	**43,318**	**18,203,256**	**8,836**
(TOTAL A+B) 31/12/2024	**2,583,286,852**	**6,599,700**	**686,129,070**	**2,570,425**	**965,472,138**	**6,586,064**	**200,512,703**	**2,621,225**	**92,830,457**	**174,257**
(TOTAL A+B) 31/12/2023	**2,407,856,517**	**5,628,476**	**642,082,088**	**2,429,113**	**757,649,465**	**5,849,610**	**155,296,154**	**2,289,106**	**53,615,908**	**87,411**

9.3 Large exposure

	31/12/2024	31/12/2023
a) Amount (balance sheet value)	2,383,652,734	2,176,989,661
b) Amount (weighted value)	949,091,298	1,319,803,729
c) Number	31	31

In compliance with regulatory guidelines, the total amount and the number of counterparties whose risk position, measured by the "balance sheet value", exceeds 10% of Own Funds is presented.
Risks concerning individual customers are considered collectively when legal and/or economic connections exist between the clients themselves.
The item "Amount (weighted value)" represents the total of cash and off-balance sheet exposures to a client, weighted according to the rules specified by the prudential regulations, considering the nature of the debtor counterparty and any acquired guarantees.
With the registration in the new Register of Financial Intermediaries on 23/05/2016, the margins related to revocable credit lines granted to customers also form part of the composition of Large Exposures.

10. Models and other methodologies for the measurement and management of credit risk

The company keeps its factoring management system updated with a computer application that enables daily monitoring of Large Exposures using estimated values.

11. Other quantitative information

For risk positions exceeding the 25% threshold of the eligible capital, the Parent Company ensures the coverage of the excess over the individual limit through guarantees.
As of 31 December 2024, this applied to seven counterparties (major Groups or Companies) whose combined exposure amounted to 58.64% of the total Large Risks exposures.

3.2 - MARKET RISKS

Since Factorit does not hold assets in the trading portfolio, it is not exposed to the related interest rate and price risks.
It is subject only to interest rate risk on assets placed in the banking book and marginally to exchange rate risk. This scenario is monitored through the Group's consolidated metrics by contributing to daily management analyses, the Group's market risk capital requirement, and the capital requirement specified by the Fundamental Review of the Trading Book (FRTB), which are subject to parallel reporting at the Group level starting from September 2021.

3.2.1 Interest rate risk

QUALITATIVE INFORMATION

1 – General aspects

The interest rate risk is caused by the different timing and methods used in repricing the interest rate on assets and liabilities. The presence of diversified fluctuations in interest rates leads to a variation in the expected net interest income, as well as a change in the present value of the assets and liabilities; this in turn alters the economic value of the shareholders' equity.

The high rate of turnover of the loans is accompanied by the presence of short-term funds so as to keep the conditions of lending and funding aligned with each other and with the prevailing market conditions from time to time.

QUANTITATIVE INFORMATION

1. Distribution by residual maturity (by repricing date) of financial assets and liabilities- Currency of denomination: EURO

Items/Remaining duration	On demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Unspecified duration
1. Assets	**640,593,287**	**3,468,684,001**	**137,305,931**	**131,684,688**	**476,741,083**	**103,541**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
1.2 Credits	640,593,287	3,468,684,001	137,305,931	131,684,688	476,741,083	103,541	-	-
1.3 Other assets	-	-	-	-	-	-	-	-
2. Liabilities	**388,643,990**	**3,340,078,513**	**600,440,463**	**681,587**	**204,570,265**	**5,406,180**	**5,110,764**	**-**
2.1 Debits	388,643,990	3,340,078,513	600,440,463	681,587	204,570,265	5,406,180	5,110,764	-
2.2 Debt securities	-	-	-	-	-	-	-	-
2.3 Other liabilities	-		-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-	-
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

2. Distribution by residual contractual maturity of financial assets and liabilities - Currency of denomination: USD

Items/Remaining duration	On demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Unspecified duration
1. Assets	**13,131,764**	**112,196,819**	**23,419,488**	**1,577,123**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
1.2 Credits	13,131,764	112,196,819	23,419,488	1,577,123	-	-	-	-
1.3 Other assets	-	-	-	-	-	-	-	-
2. Liabilities	**3,934,841**	**107,649,754**	**31,649,314**	**1,873,242**	**-**	**-**	**-**	**-**
2.1 Debits	3,934,841	107,649,754	31,649,314	1,873,242	-	-	-	-
2.2 Debt securities	-	-	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-	-
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

3. Distribution by residual contractual maturity of financial assets and liabilities - Currency of denomination: GBP

Items/Remaining duration	On demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Unspecified duration
1. Assets	**5,259,823**	**22,277,037**	**-**	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
1.2 Credits	5,259,823	22,277,037	-	-	-	-	-	-
1.3 Other assets	-	-	-	-	-	-	-	-
2. Liabilities	**5,196,032**	**22,248,571**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Debits	5,196,032	22,248,571	-	-	-	-	-	-
2.2 Debt securities	-	-	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-	-
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

4. Distribution by residual contractual maturity of financial assets and liabilities - Currency of denomination: OTHERS

Items/Remaining duration	On demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Unspecified duration
1. Assets	**342**	**966,765**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
1.2 Credits	342	966,765	-	-	-	-	-	-
1.3 Other assets	-	-	-	-	-	-	-	-
2. Liabilities	**580**	**962,645**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Debits	580	962,645	-	-	-	-	-	-
2.2 Debt securities	-	-	-	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives	-	-	-	-	-	-	-	-
Options	-	-	-	-	-	-	-	-
3.1 Long positions	-	-	-	-	-	-	-	-
3.2 Short positions	-	-	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-	-	-
3.3 Long positions	-	-	-	-	-	-	-	-
3.4 Short positions	-	-	-	-	-	-	-	-

2. Models and other methodologies for the measurement and management of interest rate risk

The impact on future net interest margin over the twelve-month period resulting from an instantaneous and parallel variation, differentiated by currency of denomination, of interest rates, as indicated in the "parallel shock up" scenario described in the "Regulatory Technical Standards EBA/RTS/2022/10", is positive and amounts to Euro 2 million.
Future net interest income means the difference between future interest income and future interest expense, calculated on existing transactions and on transactions to be settled on the reference date, assuming constant volumes.
In the context of the "parallel shock down" scenario outlined in the "Regulatory Technical Standards EBA/RTS/2022/10", an alteration in interest rates over the course of twelve months would lead to an increase in the margin of Euro 3 million.

