Consolidated and Individual Annual Report 2025

Banca CF+ S.p.A.

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Banca CF+

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Corporate bodies and management

Board of Directors

(elected by the shareholders on 18 April 2025)

Chairman:	Panfilo TARANTELLI
Deputy Chairman:	Davide CROFF
Chief Executive Officer and General Manager:	Iacopo DE FRANCISCO
Directors:	Salvatore BAIAMONTE
	Claudio BATTISTELLA
	Emanuela DA RIN
	Flavia ALZETTA
	Massimo RUGGIERI
	Flavio OTTAVIANI

Board of Statutory Auditors

(elected by the shareholders on 30 April 2024)

Chairman:	Antonio MELE
Standing Statutory Auditors:	Franco VEZZANI
	Giuseppina PISANTI
Substitute Statutory Auditors:	Paolo CARBONE
	Fabio Maria VENEGONI

Management

Chief Executive Officer and General Manager:	Iacopo DE FRANCISCO
Deputy General Manager and Chief Lending Officer:	Alberto BERETTA
Chief Financial Officer:	Mariacristina TAORMINA
Chief Risk Officer:	Giovanna BENCIVENGA

Banca CF+

2025 CONSOLIDATED ANNUAL REPORT

Directors' report

Banca CF+ Group

BANKS	Banca CF+ S.p.A. (parent)
SECURITISATION VEHICLES AS PER LAW NO. 130/99	Crediti Fiscali+ S.r.l. (formerly "Convento SPV S.r.l.") Lazzaro SPV S.r.l. (formerly "Cassia SPV S.r.l.")

Competitive position

The Banca CF+ Group (formerly "Credito Fondiario Group", the "group") came into being in August 2021 after completion of the "Reorganisation Project 3.0" (hereinafter also the "Project").

This project covered in particular the demerger of the debt purchasing and debt servicing businesses of the then Credito Fondiario to a separate non-banking entity.

As part of this reorganisation, Credito Fondiario kept the banking licence and began its transformation into a challenger bank while concurrently completing a renaming and rebranding journey that led it to also change its name to Banca CF+.

The group operates through advanced operating and distribution models, investing in technology as a tool that facilitates and accelerates access to credit for businesses. Specialised in corporate finance solutions and working with performing and reperforming companies, the group's products include factoring services, tax asset purchases and short and medium-term loans to companies with structural and liquidity requirements, including those secured by central guarantee funds.

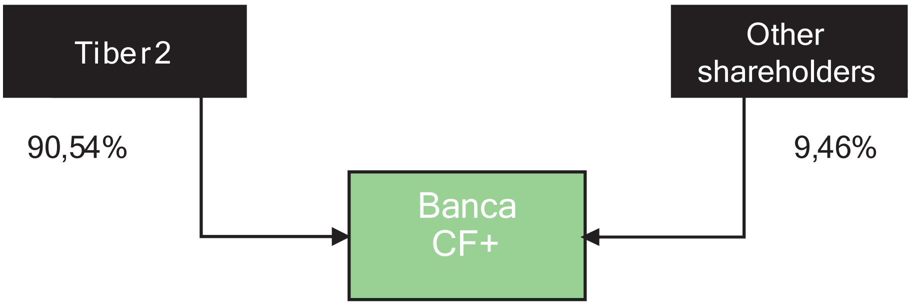
The reorganisation project led the group to rewrite its mission to return to its origins as a corporate bank. Developing the full potential of its extensive experience achieved in over 125 years of operations, the parent has built a diversified product portfolio to meet the liquidity requirements of companies that need support to implement their development, consolidation or relaunch plans. This specialised offering is accompanied by an evolved technological platform, capable of making bank-business relations more efficient and rapid, especially in terms of response times and credit disbursement. This strategic repositioning represents the natural evolution of a bank that has always been characterised by a great ability to reinvent itself in order to meet the needs of the market.

Ownership structure

On 2 August 2021, as part of the group's reorganisation, Tiber Investments S.à r.l. transferred its 87.12% investment in Banca CF+ to another Luxembourg company of the Elliott Group, Tiber Investments 2 S.à r.l. ("Tiber 2"). Elliott, an institutional investor leading the US market for over 40 years, continues to be a key partner and investor in Banca CF+ through Tiber 2.

The shareholders have steadily supported the parent's transformation into a challenger bank, with capital strengthening initiatives to support the rapid start-up and growth of the new business lines, the most recent of which are described in the subsequent "Capitalisation" section.

The following table presents the parent's ownership structure at 31 December 2025:



Tiber 2's merger into European Investments Holding Company S.À R.L. (EIHC) became effective on 30 January 2026, after which, Tiber 2 ceased to exist while EIHC now directly holds the same controlling interest in the share capital of Banca CF+ Credito Fondiario S.p.A..

Key figures

The following table presents the group's key figures at 31 December 2025:

€m

Key figures	31/12/2025	31/12/2024
Total assets	2,263.0	1,959.3
Guaranteed finance products (carrying amount)	692.4	761.2
Guaranteed finance products - 2025 disbursements	294.0	352.2
Factoring products (carrying amount)	197.2	170.6
2025 factoring turnover	793.0	637.7
Tax assets (carrying amount)	314.1	94
Tax assets purchased in 2025	400.6	216.2
Investments in ABS (carrying amount)	164.9	197.8
Investments in portfolios of non-performing exposures (carrying amount)	85.8	82.5
Net non-performing loans - business lines segment	2.1	12.6
Total funding	2,004.1	1,823.4
Retail savings (on-line deposits)	1,600.3	1,269.1
Equity attributable to the owners of the parent	176.9	101.3
Own funds	166.2	113.1
Group RWA	694	633
Group RWA credit density	34%	36%
Employees	215	204
Funding indicators		
Net loans and receivables with customers at amortised cost/ Total assets	73.7%	86.6%
Direct funding/Total liabilities	96.1%	98.1%
Equity/Total liabilities	8.5%	5.4%
Net loans and receivables with customers at amortised cost/ Direct funding from customers	104.2%	133.6%
Profitability indicators		
ROE (profit/equity)	13.7%	-10.8%
ROA (profit/total assets)	1.1%	-0.6%

Capital indicators - Group	31/12/2025	31/12/2024
CET 1 ratio	14.35%	13.5%
Tier 1 ratio	20.13%	13.7%
Total capital ratio	23.94%	17.9%
Capital indicators - Banca CF+ S.p.A. (parent)		
CET 1 ratio	14.05%	12.8%
Tier 1 ratio	19.56%	12.8%
Total capital ratio	23.09%	16.6%
Liquidity indicators		
LCR - group	2,111.1%	1,722.3%
NSFR - group	160.1%	147.9%
Risk indicators - business lines segment		
Gross NPE ratio	6.0%	8.7%
Net NPE ratio	4.9%	7.2%

Consolidation scope

In accordance with IFRS 10, the group has checked whether it controls its investees and other entities it works with to define its consolidation scope. Specifically, it checked:
• the power to direct the relevant activities of the investee;
• exposure, or rights, to variable returns from involvement with the investee;
• the ability to use power over the investee to affect the amount of its returns.

Pursuant to IFRS 10, special purpose entities are treated as subsidiaries when the parent concurrently is:
• significantly exposed to variable returns due to its investment in the investee, the provision of financing or the supply of guarantees;
• able to direct the significant activities, including on a de facto basis.

Therefore, as well as Banca CF+ S.p.A., the consolidation scope includes Lazzaro SPV S.r.l. (formerly Cassia SPV S.r.l.) and the SPVs of which the parent holds all or the majority of the junior asset-backed securities (ABS) issued and has de facto control as per IFRS 10. Investments in certain SPVs (Restart SPV S.r.l. and Italian Credit Recycle S.r.l.), of which the parent has subscribed 47.3% of the securitisation mezzanine notes, fall under IFRS 11 (joint control) and they are presented accordingly. More information about the consolidation scope is available in Part A Accounting policies, Section 3 - Basis of consolidation of the notes to the consolidated financial statements.

The table below lists the in-scope companies at 31 December 2025.

Group company	Investor	Investment %	Consolidation/ recognition method
Lazzaro SPV S.r.l. (formerly Cassia SPV S.r.l.)	Banca CF+ S.p.A.	60% of the SPV's quota capital and 100% of its mono tranche notes	Line-by-line
Crediti Fiscali + SPV S.r.l.	Banca CF+ S.p.A.	60% of the SPV's quota capital and 100% of its junior notes	Line-by-line
Ponente SPV S.r.l.	Banca CF+ S.p.A.	100% of the SPV's junior notes	Line-by-line
New Levante SPV S.r.l.	Banca CF+ S.p.A.	100% of the SPV's junior notes	Line-by-line
Cosmo SPV S.r.l.	Banca CF+ S.p.A.	100% of the SPV's junior notes	Line-by-line
Fairway S.r.l.	Banca CF+ S.p.A.	100% of the SPV's junior notes	Line-by-line
Aventino SPV S.r.l.	Banca CF+ S.p.A.	100% of the SPV's junior notes	Line-by-line
Liberio SPV S.r.l.	Banca CF+ S.p.A.	95% of the SPV's mono tranche notes	Line-by-line
Restart SPV S.r.l.	Banca CF+ S.p.A.	47.3% of the SPV's mezzanine notes	Equity
Italian Credit Recycle S.r.l.	Banca CF+ S.p.A.	47.3% of the SPV's mezzanine notes	Equity

Macroeconomic scenario[1]

In 2025, the international environment was burdened by ongoing political instability and conflicts. The trade deals signed by the United States with the European Union and other countries caused a contraction in US GPD and the front-loading of purchases from abroad at the beginning of the year, generating a sharp increase in imports. The direct and indirect effects of these events and the ongoing uncertainty about trade policies adversely affected the growth of world GDP, introducing significant downside risks to the outlook for international trade.