3. Other quantitative information on interest rate risk

By simulating the effects of the "parallel shock up" and "parallel shock down" as described in the "Regulatory Technical Standards EBA/RTS/2022/10", characterised by an instantaneous and parallel movement, differentiated by denomination currency, of interest rates, the change in net asset value is estimated respectively as a reduction of Euro 9 million and an increase of Euro 10 million.

3.2.2 Price risk

QUALITATIVE INFORMATION

1. General aspects

The Company is not exposed to risks arising from price fluctuations.

3.2.3 Exchange risk

QUALITATIVE INFORMATION

1. General aspects

Exchange risk is marginal in Factorit, given the company's policy of systematic hedging of foreign currency amounts. This risk exists mainly, but for limited volumes, given the following aggregates:

- commissions and interest income not offset by interest expense expressed in currencies other than the euro;
- guarantees in foreign currency against transactions in euro.

The Company does not utilise internal measurement models; instead, it applies regulatory methodologies to monitor risk exposure and assess it on a quarterly basis.
The Company does not adopt internal measurement models; however, as previously mentioned, it contributes to the consolidated reporting of the exchange rate risk requirement according to the methodology of the Fundamental Review of the Trading Book.

QUANTITATIVE INFORMATION

1. Distribution of assets, liabilities and derivatives by foreign currency

Items	Currency					
	US dollars	Pound Sterling	Japanese yen	Canadian Dollar	Swiss Franc	Other Currencies
1. Financial assets	**150,325,194**	**27,536,860**	**966,765**	**302**		**40**
1.1 Debt securities	-	-	-	-	-	-
1.2 Equity securities	-	-	-	-	-	-
1.3 Credits	150,325,194	27,536,860	966,765	302	-	40
1.4 Other Financial Assets	-	-	-	-	-	-
2. Other assets	**-**	**-**	**-**	**-**	**-**	**-**
3. Financial liabilities	**145,107,151**	**27,444,603**	**963,215**	**-**	**5**	**5**
3.1 Debits	145,107,151	27,444,603	963,215	-	5	5
3.2 Debt securities	-	-	-	-	-	-
3.3 Other financial liabilities	-	-	-	-	-	-
4. Other liabilities	**703,885**	**13,238**	**1,121**	**-**	-	**23**
5. Derivatives	-	-	-	-	-	-
5.1 Long positions	-	-	-	-	-	-
5.2 Short positions	-	-	-	-	-	-
Total assets	**150,325,194**	**27,536,860**	**966,765**	**302**	**-**	**40**
Total liabilities	**145,811,036**	**27,457,841**	**964,336**	**-**	**5**	**28**
Net balance (+/-)	**4,514,158**	**79,019**	**2,429**	**302**	**-5**	**12**

3.3 OPERATIONAL RISKS

QUALITATIVE INFORMATION

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

The operational risk represents the risk of suffering losses from the inadequacy or malfunctioning of procedures, human resources and internal systems, or from external events. This category also includes losses caused by fraud, human error, operational interruptions, system downtime, contractual non-performance and natural catastrophes; the scope of operational risk includes legal risks (including conduct risks) and IT risk, but excludes strategic and reputational risks.

The operational risk management model, adjusted based on a proportionality principle that considers the nature and scale of the company's business, is implemented in accordance with the Group's defined guidelines. The Risk Control Function, outsourced to the Parent Company, is responsible for carrying out the operational risk management processes and reporting the relevant findings for the benefit of the competent corporate bodies and functions.

In particular, the Company’s operational risk management system is structured as follows:

- a process of Loss Data Collection (LDC), designed for the accurate detection of risk events that generate losses (and associated recoveries) and the registration not only of monetary values, but also of qualitative information which, put briefly, specify when, how, where and why the event has occurred;

- an Operational Risk Self-Assessment process (RSA), aimed at investigating the perception of business experts regarding the potential risks in which the Company could incur in corporate operations, as well as to gather indications on the subject of interventions, proposed or implemented, for the prevention and/or mitigation of risk situations;
- a process of measuring operational risk for the purpose of calculating the capital requirement, centred around the adoption of the "Basic Indicator Approach" (BIA), which involves applying a single regulatory coefficient (15%) to the average of the last three observations of the Relevant Indicator, calculated in accordance with the regulatory framework.

Overall, these processes assist in monitoring of the historical and prospective exposure to operational risk and related trends, as well as the identification, guidance and control of coordinated action to prevent, mitigate and, if necessary, transfer risk (e.g. through the stipulation of insurance coverage).
Considering the significance attributed to managing the impacts of the Covid-19 pandemic, the Company continued to ensure oversight of operational and IT risks by adopting management practices and technological infrastructures aimed at business continuity and preserving health and safety in the workplace; in this regard, the implementation of specific security standards and the enhancement of the IT infrastructure's processing capacity to manage remote working requirements are noteworthy.

Legal and non-compliance risks

Among the phenomena falling under the heading of operational risks, particular attention is paid to the analysis of economic events attributable to judicial or extra-judicial proceedings, not directly attributable to Debt Collection, which the Company has encountered in the course of its operations or which it has initiated in order to have its own rights recognised; this includes risks connected with legal disputes attributable to intentional violation and/or non-compliance with professional obligations, codes and internal rules of conduct for the protection of customers (conduct risks).
Given the peculiarity of these phenomena, the process of identifying, assessing, and monitoring such risks is carried out in collaboration with the company structure responsible for managing active/passive disputes.
Alongside these are the sanctioning risks associated with non-compliance with laws, regulations, self-regulatory codes, internal procedures and codes of conduct applicable to the company's business (non-compliance risks), the supervision of which is assigned to the Compliance Function.
The monitoring of legal and non-compliance risks takes the form of recording and evaluating in prospective terms disbursements deriving from legal cases, extrajudicial proceedings or sanctioning procedures, including expenses for the services of external lawyers and any accounting provisions of a prudential nature allocated to the Provision for Risks and Charges, periodically adjusted based on the progress of the procedural process and new legislative and judicial orientations of particular relevance.

IT Risk

Particular attention is paid to the management of risks arising from breaches of confidentiality, lack of integrity and/or unavailability of ICT systems and data (also in the face of threats of a cybernetic nature or attributable to recourse to third parties), as well as failure to adapt and/or update information and communication technology.

Specific operational measures are adopted, in particular, to ensure the security of information and the protection of personal data, in compliance with privacy legislation, as well as to guarantee the capacity for technological change and to manage, in a logic of resilience, emergency situations and interruptions to business operations, through the definition of business continuity plans and the provision of disaster recovery measures aimed at allowing, in the event of a disaster, the timely recovery of systems and procedures.
The information sources deriving from the operational risk management system are integrated with the evidence deriving from the IT risk management model, which is based on dynamic processes of:

- identification of the perimeter of information technology resources that qualify as critical to the performance of the company's operations, taking into account business needs, technological evolution and potential vulnerabilities, as well as sector regulations;
- identification of risk scenarios (and corresponding ICT threats) potentially attributable to or manifesting in the functional, technical, and infrastructural characteristics of the company information system;
- assessment, both in terms of exposure to specific threats, and impact on different dimensions of analysis, of the Company's level of residual exposure to cyber risk, taking into account the level of maturity of the control oversights mitigating the potential risk.

QUANTITATIVE INFORMATION

As of 31 December 2024, the capital requirement to cover operational risk, calculated using the Basic Indicator Approach (BIA), is around Euro 10.7 million.
The operating losses recorded during the year as part of the Loss Data Collection process mainly consisted of disbursements related to a cyber fraud event resulting in the execution of fraudulent payment orders (*Event Type 02 - External Fraud*); also contributing residually to the total amount were losses sustained in relation to breakdowns/damage to company assets (*Event Type 05 - Damage due to external events*) and payments for services rendered by an external lawyer involved in managing disputes about contested improper operations (*Event Type 04 - Customers, products and professional practices*).

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

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

Liquidity risk is to be understood as the risk of not being able to meet payment commitments or failing to finance the balance sheet assets with the right timing. Such circumstances can occur due to the inability to raise funds or secure them at reasonable costs (funding liquidity risk), or from the difficulty of liquidating assets incurring in capital losses (market liquidity risk).

In relation to these types of risk, Factorit has limited exposure, which is attributed, among other reasons, to the decision to prefer sustaining an appropriate balance in the maturity structure of assets and liabilities rather than focusing on maximising profitability levels. Although funding is generally positioned at shorter-term maturities compared to loans, it is mainly sourced from the Parent Company Banca Popolare di Sondrio S.p.A., a leading institution whose liquidity risk profile is discussed in the relevant Annual Reports. Additionally, the monitoring of the balance by maturity for funding and loans is achieved through producing a dedicated maturity ladder (structural Maturity Ladder) designed to reveal any imbalances for each time frame; the comparison of cumulative cash inflows and outflows for the 3-month and 1-year time horizons is also summarised by two indicators that are subject to specific thresholds. The findings of the previously mentioned surveys, together with the status of credit lines available through the parent company and the banking system, as well as the average funding rate for the quarter, are summarised in a specific monthly report known as the Financial Risk Book.

QUANTITATIVE INFORMATION

The tables below have been compiled in compliance with the supervisory instructions issued by the Bank of Italy. In particular, undiscounted cash flows were allocated to the relevant residual life bands while excluding any lump-sum write-downs.

1. Distribution by residual contractual maturity of financial assets and liabilities - Currency of denomination: EURO

Items/Time frames	On demand	Over 1 day to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Unspecified duration
Cash assets	**488,387,706**	**129,108,404**	**562,802,446**	**679,226,093**	**1,492,491,330**	**574,989,658**	**397,330,898**	**513,898,654**	**26,933,732**	**104,103**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	488,387,706	129,108,404	562,802,446	679,226,093	1,492,491,330	574,989,658	397,330,898	513,898,654	26,933,732	104,103	-
A.4 Other Assets	-	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**388,643,990**	**309,135**	**23,456,002**	**3,110,277,651**	**206,035,725**	**600,440,463**	**681,587**	**202,327,193**	**2,243,072**	**10,516,944**	**-**
B.1 Payables to	-	-	-	-	-	-	-	-	-	-	-
- Banks	367,772,581	31,358	21,000,000	3,110,000,000	205,032,057	600,059,478	119,346	200,314,911	248,796	298,986	-
- Financial companies	12,531,923	-	-	-	-	-	-	-	-	-	-
- Customers	8,339,486	277,777	2,456,002	277,651	1,003,668	380,985	562,241	2,012,282	1,994,276	10,217,958	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities											
Off-balance sheet transactions	**43,628,683**	**4,207,490**	**6,311,474**	**56,409,036**	**119,307,048**	**94,313,569**	**50,445,685**	**5,493,895**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Positive differentials	-	-	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	-	-	-	-	-	-	-
C.3 Financing to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to make loans	43,628,683	4,207,490	6,311,474	56,409,036	119,307,048	94,313,569	50,445,685	5,493,895	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	43,628,683	4,207,490	6,311,474	56,409,036	119,307,048	94,313,569	50,445,685	5,493,895	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

As for total cash liabilities, deposits with banks are represented by Euro 4,201,810,566 as payables to the Parent Company.

As regards the item payables to customers, please note that the amounts shown in the time bands beyond one year primarily relate to real estate leases (recognised according to IFRS 16) entered into with the Group's companies.

2. Distribution by residual contractual maturity of financial assets and liabilities - Currency of denomination: USD

Items/Time frames	On demand	Over 1 day to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Unspecified duration
Cash assets	**13,208,830**	**2,605,065**	**49,931,989**	**6,041,930**	**53,789,227**	**23,497,669**	**1,591,781**	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	13,208,830	2,605,065	49,931,989	6,041,930	53,789,227	23,497,669	1,591,781	-	-	-	-
A.4 Other Assets							-	-	-	-	-
Cash liabilities	**3,934,841**	**-**	**848,718**	**35,915,866**	**70,885,170**	**31,649,314**	**1,873,242**	-	-	-	-
B.1 Payables to	-	-	-	-	-	-	-	-	-	-	-
- Banks	1,909,063	-	-	35,915,866	70,885,170	31,649,314	1,873,242	-	-	-	-
- Financial institutions	2,025,778	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	848,718	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	**846,920**	**-**	**94,165**	**397,634**	**2,250,701**	**766,786**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Positive differentials	-	-	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	-	-	-	-	-	-	-
C.3 Financing to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to make loans	846,920	-	94,165	397,634	2,250,701	766,786	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	846,920	-	94,165	397,634	2,250,701	766,786	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