In the first quarter of 2025, US GDP contracted for the first time in three years, with positive contributions from investment and consumption more than offset by a negative contribution from net exports. A sustained recovery has taken place since the second half of the year thanks to consumption and investment in AI-related technology. Imports started to decline after the exceptional increase at the beginning of the year, caused by the front-loading of foreign purchases in anticipation of the imposition of the tariffs. According to analysts, GDP appears to have slowed in the United States in the fourth quarter, partly owing to the temporary government shutdown between early October and mid-November.

In China, growth struggled to strengthen, economic activity was held back by subdued domestic demand and the continuing crisis in the real estate market. However, the weakening of exports in the first half of the year, especially to the United States, was recouped in November with sales of semiconductors and AI-related goods. The trade agreement reached between the United States and China at the end of October cut back some increases in the tariffs imposed by the US government, although average tariffs applied by the United States on Chinese exports remain high (31% on average, against 12% in December 2024).

Global trade grew more than expected in the third quarter, despite the increase in US tariffs. The contraction in Chinese exports to the United States was offset by the marked expansion in exports to Asia, Africa and, to a lesser extent, the European Union. According to the OECD projections, global GDP grew by 3.2% in 2025 (down slightly from 3.3% in 2024) and will go up by 2.9% in 2026. Growth in 2025 is expected to be 2% in the US (2.8% in 2024) and 5% in China (in line with 2024).

(1) Source: Bank of Italy's Economic Bulletin nos. 2, 3 and 4 of 2025 and no. 1 of 2026.

In the first half of the year, the Federal Reserve had left its policy rates unchanged at 4.25%-4.50%, maintaining its cautious stance owing to high uncertainty regarding the impact of tariffs, to then lower them to 3.5%-3.75% towards the end of the year, taking account of the weakening labour market and moderate inflation expectations (consumer inflation in the United States fell to 2.7% in the fourth quarter from 2.9% in the previous quarter).

Bank of England cut its policy rate to 3.75% (4.25% in June) in December, while Bank of Japan raised its policy rate to around 0.75% (0.5% in June), as part of the gradual normalisation of monetary policy. The People's Bank of China kept its refinancing and reserve requirements rates unchanged throughout the year, maintaining a cautiously expansionary stance and pledging to step up support for economic activity.

Euro area GDP grew at a moderate pace, driven above all by the positive contribution of services, but with very heterogeneous developments across the major countries. In the summer, euro area GDP rose by 0.3% (from 0.1% in the previous quarter), driven by a positive performance of the services sector.

GDP rose in France (from 0.3% to 0.5% between Q2 and Q3) thanks to foreign demand, while it remained broadly stable in Italy, Germany and Spain. In the first quarter of the year, Ireland made an outstanding contribution, with a 9.7% increase in GDP over the previous quarter, mainly driven by exports from multinational pharmaceutical companies (a sector that remained outside the tariff package) and investments in operating assets and intellectual property.

Trade tensions and the unstable global environment caused uncertainty and caution on the part of households and businesses, dampening domestic demand, except in Spain, where household spending rose considerably. Household consumption slowed down in the other countries, and investment was held back by uncertainty around trade policies. The moderate pace of investment reflects companies prioritising capital expenditure for plant restructuring and modernisation, reducing the share of investments allocated to expanding production capacity.

Bank of Italy estimates point to growth in the services sector. The PMI was just above the expansion threshold, and the dynamics of the manufacturing sector were particularly subdued. Manufacturing output declined in the summer to recover at the end of the year, although the European Commission's confidence indicator deteriorated, particularly in the durable goods sector. Overall in the first nine months of the year, production contracted in most sectors except the pharmaceutical sector. Value added rose in services (0.4%), thanks to sectors connected to the digital transition and tourism, which has made a significant contribution to growth since the end of the pandemic. The expansion is moderate in construction, helped by the recovery of the real estate market in some countries and facilitated by the gradual easing of financing conditions.

Consumer price inflation averaged 2% in the last three months of 2025; the slight rise in service price inflation was offset by the slowdown in the prices of goods. Core inflation, which excludes food and energy products, was 2.3% in December, slightly down from Q1 (2.4%). The growth rate of lending to businesses remained broadly stable, affected by still weak demand; by contrast, lending to households edged up, supported by the moderate increase in demand for mortgage loans. According to Eurosystem staff projections, consumer price inflation is expected to be 1.9% in 2026 and 1.8% in 2027. It is expected to improve to 2% in 2028, reflecting the increase in energy-related costs due to the introduction of the EU's new emissions trading scheme (EU Emissions Trading System 2, ETS2). With respect to the other major advanced economies, consumer price inflation fell to 3.4% both in Japan and the UK.

The Eurosystem staff macroeconomic projections published in December point to growth of 1.2% in 2026 and 1.4% in 2027 and 2028. The growth estimate for 2026 was revised downwards owing to the appreciation of the Euro and weaker foreign demand.

Monetary policy measures

The Federal Reserve, Bank of England and Bank of Japan all kept their policy rates unchanged throughout the year, while the ECB reduced the deposit facility rate to 2% to reflect the developments in core inflation and monetary policy transmission. Its decisions were based on medium-term inflation expectations consistent with its target and on expectations of overall risks being broadly balanced. However, the environment remains highly uncertain, primarily due to geopolitical tensions and global trade developments.

On 4 March, the European Commission announced its proposal for a new plan, called ReArm Europe, aimed at rapidly and significantly increasing the Union's defence capabilities. The plan could allow up to €800 billion in higher military spending (it was 1.9% of GDP or €326 billion in 2024) over the next four years and provides for: a) the activation of the Stability and Growth Pact's national escape clause to increase defence spending by up to 1.5% of GDP, to allow member states, over the next four years, to deviate from the net spending trajectory outlined in their medium-term structural budget plans; b) loans granted by the EU to member states up to a total amount of €150 billion, to be used for joint public procurement initiatives (including with partners from outside the EU); c) the possibility, at the initiative of a member state, of redirecting the cohesion funds at its disposal towards defence spending. The European Council, the Council of the EU and the Parliament have, on the whole, commented positively on the ReArm Europe plan. On 8 July, the request for activation of the national escape clause under the Stability and Growth Pact for the 2025-2028 four-year period for defence purposes was accepted for 15 member states[2].

In the euro area, the European Commission's surveys indicate stagnant industrial investment and a slowdown in the services sector. Between January and August, the interest rate on new loans to non-financial companies continued to fall (3.6%). On the other hand, the cost of new home mortgage loans to households remained broadly unchanged (at 3.3%), following the rise in the policy rates observed between March and April. In the last quarter, the interest rate on new loans to non-financial companies and to households for house purchase remained practically unchanged (at 3.5% and 3.3%, respectively), in line with developments in the banks' funding costs and the key policy rates. Developments in lending to non-financial companies were affected by an unexpected, slight tightening of credit standards, which was partly due to higher perceived risks, and by still weak, albeit slightly improving demand. The growth rate of loans to non-financial companies in the euro area remained stable at 3.1% on an annual basis at the end of the year. Among the leading countries, growth in this form of lending was stronger in Spain and France, slightly more moderate in Italy and weak in Germany.

The euro area's fiscal stance is projected to be broadly neutral in 2025 and 2026; the expansionary stance in some countries in the current year, including Germany (by 0.9 percentage points of GDP), is offset by the tightening stance in others, including France (1.2%). The euro area's debt-to-GDP ratio is expected to increase slightly, to 89.2% in 2025 (from 88.5% in 2024) and to 90.2% in 2026; the latter figure is almost 5 percentage points above its pre-pandemic level.

Financial markets

In the first half of 2025, the financial markets were affected by the uncertainty caused by trade tensions and showed signs of a reduction in the exposure of global investors to some dollar-denominated assets. After a drop in April with the introduction of new tariffs, the US saw a rise in yields on government bonds up until the end of May, as did Japan, driven by concerns about the outlook for the two countries' public finances. In Japan, there were signs that institutional investors are less able to absorb issuance at longer maturities, amid high uncertainty about macroeconomic policies and fiscal prospects. In the second half of the year, government bond yields issued by the main advanced countries rose more markedly in Japan, driven by the prospect of a more expansionary fiscal policy, and to a lesser extent in the main euro area countries and the United States. Yields have declined since October in the United Kingdom, following the announcement of a more prudent fiscal policy stance.

At the start of the year, equity indices fell sharply in Japan and the United States, where they were affected by steeply declining prices in the automotive and technology sectors and the companies most exposed to international trade in terms of turnover. Stock markets in the main advanced economies broadly recouped the losses suffered during the turmoil triggered by the announcement of the new US tariffs, reaching slightly higher levels than those at the beginning of the year. Share prices benefited from the partial easing of tensions between the US and China and the release of favourable data on corporate profits. Share prices rose in the euro area and Italy, reflecting a stronger risk appetite among investors and expectations of a less restrictive monetary policy stance. Stock market indexes across the major advanced economies showed further increases in the last quarter of the year. In October, the euro-area and Italian stock market indexes rose 7.5% and 9.4%, respectively, supported by financial-sector share price gains, thanks to continued strong profitability and the diminished risk of a recession caused by trade tensions.

Demand for euro-area government bonds was not affected by the high international uncertainty. Yields fell mostly in countries where progress in consolidating public finances has supported the demand for government bonds. Government bond yields rose slightly at the start of the last quarter, reflecting the increase in the term premium in global

(2) The 15 member countries are Belgium, Bulgaria, Croatia, Denmark, Estonia, Finland, Greece, Latvia, Lithuania, Poland, Portugal, the Czech Republic, Slovakia, Slovenia and Hungary.

government bond markets and the upward revision of short-term interest rate expectations. The sharpest increase was in France, where the government bond yields (obligations assimilables du Trésor, OAT) were affected by political instability and concerns about the fiscal policy outlook. These issues, which had already surfaced in the second half of 2024, led Fitch and Morningstar DBRS to downgrade France's sovereign credit rating in September. Fitch upgraded Italy's sovereign debt rating, based on higher-than-expected tax revenues and a stable debt-to-equity ratio, while Moody's raised its credit rating for Italian government bonds in November, having kept it unchanged since 2018.

On the currency market, the US dollar weakened sharply against the main currencies of advanced economies (Canadian dollar, Euro, Swiss franc, British pounds and Japanese yen) and those of emerging markets, after appreciating between the end of June and the start of July. In contrast to previous episodes of financial turmoil, the US dollar also depreciated during the phases of simultaneous increases in US government bond yields and their spreads vis-à-vis other sovereign bonds, since in the past, the US dollar generally appreciated in times of high uncertainty, buoyed by investors' appetite for assets and currencies perceived as safe. This trend could point to a persistent increase in the risk perception of US bond investors because of the ongoing trade tensions and the greater uncertainty about the fiscal outlook. Following a temporary weakening in the second half of October, the euro-dollar exchange rate strengthened slightly. This appreciation mainly reflects the expectations of further policy rate cuts by the Federal Reserve in the coming months.

Corporate bonds continued with robust growth (5.3% year-on-year in November). Since the beginning of the year, yields on bonds issued by Italian non-financial companies remained essentially unchanged (3.5%). Financial-sector bond indexes rose by 12.3% in Italy and 9.2% in the euro area. The yield spreads between financial and non-financial corporate bonds on the one hand, and the risk-free rate on the other, continued to narrow during the year.

Implied volatility remains low overall in both equity and bond markets.

Italy
Italy's GDP posted modest growth in 2025, bolstered by domestic demand, which benefited from the increase in labour income, and foreign demand, due to the significant increase in exports. Activity increased in both the services and construction sectors, benefitting from the gradual implementation of projects under the NRRP, tax incentives and favourable lending conditions.

Household consumption rose by 0.2% in the first quarter, boosted by increased purchasing power, improved employment and real wages, which slowed down as a result of uncertainty about the macroeconomic outlook, despite the continued recovery of real income. The propensity to save increased to 11.4%, one of the highest levels in the last 15 years (excluding pandemic-related distortions). The reduction in spending on services and non-durable goods was countered by an increase in spending on durable goods, which had fallen sharply at the beginning of the year. According to data from Bank of Italy, the employment rate remained stable at 66.6% and the unemployment rate fell slightly (5.79% in Q4 compared to 6.27% in Q1). Labour demand remains weak in the manufacturing sector and has stagnated in services and construction, where employment had grown the most in the last four years.

Exports increased at the start of the year, mainly to the US, with Bank of Italy estimating more than one third due to exports of goods in anticipation of the tightening of trade policies, to then decline in the second quarter. The increase seen in the third quarter was due to some one-off sector-specific factors, with exports growing faster than imports. Exports of goods grew most strongly to France, but also to the US, where the sale of ships offset a reduction in exports of motor vehicles, food and pharmaceuticals. Foreign sales of services also returned to growth due to both higher foreign traveller spending in Italy and to positive trends in other service components. Exports are estimated to pick up, albeit to a lesser extent than foreign demand, mainly due to the loss of competitiveness resulting from the appreciation of the exchange rate.

Value added rose in services, mainly buoyed by business services, which benefited from the demand generated by the digital and energy transition. Instead, it contracted in industry compared to the first quarter (1.1%), returning to 2024 levels (0.8%).

In the first few months of 2025, rising energy prices caused inflation to increase slightly to 2.1%. Inflation is projected to remain moderate, at 1.4% in 2026 and 1.6% in 2027, before rising to 1.9% in 2028, when the introduction of the EU's ETS2 legislation will temporarily drive energy prices higher.

Annual consumer price inflation stood at 1.2% (1.7% in the first half of the year, which was helped by the "utility bills decree" introduced by the government to mitigate the increase in the cost of energy for households and businesses by lowering prices in the regulated electricity market), below that recorded for the euro area as a whole (2%). The difference compared with the rest of the euro area was mostly due to slower growth in services prices and to a steeper drop in energy prices, which had risen more sharply than in other major euro area countries in 2022-2023.

The PMI for the manufacturing sector remained around the threshold that signals no change in activity. Looking ahead, the sector could be affected by heightened competition from China, against a backdrop of trade diversion from the US to other markets in response to US tariffs.

The uptick in economic activity will be mainly driven by consumption, buoyed by the positive employment trend and the rise in real disposable income. Investment will continue to benefit from the measures set out in the NRRP and the improvement in financing conditions brought about by the reduction in official rates announced by the ECB last summer. Exports will be significantly hurt by tighter trade policies and Bank of Italy has estimated that the tariffs will shave 0.5 percentage points off GDP growth over the 2025-2027 three-year period. Investment will benefit from the measures set out in the National Recovery and Resilience Plan. However, it will be adversely affected by the uncertainty associated with trade tensions, as well as the effects of the withdrawal of incentives for residential construction.

According to the 2025 Public Finance Document of 12 April, Italy's net borrowing is expected to stand at 3.3% of GDP in 2025, to then fall below 3% in 2026.

According to projections by Bank of Italy, GDP should grow by 0.6% in 2025, 0.8% in 2026, 0.7% in 2027 and 0.9% in 2028. The projection framework incorporates fiscal policy information from the Public Finance Planning Document 2025 (PFPD 2025) and the Budget Planning Document 2026.

Banks
Growth in lending to businesses in the euro area rose to 3% on an annual basis in November (2.5% in May), driven by a marked acceleration in short- and medium-term loans. By contrast, long-term loans remained constrained by banks' tighter credit standards, as well as companies' investment plans held back by economic and geopolitical uncertainty. Loans to households grew (2.9% in November, up from 1.5% in February), reflecting stronger demand for loans for house purchase boosted by the fall in interest rates, an improved outlook for the real estate market and, to a lesser extent, greater consumer confidence. Growth in lending to households strengthened in all the main countries and was especially marked in Spain. Banks reported a slight tightening of the supply for consumer credit, the demand for which remains stable.

The pass-through of policy rate cuts to banks' funding costs and lending rates to households and businesses continued. Interest rates on new loans to businesses fell to 3.4% in the last quarter, down from 4% in Q1; while interest rates on new loans to households for house purchase remained virtually stable at 3.3% from August to November.

According to the Italian banks interviewed in October for the euro-area bank lending survey (BLS), demand for loans by businesses at the beginning of the year remained modest to increase slightly in the third quarter, driven by reduced reliance on internal financing and by greater financing needs for both fixed investment and debt refinancing.

In Italy, lending to large companies accelerated (2.4% from 1.7%), while the decrease in lending to small companies moderated (-6.5% from -7.0%). Growth in lending to service companies strengthened, lending to construction companies turned positive for the first time since January 2023 and the contraction in lending to manufacturing companies eased.

Lending policies for businesses remained cautious, reflecting banks' heightened risk perception. The marginal cost of bank funding remained unchanged at 1.1% between July and November, with a gradual decrease compared to the first few months of the year (from 1.5% in January to 1.2% in June). This trend reflects the lower overnight deposit and interbank market rates. The contraction in bank funding was also impacted by the repayment of funds from the third series of targeted long-term refinancing operations (TLTRO3).

Operations and key events of 2025

Development of the group's business lines
During the year, the group continued to develop its business lines: it recorded a three-digit annual growth rate (Compounded Average Growth Rate, "CAGR") for all major parameters in its early years of operations. In particular, loans and receivables with customers (financing, factoring and tax) increased from about €80 million at the time of the demerger to over €1 billion at 31 December 2025 (>10x). This section focuses on the characteristics of the products offered by the group and the initiatives taken in 2025 to steer their development.

Guaranteed finance
The group's products are mainly designed for Italian SMEs and large companies with turnover of more than €1 million. At public guarantee fund level, the main instruments supporting SMEs that the group focuses on are those of the Central Guarantee Fund. Therefore, risks on the loans are mostly mitigated by state backing.

Starting from 2022, the parent's guaranteed finance business line became fully operational after its set-up in December 2021 when it acquired 100% of Five Sixty S.r.l., a consultancy company with considerable experience in the guarantee fund market. The parent entered into an operating partnership with Garanzia Etica S.c., a financial intermediary as per article 106 of the Consolidated Banking Act specialised in servicing for access to guarantee funds and management of benefits.

Products are distributed through the direct channel, the network of agents and brokers and BancoPosta, with which the parent signed a strategic partnership agreement for the distribution of MCC/SACE-backed loans in 2023 (SACE is the financial and insurance group controlled by the Italian Ministry of Economy and Finance). In April 2024, the parent renewed its partnership with SACE by signing the "Futuro" and "Green" agreements, which allow Italian companies, especially SMEs, to access medium- and long-term guaranteed loans aimed at strategic level investments and ecological transition objectives, respectively.

In 2024, the parent launched the new "Digital Lending" financing product for the distribution of small loans guaranteed by the Central Guarantee Fund, i.e., up to €500 thousand. The project is part of the parent's plan to continuously refresh its commercial offering and services and is aimed at further strengthening and digitalising business processes, leveraging the technological assets acquired as part of the acquisition of the Instapartners (formerly Credimi S.p.A.) business unit.

Confirming its support for the world of entrepreneurship, as of April 2025, the parent has also extended access to the digital lending product to companies that have been established for at least three years with a minimum turnover of €150,000. It concurrently lowered the minimum funding request from €40,000 to €20,000.