3. Distribution by residual contractual maturity of financial assets and liabilities - Currency of denomination: GBP

Items/Time frames	On demand	Over 1 day to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Unspecified duration
Cash assets	**5,300,353**	**205,543**	**518,780**	**1,888,963**	**19,670,297**	-	-	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	5,300,353	205,543	518,780	1,888,963	19,670,297	-	-	-	-	-	-
A.4 Other Assets	-	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**5,196,033**	-	-	**324,411**	**21,924,159**	-	-	-	-	-	-
B.1 Payables to	-	-	-	-	-	-	-	-	-	-	-
- Banks	5,171,421	-	-	324,411	21,924,159	-	-	-	-	-	-
- Financial institutions	24,612	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	**279,350**	-	**747,209**	**1,759,568**	**865,190**	-	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Positive differentials	-	-	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	-	-	-	-	-	-	-
C.3 Financing to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to make loans	279,350	-	747,209	1,759,568	865,190	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	279,350	-	747,209	1,759,568	865,190	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

4. Distribution by residual contractual maturity of financial assets and liabilities - Currency of denomination: OTHERS

Items/Time frames	On demand	Over 1 day to 7 days	Over 7 days to 15 days	Over 15 days to 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Unspecified duration
Cash assets	**342**	-	-	**967,813**	-	-	-	-	-	-	-
A.1 Government securities	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 Loans	342	-	-	967,813	-	-	-	-	-	-	-
A.4 Other Assets	-	-	-	-	-	-	-	-	-	-	-
Cash liabilities	**581**	-	-	**962,644**	-	-	-	-	-	-	-
B.1 Payables to	-	-	-	-	-	-	-	-	-	-	-
- Banks	581	-	-	962,644	-	-	-	-	-	-	-
- Financial institutions	-	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions	-	-	-	**74,211**	-	-	-	-	-	-	-
C.1 Financial derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Positive differentials	-	-	-	-	-	-	-	-	-	-	-
- Negative differentials	-	-	-	-	-	-	-	-	-	-	-
C.3 Financing to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to make loans	-	-	-	74,211	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	74,211	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-

Section 4 *Equity information*

4.1 The company's equity

4.1.1 Qualitative information

The company's equity constitutes the amount of internal resources dedicated to the achievement of the corporate purpose and to the management of the the risks associated with the company's operations. An adequate capital endowment is therefore the prerequisite for the Company's development, ensuring its solidity and stability over time.
Factorit, in line with the Group's policies, strongly focuses on capital management to maximise returns for shareholders while supporting the growth of loans.

4.1.2 Quantitative information

4.1.2.1 Company equity: breakdown

Items/Values	31/12/2024	31/12/2023
1. Share capital	**85,000,002**	**85,000,002**
2. Share premium accounts	**11,030,364**	**11,030,364**
3. Reserves	**175,745,938**	**165,738,838**
- of profit	166,576,739	156,569,639
a) legal	16,448,874	14,843,519
b) statutory	-	-
c) treasury shares	-	-
d) others	150,127,865	141,726,120
- others	9,169,199	9,169,199
4. (Treasury shares)	-	-
5. Valuation reserves	**160,921**	**-317,647**
- Equity securities measured at fair value through other comprehensive income	485,632	-21,833
- Hedges of equity securities measured at fair value through other comprehensive income	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-
- Tangible assets	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash-flow hedging	-	-
- Hedging instruments (non-designated elements)	-	-
- Exchange differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities measured at fair value through profit or loss (changes in creditworthiness)	-	-
- Special revaluation laws	-	-
- Actuarial profits/losses related to defined-benefit pension plans	-324,711	-295,814
- Share of valuation reserves related to equity investments measured at equity	-	-
6. Equity instruments	-	-
7. Profit (loss) for the year	**35,637,257**	**32,107,100**
Total	**307,574,482**	**293,558,657**

4.1.2.2 Valuation reserve of financial assets measured at fair value through other comprehensive income: breakdown

Assets/Values	31/12/2024		31/12/2023	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	-	-	-	-
2. Equity securities	485,632	-	-	(21,833)
3. Loans	-	-	-	-
Total	**485,632**	**-**	**-**	**(21,833)**

4.1.2.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: changes in the year

	Fixed-yield securities	Equity securities	Loans
1. Opening balance	**-**	**(21,833)**	**-**
2. Positive variations	**-**	**507,465**	**-**
2.1 Increases in fair value	-	507,465	-
2.2 Value adjustments for credit risk	-	-	-
2.3 Transfer to income statement of negative reserves from disposals	-	-	-
2.4 Transfer to other components of equity (equity securities)	-	-	-
2.5 Other changes	-	-	-
3. Negative changes	**-**	**-**	**-**
3.1 Reductions in fair value	-	-	-
3.2 Write-backs for credit risk	-	-	-
3.3 Transfer to income statement from positive reserves from disposal	-	-	-
3.4 Transfer to other components of equity (equity securities)	-	-	-
3.5 Other changes	-	-	-
4. Closing balance	**-**	**485,632**	**-**

The difference is due to the adjustment of the value of Webuild S.p.A. (formerly Astaldi S.p.A.) shares as of the date of the 2024 note.

4.2. Own funds and regulatory capital ratios

4.2.1 Own funds

4.2.1.1 Qualitative information

1. Common Equity Tier 1 Capital (CET1).
2. Additional Tier 1 capital (Additional Tier 1 - AT1).
3. Tier 2 Capital (T2).

Own Funds constitute the primary defence against risks linked to the activities of financial intermediaries and serve as the principal reference parameter for prudential institutions and for assessments by the supervisory authorities. The rules define the procedures for determining own funds and outline the criteria and limits for calculating the items they comprise.

Common Equity Tier 1 (CET 1) Capital consists predominantly of the Company's own resources, without any deductions or prudential filters applied.

4.2.1.2 Quantitative information

	31/12/2024	31/12/2023
A. Core equity before the application of prudential filters	**282,628,402**	**266,232,063**
B. Prudential filters of core equity:	**-**	**-**
B.1 Positive IAS/IFRS prudential filters (+)	-	-
B.2 Negative IAS/IFRS prudential filters (-)	-	-
C. Core equity before deductions (A + B)	**282,628,402**	**266,232,063**
D. Elements to be deducted from core equity	**113,665**	**185,215**
E. Total core equity (TIER 1) (C - D)	**282,514,737**	**266,046,848**
F. Additional equity before the application of prudential filters	**-**	**-**
G. Prudential filters of additional equity:	**-**	**-**
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-	-
H. Additional equity before deductions (F + G)	**-**	**-**
I. Elements to be deducted from additional equity	**-**	**-**
L. Total additional equity (TIER 2) (H - I)	**-**	**-**
M. Elements to be deducted from additional equity	**-**	**-**
N. Supervisory equity (E + L - M)	**282,514,737**	**266,046,848**

It is specified that pursuant to art. 26 paragraph 2 of EU regulation no. 575/2013 (CRR) Own Funds encompass the non-distributable portion of the profit for the year (totalling Euro 10.7 million); moreover, it is also noteworthy that this profit was verified by the independent auditors to ensure its inclusion in the prudential reports for the Supervisory Authority. For the allocation of the profit for the year, please refer to the "Directors' Report on Operations".

4.2.2 Capital adequacy

4.2.2.1 Qualitative information

The adequate consistency of Own Funds ensures compliance with the adequacy of the individual solvency ratio. This requirement is expressed as the ratio between Own Funds and the total of weighted assets, in relation to the degree of risk inherent in each of them.
As of 31 December 2024, credit risk and operational risk are the risks that contribute to risk-weighted assets.
To manage credit risk, the company has opted for the "standardised" approach, which involves the segmentation of the loan portfolio into sub-aggregates, considering the counterparty and the technical form, and the application of differentiated prudential treatments. The exposure risk weights are defined based on, where available, the ratings assigned to each counterparty by agencies specialising in credit rating assessment.
The company, in accordance with its Parent Company, has recognised Cerved Rating Agency S.p.A. as an external credit assessment institution (ECAI) to determine the credit risk weighting in the Standardised Approach for the "corporate and other subjects" portfolio. The valuations of this agency are required for resident companies with an exposure of Euro 1.5 million or more.
Factorit has identified Scope Rating AG as the ECAI to use for determining risk-weighted assets related to exposures to Central Administrations, Territorial Authorities, Non-Profit Entities, Public Sector Bodies, and Regulated Intermediaries, and has promptly updated the

changes in State ratings accordingly. In accordance with the terms of the regulations, Factorit communicated the change of the reference ECAI to the Supervisory Authority.
With reference to credit risk, the individual coefficient is 6%.
Regarding operational risk, Factorit has implemented the basic methodology: according to this, the requirement is calculated by applying a regulatory coefficient set at 15% to a measure of the company's operational volume, defined as the sum of the three-year average of the interest margin and the three-year average of other operational income.

4.2.2.2 Quantitative information

Categories/Values	Unweighted amounts		Weighted amounts/requirements	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
A. RISK ACTIVITIES				
A.1 Credit and counterparty risk	5,629,360,409	4,885,879,149	2,962,921,317	3,106,407,587
B. REGULATORY CAPITAL REQUIREMENTS	**-**	**-**	**-**	**-**
B.1 Credit and counterparty risk	-	-	177,775,279	186,384,455
B.2 Requirement for the provision of payment services	-	-	-	-
B.3 Requirement in respect of the issuance of electronic money	-	-	-	-
B.4 Specific prudential requirements	-	-	10,650,237	8,445,697
B.5 Total prudential requirements	-	-	188,425,516	194,830,152
C. RISK ASSETS AND SUPERVISORY RATIOS				
C.1 Risk-weighted assets	-	-	3,140,425,276	3,247,169,177
C.2 Core capital/risk-weighted assets (Tier 1 capital ratio)	-	-	8.996%	8.193%
C.3 Regulatory equity/risk-weighted assets (Total capital ratio)	-	-	8.996%	8.193%

The item "B4. Specific prudential requirements" refers to the Operational Risk requirement.
The weighted credit and counterparty risk amount benefits from the utilisation of guarantees issued by the Parent Company amounting to approximately Euro 1,620 million.

Section 5 *Analytic statement of other comprehensive income*

Items	31/12/2024	31/12/2023
10 Profit (Loss) for the year	**35,637,257**	**32,107,100**
Other income items without reversal to the income statement		
20 Equity securities measured at fair value through other comprehensive income:	544,329	246,742
a) change in fair value	544,329	246,742
b) transfer to other components of equity	-	-
70. Defined-benefit plans	(39,858)	5,797
100 Income tax relating to other income components without reversal to the income statement	(25,903)	(73,125)
190 Total other income components	**478,568**	**179,414**
200 Other comprehensive income (Item 10+190)	**36,115,825**	**32,286,514**

Section 6 *Transactions with related parties*

6.1 Information on the remuneration of managers with strategic responsibilities

The total amount for directors and members of the supervisory bodies for the financial year 2024 is Euro 300,776.

6.2 Loans and guarantees issued in favour of directors and statutory auditors

Not present for the 2024 financial year.

6.3 Information on transactions with related parties

6.3.1. Transactions with Parent and Associated Companies

Receivables from credit institutions

Banca Popolare di Sondrio S.p.A.	Amount
Ordinary current accounts - Euro	170,293
Ordinary current accounts - Currency	24,402
Without recourse factoring receivables	1,745
Receivables for tax consolidation	8,085,500
Tangible assets - Rights of use acquired with leasing	1,103,671
Other assets	82,898
Total	**9,468,509**

Payables to credit institutions

Banca Popolare di Sondrio S.p.A.	Amount
Ordinary current accounts	287,590,226
Hot money	3,900,000,000
Hot money accrual	2,564,844
Commissions to be recognised	1,957,399
Supplier invoices	272,485
Supplier invoices to be received	235,179
Payables for tax consolidation	8,739,626
Lease payables	1,104,933
Total	**4,202,464,692**

Loans and receivables with customers

Sinergia Seconda S.r.l.	Amount
Tangible assets - Rights of use acquired with leasing	14,854,794
Total	**14,854,794**

Rent2go S.r.l.	Amount
Tangible assets - Rights of use acquired with leasing	122,026
Receivables for factoring	13,224
Total	**135,250**

Due to customers

Sinergia Seconda S.r.l.	Amount
Lease payables	15,099,974
Total	**15,099,974**

Rent2go S.r.l.	Amount
Lease payables	120,795
Total	**120,795**

Costs - credit institutions

Banca Popolare di Sondrio S.p.A.	Amount
Interest expense	98,125,044
Interest expenses related to payables for lease	8,552
Amortisation of rights of use acquired through leases	239,299
Fee and commission expense - expenses	69,270
Fee and commission expense - prov. Factoring	1,957,399
Fee and commission expense - guarantees	1,548,000
Passive rent charges (expenses)	8,398
Outsourced Functions	1,000,812
Directors' emoluments	23,600
Total	**102,980,374**