It disbursed loans of €294 million, including €64 million through the digital lending channel, as part of its guaranteed finance business in 2025.

With reference to derisking activities relating to non-performing loans attributable to this business segment, in December 2025, the parent completed the non-recourse sale of a portfolio of non-performing loans originated by Banca CF+ and backed by a direct guarantee provided by MCC and SACE, with a gross carrying amount of €88 million, against the subscription of units, with a carrying amount of €64 million, of a newly established closed-end alternative investment fund ("Lounge Rises Fund" or the "fund") specialising in credit management and enhancement.

The transaction was structured by Gardant Investor SGR, which, on 9 December 2025, resolved to set up the closed-end reserved alternative investment fund under Italian law pursuant to article 14 of the Ministry of Economy and

Finance's decree no. 30 of 5 March 2015. The fund received transfers not only from Banca CF+ but also from two other leading Italian banks. In particular, the three banks sold the loans to Altura SPV S.r.l., a securitisation vehicle established under Law no. 130/1999, under a sale agreement. The SPV financed the acquisition by issuing partly paid ABS, all of which were subscribed by the fund. The consideration for the sale was settled by the banks subscribing newly issued units in the fund.

Overall, as a result of the transaction, the three banks transferred assets to the fund with a gross carrying amount of €188 million against a net present value of €128.5 million, with the concurrent subscription of units issued in proportion to the value of the loans transferred.

The parent derecognised the portfolio on the basis of the analyses performed pursuant to IFRS 9 (paragraphs 3.2.1 - 3.2.23 and B3.2.1 - B3.2.17), as well as taking into account the Bank of Italy/Consob/IVASS Joint Document no. 8 containing specific clarifications in this regard.

The fund's units have been recognised as financial assets mandatorily measured at fair value on the basis of:
- the guidance provided by Circular no. 262;
- the nature of the interest and powers held in the fund (administrative/protective only);
- the absence of characteristics that would have allowed them to pass the SPPI test, even though the parent has the intention to hold them until maturity.

The transaction improved the parent's NPE ratio and resulted in a modest loss of €0.1 million.

At 31 December 2025, the carrying amount of loans guaranteed by the MCC and/or SACE was €692.4 million, net of impairment losses.

Factoring

During the year, the parent continued to develop its factoring business through the unit set up in 2021 and accelerating its development by acquiring a company already active in this sector. In December 2021, it acquired 100% of Fifty S.r.l., a credit broker which has developed a proprietary fintech platform to manage factoring products. The subsidiary was merged into the parent with statutory, accounting and tax effect from 1 January 2022, allowing it to independently manage the entire factoring value chain.

During the year, the parent provided companies with invoice financing in the form of recourse and non-recourse factoring for €793 million (+24% on 2024). At year end, factoring assets amounted to €197.2 million.

Tax assets

Banca CF+ continues to invest in tax assets from performing companies and companies in complicated situations, including insolvencies and voluntary winding-ups, through its subsidiary Crediti Fiscali+. This business line has been strengthened in recent years by the strategic partnership agreement with Be Finance, a market leader in the domestic tax asset sector, signed in November 2018. As part of its drive to build up the tax asset business, on 13 July 2022, the parent's shareholders approved the merger of the subsidiary Be Credit Management S.p.A., already wholly-owned, into it. The merger became effective on 1 October 2022. On 1 February 2025, the parent finalised the acquisition of a business unit from Be TC S.r.l. ("**BE TC**"), another company related to Be Finance and active in the financial and business management consulting sector and operating in the negotiation and signing of contracts for the purchase of tax assets or portfolios of tax assets. The business unit transferred with effect from 1 February 2025 mainly comprises a production unit, including 11 qualified resources, and the existing contract with Crediti Fiscali+ for brokerage activities related to the purchase of tax assets.

Investments made during the year mostly consisted of the parent's subscription of ABS of €219 million issued by the securitisation vehicle Crediti Fiscali+ S.r.l., which purchased tax assets of €213 million, and a co-investment transaction with another bank to purchase an IRES (corporate income tax) asset (with a nominal amount of €112 million) from a leading Italian energy sector operator for €90.9 million.

Starting from the second half of 2024, the parent also began purchasing portfolios of former 110% superbonus tax assets, not only for offsetting purposes but also for resale to third parties.

The consolidated financial statements at 31 December 2025 include, under loans and receivables with customers at amortised cost, tax assets of €173.1 million purchased by the vehicles Crediti Fiscali+ and Fairway. They also include, under other assets, former 110% superbonus tax assets of €50 million purchased directly by the parent for offsetting purposes (carrying amount of €17.8 million and nominal amount of €19.6 million) or resale to third parties (carrying amount of €32.2 million and nominal amount of €38.1 million) as well as a tax asset of €90.9 million purchased with another bank from a leading energy operator.

2026 budget and 2027-2028 projections

On 28 January 2026, the parent's Board of Directors approved the 2026 budget and the 2027-2028 financial projections (the "projections") for the group. These documents were prepared with the following assumptions and aims:

- on a consolidated basis and do not include (as they are not yet known at the date) the possible effects of the outcome of the tender and exchange offer for the shares of Banca Sistema S.p.A., described in the dedicated section in this report;
- forecasts were prepared in line with existing strategic guidelines; in particular, the 2027-2028 projections were developed assuming a substantially inertial business progression;
- the figures contained therein were used to carry out impairment tests on the parent's intangible assets and the probability test for the recognition of deferred tax assets required by the IFRS. Where necessary, individual entity-level contributions to the consolidated results were used to perform these tests.

On this basis, the main elements of the 2026 budget are as follows:

- growth in new volumes prudently considered in line with the current challenging market environment and the parent's historical business performance;
- growth in funding linked to the corresponding increase in business volumes and assets with a funding mix in the budget broadly in line with 2025, which factors in a higher proportion of repos in line with the increase in the stock of HTCS government bonds, and a lower proportion of retail funding;
- strengthening of total income mainly driven by growth in factoring products and tax assets and a reduction in the cost of funding;
- reduction in operating costs with greater cost-income efficiency;
- normalisation of the cost of risk (core) compared to the 2025 figures;
- capital ratios at the end of 2026 above the RAF threshold on all capital levels that factor in the increase in risk-weighted assets and profit margins in line with business trends.

Voluntary tender and exchange offer for all the shares of Banca Sistema

On 30 June 2025, by means of a communication pursuant to article 102.1 of Legislative Decree no. 58 of 24 February 1998 (the Consolidated Finance Act) and article 37 of the regulation adopted by Consob (the Italian commission for listed companies and the stock exchange) with resolution no. 11971 of 14 May 1999 (the "Issuers' Regulation"), the parent announced that it had launched a voluntary tender and exchange offer pursuant to article 102 and following articles of the Consolidated Finance Act for 80,421,052 ordinary shares of Banca Sistema S.p.A. ("Banca Sistema"), as resolved by its board of directors at the meeting held on 29 June 2025.

The offer covers the parent's acquisition of all the shares of Banca Sistema (the "shares") traded on Euronext Milan, Euronext STAR Milan segment, organised and managed by Borsa Italiana S.p.A.. It is not aimed at the delisting of Banca Sistema's shares. Banca CF+ will merge into Banca Sistema as soon as this is feasible. The parent will benefit from the full financial support of its key shareholder to pursue the growth and development plans resulting from the completion of the offer.

Terms of the offer

The initial terms established payment by the parent of a total consideration of €1.80 for each share tendered to the offer as follows: a. €1.382 in cash and b. €0.418 by allocating 21 shares of Kruso Kapital S.p.A. ("KK"), a subsidiary of Banca Sistema whose shares are traded on the multilateral trading system Euronext Growth Milan, organised and managed by Borsa Italiana S.p.A.. The KK shares will be allocated after a share split has been carried out using a ratio of 1:98 for each share tendered.

Subsequently, on 18 February 2026, the parent, pursuant to articles 36 and 43 of the Issuers' Regulation, announced that its Board of Directors had resolved to increase the consideration from a maximum total of €1.80 to a maximum

total of €1.89, corresponding to a maximum increase of €0.09 per Banca Sistema share (+5%), of which €0.05 in cash and a maximum of €0.04 in KK shares, with a total consideration of a maximum of €1.89 per share represented by the following components:
a) €1.432 in cash (the "initial consideration"), to be paid on the trading day agreed with Borsa Italiana (i.e., 6 March 2026), subject to any extensions or other changes to the offer that may occur in accordance with applicable laws or regulations (the "initial consideration payment date"); and
b) a maximum of €0.458 to be paid within six months of the initial consideration payment date (the "deferred consideration payment date") through the allocation of 23 KK shares, after the splitting of KK's outstanding shares on the basis of a ratio of 1:98, for each share tendered.

The parent will use the 17,371,795 KK shares held by Banca Sistema, representing 70.59% of the relevant share capital, to pay the deferred consideration. Therefore, if, on the basis of the number of shares tendered, it is not possible for the parent to pay the deferred consideration, in whole or in part, using the KK shares, the shareholders of the company accepting the offer will be paid €0.0199 in cash for each unassigned KK share, after splitting.

The parent's Board of Directors determined this increase in the consideration on the basis of assessments updated with the support of its financial advisors. In particular, it updated the assessments in a manner as consistent as possible with the valuation process carried out at the offer announcement date in order to take into account, inter alia: (i) Banca Sistema's updated financial position at 31 December 2025 and performance for the year then ended as reported in the press release published by Banca Sistema on 6 February 2026; and (ii) the overall capital requirements (SREP), effective as of 31 March 2026, set by Bank of Italy as reported in the press release published by Banca Sistema on 13 January 2026.

The offer's final results and effectiveness
Once all regulatory authorisations had been received from the competent authorities and the relevant documents had been published, the acceptance period for the offer started. Pursuant to article 40.2 of the Issuers' Regulation and as agreed with Borsa Italiana, the acceptance period was set to run from 8.30 a.m. (Italian time) on 26 January 2026 to 5.30 p.m. (Italian time) on 27 February 2026 (inclusive) (the "acceptance period").

On 4 March 2026, the final results of the offer were announced: in particular, 56,883,308 shares of Banca Sistema were tendered, representing approximately 70.732% of the shares subject to the offer and approximately 70.732% of the share capital of Banca Sistema, equal to approximately 69.047% of the relevant voting rights. On the basis of the offer's final results at the end of the acceptance period, the parent also confirmed, as announced in the press release on the provisional results of the offer issued on 27 February 2026, that the threshold condition to which, inter alia, completion of the offer was subject had been satisfied.

Payment of the initial consideration took place on 6 March 2026, i.e., on the fifth trading day following the end of the acceptance period, at the same time as the transfer of title to the shares to the parent.

Reopening of terms
On the basis of the above results of the offer, the reopening of the terms took place pursuant to article 40-bis.1a) of the Issuers' Regulation. Accordingly, the acceptance period was reopened for five trading days starting from the trading day following the initial consideration payment date and, therefore, for the trading days of 9, 10, 11, 12 and 13 March 2026. As a result, Banca Sistema's shareholders that had not accepted the offer during the acceptance period were able to accept it during the reopening of terms period. The parent will pay the initial consideration to the shareholders that tendered their shares on the payment date of the reopening of the terms (i.e., 20 March 2026).

It will pay the tendering shareholders the deferred consideration within six months from the initial consideration payment date at the terms and conditions and in the manner more fully described in the offer document.

Definitive results of the reopening of terms
Based on the definitive results communicated by the Milan branch of UniCredit Bank GmbH (as the coordinator of the tendered shares), during the reopening of terms period, which ended on 13 March 2026, 8,057,549 Banca Sistema shares were tendered, representing approximately 10.019% of the shares subject to the offer and approximately 10.019% of the share capital of Banca Sistema, equal to approximately 9.781% of the relevant voting rights.

Taking into account (i) the 56,883,308 Banca Sistema shares, representing approximately 70.732% of its share capital, already tendered during the acceptance period and (ii) that, between the date of the offer document and 18 March 2026, the parent did not acquire any Banca Sistema shares outside of the offer, as a result of the offer (including the reopening of terms period), on the initial consideration payment date, following the reopening of terms, the parent will hold a total of 64,940,857 Banca Sistema shares, representing approximately 80.751% of its share capital, corresponding to approximately 78.827% of the relevant voting rights.

Benefits to the group

The offer is a market transaction addressed to all Banca Sistema's shareholders, which is expected to:

- strengthen the post-combination bank's competitive position by growing to a scale that enables cost synergies and optimised investments in future development;
- diversify revenue streams with business segments that are complementary to the parent's existing operations and the offering of products with high strategic value;
- consolidate relations with corporate customers by developing a lending platform offering short- and medium- to long-term products, enabling the parent to capture a greater share of customers' credit needs;
- rationalise the funding structure in terms of its composition and cost, stabilising funding and optimising the return on assets to support the parent's expansion, also leveraging the capital market as a source of funding;
- develop the ability to attract new talent with specific professional skills to support business development.

These objectives will be achieved by maintaining a solid capital position, creating value for shareholders through the distribution of sustainable dividend flows over time. Attainment of these assumptions hinges on the post-merger bank continuing to be listed on the stock exchange, as this will provide it with greater flexibility in seizing strategic opportunities and facilitate its potential role as aggregator of specialised entities in the market.

Banca CF+ will benefit from the full financial support of funds advised by Elliott Investment Management L.P., as a key shareholder, to support the growth and development plans resulting from the completion of the offer.

Capitalisation

The parent's capital increase, previously resolved by its Board of Directors on 11 February 2025, was completed on 23 January 2026. The capital increase was fully subscribed for a total amount of approximately €16.6 million. The controlling shareholder had already paid in its share of the future increase (€15 million) in April 2025. In January 2026, the shareholder paid in a further €1.6 million, completing the full subscription of the capital increase.

With respect to the capital strengthening initiatives that are part of the tender and exchange offer of Banca Sistema shares, it should be noted that:

- on 29 June 2025, the parent's Board of Directors approved a capital increase against payment to be offered with rights of first refusal to the ordinary shareholders pursuant to article 2441 of the Italian Civil Code;
- in November 2025, the parent completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million at an interest rate of 12%. The bonds, subscribed by third-party investors, can be classified as an equity instrument for accounting purposes and included in AT1 capital for prudential reporting purposes.

Legacy portfolio

As mentioned earlier in the "Competitive positioning" section, Banca CF+ was created in 2021 by the demerger of the debt servicing and debt purchasing businesses. At the demerger date, the assets represented by securitisation notes with underlying exposures (performing and non-performing) were transferred to the demerger beneficiary, with the exception of certain securitisation notes and credit exposures (the "legacy portfolio") retained by the parent. The operational management (definition of the collection strategy, collection management, cash flow estimation, etc.) of the exposures underlying the notes is performed by third-party servicers on the basis of specific agreements.

The legacy portfolio consists of ABS of different seniority (senior, mezzanine and junior) issued by securitisation vehicles with underlying portfolios of non-performing exposures (bad and UTPs related to banking and leasing activities). It also includes some portfolios of credit exposures (performing and non-performing banking and leasing).

Subscription of a financial guarantee contract, the asset protection scheme

In March 2025, the parent signed a ten-year financial guarantee contract (asset protection scheme, "APS") with two counterparties belonging to the group headed by the key shareholder (the guarantors). The contract was subsequently supplemented in June 2025 by the signing of a specific addendum.

The main features of the APS are set out below:
- it covers the asset-backed notes held by the parent, as well as certain legacy portfolio assets recognised directly by the parent in its accounting records;
- the maximum guaranteed amount has been defined for each asset-backed note as €256.7 million;
- the parent paid an upfront premium (the "guarantee fee") of €28.5 million for the ten-year financial guarantee;
- the guarantee is triggered upon the occurrence of specific "note events" provided for in the contract;
- the guarantors are obliged - at the parent's request and upon the occurrence of a note event - to pay an amount under the guarantee to cover any loss incurred by the parent, in accordance with the methods agreed in the contract;
- the maximum guaranteed amount may decrease over time as a result of, on the one hand, any payments actually received by the securitisation SPVs and, on the other, the amounts that the guarantors will pay under the guarantee from time to time;
- any gains associated with the positive performance of individual notes do not offset the negative performance of other notes; therefore, the parent retains the right to claim the relevant compensation from the guarantors.

During 2025, the parent claimed compensation of €10.6 million against the impairment losses recognised under the APS. The parent recognised this amount under "Other operating income" as it had fully collected it at the date of preparation of this report.

The annual portion of the guarantee fee paid up front is €2 million recognised under fee and commission expense.

Legacy portfolio management
In 2025, the group continued to manage these assets through the servicers, to which their management is contractually entrusted, collecting €11.2 million on POCI exposures, as well as €38.1 million on ABS held by the parent and issued by unconsolidated SPVs. As mentioned later in this report, the business plan review of the legacy portfolio ("BP review") performed at 31 December 2025 led to the recognition of net losses of €3.9 million, comprising impairment losses of €2.5 million on assets at amortised cost and fair value losses of €1.4 million on ABS notes measured at fair value that are not fully consolidated.

In June 2025, a securitisation was completed involving the ABS issued by the SPVs Liberio, Rienza and ICR and lease asset portfolios of EBC, Castore and Polluce, whereby the parent sold these assets to Lazzaro SPV (formerly Cassia SPV S.r.l.). The notes issued by Lazzaro SPV, fully subscribed by Banca CF+, were included in the APS scope. From an accounting viewpoint, the transaction qualifies as a self-securitisation as the parent's sale of the assets to Lazzaro SPV did not qualify for derecognition under IFRS 9 as the related risks and rewards were not transferred because the parent subscribed 100% of the notes.

A breakdown of the legacy portfolio at the reporting date is as follows:

(€'000)

Type of investment	Gross carrying amount	Carrying amount			Percentage of gross carrying amount
		Performing	Non-performing	Total	
POCI exposures purchased through SPVs	236,823	-	82,459	82,459	65%
Unconsolidated ABS of the parent	2,653,201	164,915	-	164,915	94%
POCI bank loans purchased directly by the parent	5,041	-	2,189	2,189	57%
POCI leases purchased directly by the parent	204,895	-	947	947	100%
Leases purchased directly by the parent	7,507	2,297	4,578	6,875	8%
Other legacy loans disbursed by the parent	19,922	19,463	-	19,463	2%
Equity ins truments	2,600	2,600	-	2,600	0%
Total	**3,129,989**	**189,275**	**90,173**	**279,448**	**91%**

Funding strategy
The parent has adopted a funding strategy aimed at achieving the best possible cost-risk balance. Accordingly, it ensures it has access to a wide variety of sources of funds and can create the perfect funding mix to avail of the best medium to long-term market conditions.

This diversification is essential to ensure the sound and prudent management of liquidity risk.

Generally speaking, the group's funding strategy is based on:
• financing source stability, in line with the planned conversion of maturities;
• optimised cost of funding while concurrently ensuring diversified sources of funding, reference markets and tools;
• a sufficient volume of high-quality liquid assets, that can also be sold to the markets in difficult times and that are eligible as collateral with central banks to meet any overnight funding requirements;
• financing the parent's growth through strategic fund-raising activities, consistently with its funding profile structure;
• compliance with the regulatory metrics provided for in the risk appetite statement;
• mitigation of liquidity risk by applying market best practices (maintaining an appropriate liquidity buffer in line with its assets) and complying with regulations. Specifically, this objective is achieved as a result of:
- the creation of capital cushions, which include marketable securities eligible for refinancing by central banks;
- a risk and operating limit system;
- diversified sources and channels of funding, counterparties and maturities.