Revenues - credit institutions

Banca Popolare di Sondrio S.p.A.	Amount
Interest income - ordinary current accounts	294,355
Seconded personnel	782,730
Total	**1,077,085**

Costs - customers

Sinergia Seconda S.r.l.	Amount
Passive rent charges	220,008
Interest expenses related to payables for lease	165,024
Amortisation of rights of use acquired through leases	1,007,104
Total	**1,392,136**

Rent2go S.r.l.	Amount
Interest expenses related to payables for lease	2,825
Amortisation of rights of use acquired through leases	53,189
Other administrative expenses (vehicles)	59,948
Total	**115,962**

Revenues - customers

Rent2go S.r.l.	Amount
Interest income	5,250
Fee and commission income	178,926
Seconded personnel	173,413
Other revenues	7,534
Total	**365,123**

Section 7 *Leasing (Lessee*

QUALITATIVE INFORMATION

Contracts that fall within the application of IFRS 16 can be grouped into due distinct categories:

a) buildings, which are the most significant group;
b) cars.

In accordance with IFRS 16, the rights held under licence agreements have been excluded from the scope of application of the standard. They continue to be recognised under IAS 38 – Intangible assets.

The lease contracts mainly relate to properties intended for the headquarters of the Company or its branches (contracts signed with the Parent Company or Group companies) and generally have a duration of more than 48 months with renewal options. Lease instalments are revised annually from the second year of the contract to reflect 75% or 100% of the change in the consumer price index for the families of blue- and white-collar workers (FOI index). Car lease contracts typically have a three-year duration without renewal and/or purchase options, with monthly payments.

As indicated in para. 33 of IFRS 16 and considering that the contracts were arranged on market terms, no impairment has been identified that would require a reduction in the value of the right-of-use assets.

Part B of the Notes to the financial statements provides information about leased right-of-use assets (Tables 8.1 - 8.6 Part B, Assets) and payables for lease (Table 1.1 Part B,

Liabilities). In particular, leased right-to-use assets total 16.1 million euro, while lease liabilities total 16.4 million euro.
Part C of the Notes to the financial statements contains the information on interest expenses on payables for lease. See that section for further details.
As indicated in *Part A* of the financial statements, the Company makes use of the exemptions allowed by IFRS 16 for short-term leases and leases of low-value assets, whose costs, excluding those related to leases with a duration of one month or less, amount to Euro 3,000 during 2024.

QUANTITATIVE INFORMATION

In accordance with paragraph 53 of IFRS 16, the table below provides quantitative information at the class level of assets consisting of the right of use:

Activities / Values	Right of Use Value 01/01/2024	Amortisation	Other Changes	Book Value as of 31/12/2024
Properties	16,529,824	(1,265,490)	748,873	16,013,207
Cars	52,137	(53,190)	123,080	122,027
Other types	-	-	-	-
Total	16,581,961	(1,318,680)	871,953	16,135,234

As regards the "Other changes", the impact is mainly linked to restatement of the right-of-use assets due to the ISTAT adjustments and to the opening and closing of contracts.

Section 8 ***Other informational details***

In compliance with the disclosure obligations stipulated in Article 2497-bis of the Italian Civil Code, presented here is a summary of the latest approved financial statements of the Bank undertaking management and coordination activities.

BALANCE SHEET
(in Euro)

ASSETS	31/12/2023	31/12/2022
10. **Cash and cash equivalents**	**3,699,902,541**	**5,988,587,809**
20. **Financial assets measured at fair value through profit or loss**	**705,967,786**	**1,265,271,071**
a) Financial assets held for trading	149,816,849	167,091,231
c) other financial assets mandatorily measured at fair value	556,150,937	1,098,179,840
30. **Financial assets measured at fair value through other comprehensive income**	**3,204,667,497**	**2,552,450,859**
40. **Financial assets measured at amortised cost**	**40,061,556,130**	**39,519,378,873**
a) Loans and receivables with banks	4,179,860,730	3,842,174,996
b) Loans and receivables with customers	35,881,695,400	35,677,203,877
50. **Hedging derivatives**	**1,483**	**247,973**
60. **Change in value of macro-hedged financial assets (+/-)**	**1,775,301**	**(197,821)**
70. **Equity investments**	**755,645,487**	**695,768,070**
80. **Property, equipment and investment property**	**387,177,632**	**387,794,652**
90. **Intangible assets**	**15,381,899**	**15,241,789**
100. **Tax assets**	**227,731,802**	**307,977,292**
a) current	-	15,588,448
b) prepaid	227,731,802	292,388,844
120. **Other assets**	**2,331,473,052**	**1,786,775,650**
Total assets	**51,391,280,610**	**52,519,296,217**

LIABILITIES AND EQUITY ITEMS	31/12/2023	31/12/2022
10. **Financial liabilities measured at amortised cost**	**46,820,066,615**	**48,509,904,000**
a) Due to banks	8,645,911,852	10,350,930,945
b) Customer deposits	33,763,841,588	34,541,008,874
c) Securities issued	4,410,313,175	3,617,964,181
20. **Financial liabilities held for trading**	**20,423,256**	**47,579,043**
40. **Hedging derivatives**	**1,803,139**	**115,899**
60. **Tax liabilities**	**57,269,555**	**19,948,705**
a) current	38,574,912	-
b) deferred	18,694,643	19,948,705
80. **Other liabilities**	**943,011,782**	**755,194,523**
90. **Provision for employee severance pay**	**31,146,638**	**33,238,555**
100. **Provisions for risks and charges**	**338,917,644**	**280,458,030**
a) commitments and guarantees given	95,997,953	62,771,976
b) pension and similar obligations	159,186,862	158,507,633
c) other provisions for risks and charges	83,732,829	59,178,421
110. **Valuation reserves**	**7,796,519**	**(30,086,242)**
140. **Reserves**	**1,364,174,287**	**1,276,171,128**
150. **Share premium accounts**	**78,949,045**	**78,977,670**
160. **Share capital**	**1,360,157,331**	**1,360,157,331**
170. **Treasury shares (-)**	**(25,201,067)**	**(25,264,093)**
180. **Profit (Loss) for the year (+/-)**	**392,765,866**	**212,901,668**
Total liabilities and equity	**51,391,280,610**	**52,519,296,217**