The parent strategically aims to align sources of funding with its core lending business. In addition to funding from retail customer deposits, the parent also draws on a variety of institutional funding sources linked to the interbank market, the repos market and committed credit facilities. This allows it to diversify its funding by product, counterparty and maturity.

The parent's core funding amounts to €2,005 million at 31 December 2025. Specifically, it has the following sources of funds:
• repurchase agreements with banks of €228.5 million, including margins;
• interbank credit facilities of €32.1 million;
• corporate deposits of €110 million (including intragroup deposits of €46 million);
• refinancing operations with the central bank of €80 million;
• retail customers' deposits of €1,600.3 million.

The parent has joined Bank of Italy's Collateral Management System (ABACO) for the collateralisation of eligible exposures.

In 2025, it consolidated retail funding in the German, Dutch and Spanish markets via the Raisin platform and commenced the process to start funding in Ireland.

The debt to equity ratio, the disclosure of which is required by IAS 1.13, is 1.155% at year end and the parent does not have resources that are not recognised in its statement of financial position in accordance with the IFRS.

Developments and investments in technology
In 2025, the group continued its technological development path, confirming the importance of digital innovation and service automation as key enablers for achieving its strategic objectives. The year's activities were geared towards consolidating and making the ICT set-up more structured, while maintaining consistency with the group's digital strategy and strengthening the operational resilience, security and governance of IT services.

In line with the guidelines set out in the 2025 ICT plan, projects were progressively realigned during the year to reflect strategic priorities with a selective and prudent approach. In particular, in the second half of the year, in order to avoid potentially redundant investments given the developments in the operating perimeter, the parent opted to continue projects that had already started and those necessary to comply with regulatory obligations and to guarantee operational continuity. Therefore, it rescheduled or suspended the start of other projects that were not strictly necessary.

During the same six months, the parent continued the process of achieving compliance with Regulation (EU) 2022/2554 (DORA) in a structured manner. This process consists of regulatory, organisational and technological interventions aimed at strengthening digital operational resilience and the management of ICT and security risks. Accordingly, the parent continued to strengthen the IT governance framework and operational processes, including by rationalising the tools supporting IT processes (e.g., ticketing tools, asset inventory tools, etc.).

During the year, the parent further strengthened its oversight and control activities on significant outsourcing, by consolidating a structured approach to the management of relations with key technology suppliers. In this context, it continued to monitor the required strengthening actions, with regular checks of the adequacy of these actions and the documentation produced. It also made significant progress in implementing these actions during the year, in line with the supervisory authority's guidance.

The ICT spending decisions for 2025 were based on sustainability and rationalisation criteria: the overall expenditure forecast for the year is lower than the initial budget, as a combined effect of optimisation actions and project remodelling, without impacting business continuity and the quality of services provided.

Finance & investments
The Finance & Investments Department, set up in 2022, has the following objectives:
i) ensure a balanced and efficient management of liquidity and collateral;
ii) engage in the definition/structuring/management of secured and unsecured funding products;
iii) ensure proactive management of financial assets and the proprietary portfolio.

At 31 December 2025, the banking book is invested in Italian and European government bonds with a residual maturity of no more than 10 years, primarily aimed at optimising the bank's liquidity profile and contributing positively to the generation of net interest income. The carrying amount of securities is €445.1 million, including securities classified in the hold to collect (HTC) portfolio of €403.7 million and in the hold to collect and sell (HTCS) portfolio of €41.4 million.

During the year, the parent recognised gains of €2.3 million on the sale of government bonds classified in the HTC and HTCS portfolios with a nominal amount of €221 million, disposed of prior to their maturity date. This non-recurring and immaterial transaction, in the case of the HTC securities, was undertaken as part of the parent's specific business model assessment policy, aimed at supporting its capitalisation.

At 31 December 2025, the parent hedged fluctuations in the risk-free component used to calculate the discount rate (Ke) for ABS measured at fair value by entering into listed derivatives. In addition, in the first half of the year, it implemented a micro fair value hedge by entering into an interest rate swap, designating BTPs (Italian government bonds) classified in the HTC portfolio as the hedged instruments.

Workforce
Banca CF+ pays great attention to its human capital, a real strength and competitive advantage in delivering service excellence. It aims to ensure a fair gender balance and an inclusive culture within the work environment, allowing for fair and equal growth at all levels.

The group's workforce numbers 215 resources all employed at the parent, of which 85 are women and 130 are men, with an average age of 40.8 years in the year. The workforce increased by 5% (204 employees at 31 December 2024) during 2025, partly due to the entry of resources with the BE TC business unit acquisition.

99% of the parent's employees are on permanent, full-time contracts.

The following two tables show a breakdown of the parent's workforce by professional category and gender/age group:

Workforce by professional category and gender		
Professional category	**31/12/2025**	**31/12/2024**
Managers	**9%**	**10%**
Men	85%	80%
Women	15%	20%
Junior managers	**51%**	**49%**
Men	69%	68%
Women	31%	32%
White collars	**40%**	**41%**
Men	44%	43%
Women	56%	57%

Workforce by professional category and age group		
Professional category	31/12/2025	31/12/2024
<30 years	**8%**	**9%**
Managers	0%	0%
Junior managers	6%	5%
White collars	94%	95%
Between 30 and 50 years (inclusive)	**74%**	**74%**
Managers	8%	9%
Junior managers	52%	50%
White collars	40%	41%
> 50 years	**18%**	**17%**
Managers	18%	21%
Junior managers	67%	68%
White collars	15%	12%

Attention to the wellbeing and safety of employees is one of the key principles of Banca CF+'s strategy, aware that its growth is closely linked to the satisfaction, enhancement and protection of its employees.

To this end, the parent has adopted a set of concrete initiatives aimed at improving the quality of its employees' working life and facilitating their work-life balance, differentiated according to the characteristics of their role and work organisation. In 2025, it strengthened this commitment through partnerships with Valore D and Fondazione Libellula, which made it possible to expand the training offer on inclusion, gender equality and harassment prevention, through specific dedicated courses.

Specifically:
• Time flexibility: possibility to choose their start times to facilitate the management of personal and family needs.
• Remote work: accessible to all employees, with an extension - from 2025 - of up to 12 days per month for all staff.
• Workplace wellbeing initiatives: a package of initiatives to promote health and safety, including health insurance policies that can be extended to the family unit, periodic medical check-ups and supplementary pension schemes.
• Training: targeted programmes for the various positions (workers, supervisors, managers, emergency workers, prevention and protection officers, safety officers, etc.), to ensure continuous updating on and expertise in safety and prevention matters, including courses developed with the above-mentioned partners to consolidate an inclusive and respect-based culture.
• Ethics and inclusion: a set of tools and policies aimed at promoting a fair and respectful working environment, including the Code of Ethics, the Diversity & Inclusion Committee, D&I Policy, the Anti-harassment Policy, anonymous and secure whistleblowing channels and the psychological support service to ensure employees' wellbeing.

These actions testify to Bank CF+'s commitment to promoting a healthy, inclusive and sustainable working environment, where wellbeing, safety and respect for people represent fundamental and non-negotiable values.

Financial performance and position

This section contains comments on the main income statement and statement of financial position figures for the year. A more specific view by business segment is provided in the "Financial performance by business segment" section.

Financial performance

(€m)

Reclassified income statement	31/12/2025	31/12/2024	Variation	Variation %
Net interest income	62.0	60.0	1.9	3.2%
Net fee and commission income	1.0	1.3	(0.3)	-24.0%
Net trading income	5.1	0.7	4.5	>100%
Net hedging income (expense)	(0.0)	-	(0.0)	-100%
Net gain from sales or repurchases of financial assets	2.7	0.7	2.0	>100%
Net gain on other financial assets and liabilities at fair value	0.5	2.1	(1.6)	-77.0%
Total income	**71.2**	**64.8**	**6.5**	**10.0%**
Net impairment losses for credit risk	(24.4)	(22.9)	(1.5)	6.7%
Administrative expenses:	(51.2)	(50.6)	(0.6)	1.2%
a) personnel expense	*(30)*	*(27)*	*(2)*	*9.2%*
b) other administrative expenses	*(22)*	*(24)*	*2*	*-7.9%*
Net reversals of provisions for risks and charges	(0.8)	0.0	(0.8)	<-100%
Depreciation and net reversals of impairment losses on property, equipment and investment property	(1.5)	(1.8)	0.3	-16.5%
Amortisation and net impairment losses on intangible assets	(3.4)	(3.3)	(0.1)	4.0%
Other operating income, net	11.9	2.7	9.2	>100%
Pre-tax profit (loss)	**1.7**	**(11.1)**	**12.9**	**<-100%**
Income taxes	23	0	22	>100%
Profit (loss) for the year	**24.2**	**(11.0)**	**35.2**	**<-100%**
Profit (loss) attributable to non-controlling interests	-	-	-	0.0%
Profit (loss) attributable to the owners of the parent	**24.2**	**(11.0)**	**35.2**	**<-100%**

The group made a **profit** of €24.2 million for the year compared to a loss of €11.0 million at 31 December 2024.

Before taxes, substantially attributable to the recognition of deferred tax assets discussed below, the **profit** amounted to €1.7 million, compared to the pre-tax loss of €11.1 million reported in 2024, despite including certain non-recurring costs of €1.8 million related to the launch of the tender and exchange offer for Banca Sistema. Excluding these non-recurring costs, the pre-tax profit would have been €3.5 million.