INCOME STATEMENT
(in Euro)

ITEMS	31/12/2023	31/12/2022
10. Interest and similar income	1,675,703,819	726,504,232
of which: interest income calculated using the effective interest method	1,659,632,343	716,850,823
20. Interest and similar expenses	(828,815,187)	(144,295,504)
30. Net interest income	**846,888,632**	**582,208,728**
40. Fee and commission income	362,344,794	346,786,890
50. Fee and commission expense	(16,464,122)	(15,596,310)
60. Net fee and commission income	**345,880,672**	**331,190,580**
70. Dividends and similar income	44,069,930	35,542,567
80. Net trading income	48,645,867	18,514,076
90. Net hedging gain (loss)	(54,572)	(32,261)
100. Gains (losses) from sales or repurchases of:	6,565,353	40,823,903
a) financial assets measured at amortised cost	7,643,604	28,971,501
b) financial assets measured at fair value through other comprehensive income	(1,165,555)	11,847,612
c) financial liabilities	87,304	4,790
110. Net gains/losses on other financial assets and liabilities measured at fair value through profit or loss	5,620,661	(66,299,580)
b) other financial assets mandatorily measured at fair value	5,620,661	(66,299,580)
120. Total income	**1,297,616,543**	**941,948,013**
130. Net adjustments/writebacks for credit risk related to:	(187,295,128)	(158,407,824)
a) financial assets measured at amortised cost	(187,642,307)	(158,047,658)
b) financial assets measured at fair value through other comprehensive income	347,179	(360,166)
140. Gains/losses from contractual amendments not resulting in derecognition	6,549,655	3,565,479
150. Net financial income	**1,116,871,070**	**787,105,668**
160. Administrative expenses:	(516,543,537)	(474,297,535)
a) personnel expenses	(228,541,248)	(205,543,369)
b) other administrative expenses	(288,002,289)	(268,754,166)
170. Net accruals to provisions for risks and charges	(55,767,944)	(30,527,436)
a) commitments for guarantees given	(33,225,977)	(19,867,865)
b) other net provisions	(22,541,967)	(10,659,571)
180. Depreciation and net impairment losses on property, equipment and investment property	(37,003,767)	(32,390,758)
190. Amortisation and net impairment losses on intangible assets	(15,832,143)	(14,655,422)
200. Other operating income/expense	76,406,680	62,636,314
210. Operating costs	**(548,740,711)**	**(489,234,837)**
220. Gains (losses) on equity investments	(501,991)	1,018,573
230. Net result of fair value measurement of property, equipment and investment property and intangible assets	(38,103)	118,000
250. Gains (losses) on sales of investments	26,786	12,328
260. Pre-tax profit (loss) from continuing operations	**567,617,051**	**299,019,732**
270. Income taxes for the year from current operations	(174,851,185)	(86,118,064)
280. Post-tax profit (loss) from continuing operations	**392,765,866**	**212,901,668**
300. Profit (Loss) for the year	**392,765,866**	**212,901,668**

In accordance with Article 149-duodecies of the Consob Issuers' Regulation, attached is the table outlining the fees pertaining to the financial year for services provided by the following entities:

Type of services (in euro)	Entity that provided the service	Remuneration
Audit services	EY S.p.A.	44,717
Certification services	EY S.p.A.	25,000

The values expressed above do not include VAT and expenses.

Report of the Board of Statutory Auditors

to the financial statements closed as at 31 December 2024

Dear Shareholder,

in accordance with the provisions of art. 2429, paragraph 2, of the Italian Civil Code, as well as in compliance with the statutory regulations, the current provisions for companies registered in the Register of Financial Intermediaries pursuant to art. 106 of the Consolidated Banking Act (TUB) and the principles of conduct issued by the National Council of Chartered Accountants and Accounting Experts, with this Report the Board of Statutory Auditors illustrates the activity carried out in 2024, supervising compliance with the law, the bylaws, and the correct principles of administration in the management of the Company, as well as the adequacy of the organisational structure and internal control systems.

Regarding adherence to legal requirements and the Bylaws, we wish to highlight that, during the 2024 financial year, the Directors have operated in accordance with these regulations, adhering to correct principles of administration and economic rationality in the management of the company. There have been no transactions conducted that could be deemed imprudent or harmful to the Company, nor that could pose a conflict of interest or contravene the resolutions passed at the Shareholders' Meeting. We also state that, operationally, we have not identified any behaviour that diverges or conflicts with the decisions taken by the Directors.

Throughout the year, we have participated in all 8 (eight) Board of Directors meetings as well as the Shareholders' Meeting, and we can therefore confirm that all these meetings have been properly convened and conducted in accordance with the rules governing their functioning. We wish to highlight that throughout the 2024 fiscal year, the Board of Statutory Auditors met 17 times and participated in 3 training sessions organized by the Parent Company, aimed at exploring topics related to developments in non-financial reporting, ESG regulations, and Sustainability Reporting (CSRD).

Effective 26 January 2024, the responsibilities of the Supervisory Body in accordance with the Legislative Decree 231/2001 have been assigned to the Board of Statutory Auditors, as per art. 6, paragraph 4-bis of the same Legislative Decree and art. 23 of the Bylaws. This enhances the Board's supervisory role in its dual capacity on commonly relevant issues and, particularly, on the risk of offences described in the relevant legislation. Inspections in this context have not detected any conduct that fails to comply with the principles and standards outlined in Model 231/2001.

We monitored the alignment of the organisational structure with the Company's operational needs, as well as those arising from its affiliation with the Banca Popolare di Sondrio Banking Group.

In the second half of 2024, it was decided, effective from 1 April 2025, to change the outsourcing provider for the Compliance Function activities from Unione Fiduciaria S.p.A. to the Parent Company. The Board believes that this modification in the organisational structure of the internal control system is aimed at harmonising the non-compliance risk management model, as well as standardising the processes and methodologies adopted by the Parent Company, to ensure the swift implementation of the Group's compliance guidelines and policies. The Board therefore did not identify any critical issues to report.

As the Company is a part of the Banca Popolare di Sondrio Banking Group and under the provisions of the Bank of Italy Circular 285/2013 on prudential supervision, concerning risk management measures related to the utilisation of information and communication technologies (ICT) and the security measures that banks must have, the refinement of the allocation of responsibilities and related ICT Risk tasks between the Risk Control Function and the Compliance Function has continued. In the context of the Action Plan on Climate and Environmental Risks, the planned activities have continued for a gradual alignment with the Supervisory Authority's expectations and in accordance with the Parent Company's guidelines, taking into account the principle of proportionality.