The positive turnaround in the profit for the year compared to the previous year was mainly driven by the following aspects:
- neutralisation of the impact of the losses recognised during the year on investments in ABS and NPEs inherited from the demerger of the former Credito Fondiario S.p.A. (the "legacy portfolio" or "legacy segment"), which had weighed heavily on the previous year's loss, as a result of the APS covering a large part of the legacy portfolio. The guarantee contract essentially provides that the parent is compensated for impairment losses related to revisions to expected cash flows, while the parent continues to recognise the effects of impairment gains to the extent they reverse impairment losses not previously compensated, as well as any impacts arising from purely market factors (i.e., interest rate curve trends). With respect to the tests performed at 31 December 2025, net impairment losses on the legacy portfolio, determined through a complex process of revising expected cash flows (the "BP review"), amounted to €2.6 million (including impairment losses of €10.9 million and impairment gains of €8.3 million). The activation of the APS almost entirely neutralised the impairment losses, with compensation of €10.6 million, recognised under other operating income. For the sake of completeness, it should be noted that the €2 million guarantee fee for 2025 was recognised under "Fee and commission expense";
- a positive financial performance, with reclassified total income (see the "Financial performance by business segment" section for more information on management reclassifications) of €75.3 million, compared to €64.7 million in 2024 (+16%), characterised by the growing contribution of the Factoring business line (+25% turnover vs 2024) and Tax assets/ Superbonus business line (>2x volumes purchased vs 2024) - which offset a reduction in average volumes in the Finance business line - as well as the contribution of the Investment business line, including profits from the sale of part of the government bond portfolio (€2.3 million). The cost of funding decreased (-0.8 p.p.) mainly due to the fall in market rates despite the growth in average volumes to support business development;
- the cost of risk attributable to loans and receivables with customers other than the Legacy portfolio (i.e., state-backed loans, tax assets and factoring) increased in 2025, mainly due to some individually significant exposures and to the greater resort to the negotiated settlement of business crises procedure by companies in financial difficulty compared to the previous year. Overall, the cost of risk for 2025 stands at 202 bps (165 net of individually significant positions) compared to 90 in 2024. The caption also includes accruals of €0.9 million to the provisions for risks and charges to cover the operational risk on disputes in the Tax assets business line;
- as mentioned earlier, non-recurring items include the parent's recognition of deferred tax assets of €22.6 million on tax losses, ACE and other previously unrecognisable deductible temporary differences, following the positive outcome of the probability test performed in accordance with IAS 12. The assessments conducted for this test did not consider the possible positive effects of the completion of the tender and exchange offer for Banca Sistema. From a prudential perspective, the income arising from the recognition of previously unrecognisable deferred tax assets, while being included in own funds, is entirely neutralised by an equal deduction for the deferred tax assets recognised at the same time;
- non-recurring items again include costs of €1.8 million related to the launch of the tender and exchange offer for Banca Sistema.

An analysis of the key income statement captions is provided below with the variations compared to the previous year.

Net interest income amounts to €62 million compared to €60 million in 2024. Interest income of €120.6 million (€123.1 million in 2024) mostly refers to financing. The decrease on 2024 is attributable to the contraction of the legacy portfolio and financing, as shown below:

(€m)	31/12/2025	31/12/2024
Guaranteed finance	53.63	57.22
Legacy - consolidated portfolios	10.2	11.76
Legacy - unconsolidated portfolios	11.91	14.62
Legacy - banking book	2.27	2.43
Factoring	7.30	6.35
Tax assets (Crediti Fiscale + and Fairway)	16.01	16.83
Tax assets (110 superbonus)	2.03	0.91
Liquidity and investments	17.43	12.94
Total	**120.61**	**123.07**

Interest expense of €58.6 million (€63 million in 2024) mainly refers to online deposits from retail customers "DOL" (€37.7 million compared to €40.4 million in 2024), repos and interbank and corporate deposits/financing (€16.8 million compared to €15.1 million in 2024) and securities issued (€4.4 million, of which €3.7 million related to the subordinated bonds issued by the parent in October 2023). The decrease compared to 2024 is mainly attributable to the reduction in the cost of core funding from 3.5% in 2024 to 2.8% in 2025, driven by the fall in market rates, partially offset by growth in average volumes (+10% compared to 2024).

Net fee and commission income amounts to €1 million compared to €1.3 million in 2024. The caption mainly includes commissions of €5.3 million and €2.1 million, respectively, related to the factoring business and on financing not included in the amortised cost, net of commissions paid to agents and brokers. Fee and commission expense includes fees and commissions paid by the SPVs to external servicers for their roles in the respective securitisations (€1.9 million), those paid by the parent to the DoValue Group for activities outsourced to it since 1 August 2021 (€0.2 million), as well as €1.9 million paid to third parties that assist the parent with its online deposit collection activities. Fee and commission expense also includes the portion of the cost for the year of €2 million relating to the APS financial guarantee contract.

Net gains on the sale of financial assets (€2.7 million) mostly refer to the gains on the sale of government bonds classified in the HTC and HTCS portfolios prior to their maturity (€2.3 million).

Net trading income of €5.1 million includes:
- income of €4.9 million from 110% superbonus tax assets purchased by the parent for resale, of which €3.6 million has already been realised and €1.2 million has been recognised as a fair value gain;
- income of €0.8 million on the trading of options on government securities;
- expense of €0.5 million related to the settlement of the option signed in 2018 for the acquisition of BE TC S.r.l.. The parent finalised the acquisition of a business unit from BE TC S.r.l. in January 2025, as a result of which, the above-mentioned option was terminated.

The **net gain on other financial assets and liabilities at fair value through profit or loss** of €0.5 million (€2.1 million in 2024) includes fair value gains of €1.4 million on the ABS issued by the unconsolidated companies and fair value losses of €0.9 million on liabilities recognised by the parent.

The net gain for 2024 had benefited from the non-recurring earn-out on an ABS of €5 million.

Total income amounts to €71.2 million compared to €64.8 million for the previous year.

Net impairment losses amount to €24.4 million compared to €22.9 million in 2024. They include:
- net individual impairment losses of €16.1 million on stage 3 loans and guaranteed finance products;
- impairment losses on factoring assets of €4.8 million, almost entirely classified as stage 3;
- net impairment losses of €7.9 million on unconsolidated ABS;
- impairment losses of €0.3 million on tax assets;
- net individual impairment losses of €5.3 million on the parent's and consolidated SPVs' POCI portfolios;
- collective impairment gains of €0.6 million on the parent's performing financing and guaranteed finance products.

The individual impairment losses on guaranteed finance and factoring products reflect their transfer to stage 3 during the year. The individual impairment gains on the POCI portfolios acquired by the parent directly or through SPVs were determined on the basis of the business plan review performed at 31 December 2025.

Administrative expenses of €51.2 million (€50.6 million in 2024) consist of personnel expenses (€29.5 million compared to €27.1 million in 2024) and other administrative expenses (€21.7 million compared to €23.5 million in 2024). Variable remuneration, including social security contributions, amounts to €2.3 million (€2.5 million in 2024). Other administrative expenses include costs of €1.6 million specifically referring to the tender and exchange offer for the Banca Sistema shares, whose total costs for the year were estimated at €1.8 million.

The increase in personnel expenses reflects the greater number of employees up from 204 at 31 December 2024 to 215 at 31 December 2025, partly due to the acquisition of the BE TC business unit (11 resources).

The reduction in other administrative expenses is related to the recovery of expenses, smaller contribution to the Interbank Deposit Protection Fund and smaller marketing, consulting and licence/platform fees.

Net accruals to provisions for risks and charges of €0.8 million mainly include the amount accrued for the operating risk associated with tax assets acquired through the consolidated companies Crediti Fiscali + and Fairway for which a tax dispute is pending with Revenue of Agency.

Amortisation, depreciation and net reversals of impairment losses on property, equipment and investment property and intangible assets amount to €5 million (€5.1 million in 2024). The caption mostly consists of the depreciation of right-of-use assets recognised in accordance with IFRS 16 (€1.1 million, offices in Rome and Milan, printers and cars), amortisation of software (€3.4 million, including that obtained with the acquisition of Fifty and the Credimi business unit) and depreciation of property and equipment (€0.4 million).

Other net income amounts to €11.9 million. Other income includes, inter alia, the compensation of €10.6 million paid to the parent under the APS financial guarantee contract and the compensation of €0.5 million for factoring assets.

The group's **pre-tax profit** comes to €1.7 million (loss of €11.1 million in 2024).

The group recognised income **tax** income of €22.5 million, of which €21.6 million related to the parent and €0.9 million to the release of deferred tax liabilities recognised on the SPVs' results and consolidation entries. Based on the probability test approved by the Board of Directors, the parent recognised deferred tax assets on tax losses and ACE of €22.7 million, as well as tax expense on the profit for the year of €1.1 million.

The **profit** for the year of €24.2 million is entirely attributable to the owners of the parent.