Overall, we did not identify any organisational shortcomings to bring to your attention.

Regarding the supervisory activity over the adequacy of internal control systems, we have engaged the competent structures of the Company and the Parent Company, as well as Unione Fiduciaria in its role as the assignee of the Compliance Function; with particular reference to the risks related to business activities and the effectiveness of the information system concerning financial reporting. Accordingly, we confirm that we have given particular attention to the overall structure of the internal control system and its coherence with both the provisions and guidelines issued by the Parent Company and the relevant regulations issued by the Supervisory Authority; as far as we are concerned, we have not found any critical issues to bring to your attention. We also acknowledge that during the year, the activity of incorporating the regulations issued by the Parent Company, applicable to the banking group and pertinent to the Company, continued.

During our activities, we have not noted any atypical or unusual transactions with group companies or related parties.

In the report on operations and in the explanatory notes, the Board of Directors provided adequate information regarding the principal economic, financial, and equity transactions undertaken by the Company during the year, including those with related parties. Among these is the computer fraud identified on 6 February 2024, which involved the transfer of funds to a non-EU country totalling Euro 4,785,800 and has been recorded among the contingent liabilities. In this regard, the Board completed its supervisory activities during the year, which led to the conclusion that no particular issues can be found in the existing IT and management procedures, even after the strengthening of the internal controls. Regarding events following the reference date of the financial statements as at 31 December 2024, it was noted that on 6 February 2025, BPER Banca spa announced, in compliance with article 102 of the TUF, the launch of a voluntary Public Exchange Offer for all shares of the Parent Company Banca Popolare di Sondrio, which was followed by communications from the Bank stating that the Offer was in no way solicited, nor previously discussed or agreed.

Regarding the regular maintenance of accounts and the accurate depiction of management transactions in the financial statements, the control function was carried out by the Independent Auditors EY S.p.A. (pursuant to Art. 2409 bis of the Italian Civil Code).

We discussed with EY S.p.A. the findings of the audit they conducted and noted that no exceptions were found regarding the financial statements, nor were there any issues concerning the organisation and adequacy of the accounting systems to accurately reflect the operations events.

However, we have monitored the preparation of the financial statements to ensure both their adherence to the prescribed accounting principles and the process of drafting the associated financial information.

We can therefore confirm that the financial statements presented by the Directors for your approval have been prepared in accordance with the specific provisions governing their formation, and have been drafted applying the international accounting standards IAS/IFRS adopted by the European Union. As regards the representation schemes, it complies with the form requirements mandated for credit and financial institutions.

In relation to the report on operations, we acknowledge that the Independent Auditors have carried out the procedures specified in auditing standard (SA Italy) no. 720B, confirming that the report on operations is consistent with the financial statements of Factorit S.p.A as of 31 December 2024 and is prepared in accordance with the legal requirements. The Independent Auditors confirm that, with reference to the declaration referred to in Article 14, paragraph 2, letter e) of Legislative Decree 39/2010, no elements have emerged to bring to your attention.

Finally, we state that there have been no complaints received by the Board from any third parties, nor any reports pursuant to art. 2408 of the Italian Civil Code. We also declare that during the year, we did not issue, nor were we asked for opinions required by law. On 5 March 2025, the Board issued its "Reasoned proposal for awarding the statutory audit assignment pursuant to Art. 13 of Legislative Decree No. 39/2010 for the nine-year period 2026-2034", which refers to the detailed illustration of the selection process followed and the reasons behind the recommendation made, proposing to the shareholders to award the Company's statutory audit assignment to

KPMG S.p.A. The Company's Board of Directors, having acknowledged the guidelines given by the Parent Company, motivated by the size acquired by the Group and in accordance with the current practices at major banks, has in fact evaluated bringing forward the appointment of the Independent Auditors by a year.

Given the above and taking note that the audit report issued by EY S.p.A. does not contain remarks regarding the financial statements, nor references to information regarding what is analytically illustrated by the Directors in the report on operations and in the explanatory notes, also taking into account that the Directors consider the prospect of the continuation of the company's activity to be largely pursued, we express a favourable opinion, as far as we are concerned, on the approval of the financial statements for the year 2024 and the proposal made by the Directors regarding the allocation of the net profit achieved.

***

As you are aware, with the approval of the Financial Statements as at 31 December 2024, the three-year term of office of the Board of Statutory Auditors in its current composition will expire; we therefore invite you to resolve on the appointment of the members for the next three-year period, and we thank you for the trust you have placed in us.

Milan, 28 March 2025

THE BOARD OF STATUTORY AUDITORS

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Dr. Daniele Morelli

Dr Luigi Gianola

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Independent auditor’s report pursuant to articles 14 and 19-bis of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)

To the Shareholder of
Factorit S.p.A.

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Factorit S.p.A. (the “Company”), which comprise the statement of financial position as at December 31, 2024 and the statement of income, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 43 of Legislative Decree n. 136, dated August 18, 2015.

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 Financial Statements section of our report.

We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing article 43 of Legislative Decree n. 136, dated August 18, 2015 and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company’s ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption and, for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY S.p.A.
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Sede Secondaria: Via Lombardia, 31 – 00187 Roma
Capitale Sociale Euro 2.975.000 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998

A member firm of Ernst & Young Global Limited

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing (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 financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the 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;
- we have obtained an understanding of the internal controls 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 Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 Company'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 financial statements or, if such disclosures are inadequate, to consider this matter in forming 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 Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, 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.

Report on Compliance with Other Legal and Regulatory Requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated January 27, 2010

The directors of Factorit S.p.A. are responsible for the preparation of the Report on Operations of Factorit S.p.A. as at December 31, 2024, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations, with the financial statements;
- express an opinion on the compliance of the Report on Operations with the applicable laws and regulations;
- issue a statement on any material misstatements in the Report on Operations.

In our opinion, the Report on Operations is consistent with the financial statements of Factorit S.p.A. as at December 31, 2024.

Furthermore, in our opinion, the Report on Operations complies with the applicable laws and regulations.

With reference to the statement required by article 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, March 28, 2025

EY S.p.A.
Signed by: Mauro Iacobucci, Auditor

This report has been translated into the English language solely for the convenience of international readers.

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