Statement of financial position

(€m)

Stato patrimoniale	31/12/2025	31/12/2024	Variation	Variation %
Cash and cash equivalents	160	100	60	60%
Financial assets	1,854	1,792	62	3%
Financial assets held for trading	*0*	*1*	*(1)*	*-98%*
Other financial assets mandatorily measured at fair value	*142*	*86*	*56*	*65%*
Financial assets at fair value through other comprehensive income	*44*	*9*	*35*	*>100%*
Loans and receivables with customers at amortised cost	*1,667*	*1,696*	*(29)*	*-2%*
Hedging derivatives	*1*	*-*	*1*	*100%*
Loans and receivables with banks	12	11	1	9%
Equity investments	-	-	-	
Property, equipment and investment property and intangible assets	12	17	(5)	-29%
Tax assets (current and deferred)	40	15	25	>100%
Sundry assets	183	23	161	>100%
Total assets	**2,263**	**1,959**	**304**	**16%**
Funding and other financial liabilities	2,040	1,818	222	12%
Due to banks	*309*	*433*	*(125)*	*-29%*
Due to customers	*1,700*	*1,353*	*346*	*26%*
Securities issued	*29*	*28*	*1*	*2%*
Financial liabilities held for trading	*0*	*0*	*(0)*	*-87%*
Liabilities at fair value	*3*	*3*	*(1)*	*-17%*
Tax liabilities	5	4	1	14%
Other liabilities	40	35	5	15%
Post-employment benefits	0	0	0	3%
Provisions for risks and charges	1	0	1	>100%
Equity	**177**	**101**	**76**	**75%**
Share capital	39	39	-	0%
Equity instruments	39			
Reserves	74	73	1	2%
Equity attributable to non-controlling interests	-	-	-	-
Profit (loss) for the year	24	(11)	35	<-100%
Total liabilities and equity	**2,263**	**1,959**	**304**	**15%**

Total **assets** amount to €2,263 million compared to €1,959.3 million at 31 December 2024.

Investments in debt and equity instruments amount to €676.6 million compared to €656.2 million at 31 December 2024, including:
- ABS of €77.9 million issued by the unconsolidated vehicles and measured at fair value (junior and mezzanine notes of Gardenia, Redaia, Rienza, Palatino, Bramito, Domizia, Vette, Restart, ICR and Appia that did not pass the SPPI test);
- ABS of €87 million issued by the unconsolidated vehicles and measured at amortised cost (senior and mezzanine notes of Bramito, Palatino, Domizia, Vette, ICR and Luzzatti that passed the SPPI test);
- government bonds of €403.7 million held by the parent and classified as HTC under financial assets at amortised cost;
- government bonds of €41.4 million held by the parent and classified as HTCS under financial assets at fair value through other comprehensive income;
- participating financial instruments at fair value through other comprehensive income of €2.6 million;
- OEIC units of €64 million subscribed in connection with the sale of the portfolio of guaranteed non-performing exposures with a substantially similar carrying amount to the Lounge Rises Fund, which was completed in December 2025.

The increase of €20.4 million compared to 31 December 2024 is mainly attributable to the investment in OEIC units (€64 million), partly offset by the net decrease in government bonds (€9.5 million compared to 31 December 2024, considering both the HTC and HTCS portfolios) and to the collections on ABS issued by unconsolidated SPVs (€21.9 million on securities at amortised cost and €16.2 million on securities at fair value).

Loans and receivables, classified as financial assets at amortised cost, amount to €1,176.7 million at 31 December 2025 (€1,135.3 million at 31 December 2024) and consist of:
- loans and receivables with customers of €255.7 million purchased through securitisation vehicles (including tax assets of €173.1 million purchased by Crediti Fiscali+ and Fairway and POCI non-performing exposures of €82.6 million purchased by Ponente SPV, New Levante SPV, Cosmo SPV, Aventino SPV and Liberio SPV);
- POCI bank loans of €2.2 million purchased directly by the parent;
- lease portfolios of €7.8 million purchased directly by the parent;
- loans and guaranteed finance products of €713.7 million disbursed by the parent;
- factoring loans of €197.2 million disbursed by the parent.

The increase compared to 31 December 2024 (€41.4 million) is mainly attributable to the tax assets purchased by the parent of €213.6 million (up €80 million net of 2025 collections) and factoring assets (up by a net €27 million), while finance products decreased by €106 million, due to the slowdown in lending and the sale of non-performing exposures to the Lounge Rises Fund in December 2025.

In 2025, the SPVs collected €160 million on consolidated portfolios, of which €148.8 million related to tax assets.

The **net interbank balance** is a negative €135.8 million at 31 December 2025 compared to a negative €321.6 million at 31 December 2024. **Cash** held with banks amounts to €160 million at 31 December 2025 (€100.2 million at 31 December 2024), including deposits with Bank of Italy (€147.5 million). In addition to cash belonging to the parent, the caption includes cash held by the consolidated companies (€7.2 million). **Due to banks** totalling €308.6 million (€433.2 million at 31 December 2024) mainly comprises repurchase agreements entered into by Banca CF+ on securities in its portfolio for a total of €227.6 million (€252.9 million at 31 December 2024) and ordinary advances from Bank of Italy of €80 million (€180.3 million at 31 December 2024).

Hedging derivatives amount to €0.9 million at 31 December 2025 and include an interest rate swap with a positive fair value entered into as part of the micro fair value hedging strategy launched in the second quarter of 2025. The hedged items are BTPs classified in the HTC portfolio. The fair value gains or losses on the hedged items are recognised directly as an adjustment to the amortised cost of the bonds under loans and receivables with customers. The net amount recognised in profit or loss is close to zero.

Property, equipment and investment property and intangible assets amount to €12.4 million (€17.4 million at 31 December 2024).

Property, equipment and investment property include the right-of-use assets recognised in accordance with IFRS 16 (the leased Rome and Milan offices and cars and printers for a total of €2.7 million). The value in use and related lease liability for the Rome office were revised in the third quarter of the year to account for the change to the lease contract (reduction of €1.2 million). Completion of the acquisition of the business unit of BE TC S.r.l. led to the recognition of goodwill of €0.5 million under intangible assets. Intangible assets also comprise goodwill related to the acquisition of Be Credit Management S.p.A. (€0.9 million) and goodwill and the intangible asset recognised as part of the PPA procedure for the acquisition of Fifty S.r.l. (€1.3 million and €0.6 million net of amortisation, respectively) at 31 December 2021. The caption also includes the carrying amount of the software acquired in 2024 with the Credimi business unit (€4.2 million at 31 December 2025, net of amortisation).

Other assets of €183.4 million include:
- a tax asset arising from a co-investment transaction for the purchase of an IRES asset from a leading operator in the Italian energy sector (€90.9 million);
- the 110% superbonus tax assets of €50 million purchased directly by the parent, which include assets of €32.2 million purchased for resale to third parties and classified in the "other" business model (fair value through profit or loss), and assets purchased for netting purposes (€17.8 million);
- the deferred part of the upfront premium (€26.5 million) paid by the parent for the APS covering ABS of the Legacy portfolio. The contract was signed on 21 March 2025 (and supplemented on 25 June 2025) with two counterparties belonging to the group headed by the key shareholder;
- the compensation due from the guarantors recognised in the second half of 2025 under the APS, collected in February 2026 (€8.8 million).

Tax assets of €40.1 million (€15.2 million at 31 December 2024) comprise current tax assets of €11.9 million and deferred tax assets of €28.2 million.

Current tax assets mostly refer to payments on account made by the parent, principally for stamp duties (€3.7 million), withholding taxes on interest (€7.6 million) and substitute taxes on loans (€0.3 million).

Deferred tax assets relate entirely to the parent and include €24.8 million on carryforward tax losses, the **ACE** (Aid for Economic Growth) benefit (€2.4 million), impairment losses on loans and receivables deductible over more than one year in accordance with Law no. 214/2011 (€0.2 million), the remaining deductible amounts of the goodwill arising on the mergers of Fifty and BECM, for which the parent paid a substitute tax in 2022 to align the carrying amount and tax base (tax redemption) (€0.5 million) and other deductible temporary differences that arose during the year (€0.3 million).

Liabilities include:
- due to customers of €1,699.8 million (€1,353.4 million at 31 December 2024), which mainly include the parent's funding through online deposits from retail customers of €1,600.3 million (€1,276.9 million at 31 December 2024), of which deposits for which the time deposit letter had either been signed or had not been signed of €339.6 million and €1,260.7 million, including accrued interest, respectively, pegged to an average fixed rate of 2.8%. Due to customers also includes a loan from Cassa Depositi e Prestiti of €32 million and deposits from corporate customers of €110 million;
- securities issued of €28.9 million, of which €3.4 million related to the portion of notes issued by the consolidated vehicle Liberio SPV, held by third parties, and €25.5 million, including accrued interest, related to the subordinated bonds issued by the parent on 13 October 2023, which have a nominal amount of €25 million and bear interest at a rate of 14.5%. The bonds qualify as a Tier 2 capital instrument in accordance with the provisions of Regulation (EU) no. 575/2013 ("CRR", Capital Requirements Regulation) and Bank of Italy Circular no. 285 of 17 December 2013.

Financial liabilities at fair value through profit or loss amount to €2.8 million at 31 December 2025 (€3.4 million at 31 December 2024) and mostly comprise liabilities recognised for deferred prices related to the former Artemide portfolio and the Crediti Fiscali+ portfolio due to Fire and BE TC S.r.l., respectively.

Tax liabilities of €4.5 million (€4 million at 31 December 2024) include current tax liabilities of €1.7 million recognised by the parent and deferred tax liabilities of €2.8 million, mostly recognised on the SPVs' segregated assets' profits or losses (€2.5 million). The remainder (€0.3 million) relates to tax liabilities recognised by the parent on the fair value gain arising on Credimi's intangible asset following completion of the PPA procedure.

With respect to the parent's current tax liabilities, it recognised a liability of €1.1 million for the substitute tax to be paid, by 30 June 2026, to release the restricted reserves for the windfall tax, recognised with a balancing entry in equity.

Equity amounts to €176.9 million, of which €0.008 million is attributable to non-controlling interests, and includes the profit for the year, compared to €101.3 million at 31 December 2024.

At the reporting date, in addition to the profit for the year, equity includes the effects of the capital measures carried out during the year, namely a €15 million capital injection by Tiber Investments 2 S.à.r.l on 29 April 2025 and the issue of Additional Tier1 ("AT1") bonds of €39 million (net of the related issue costs) in November 2025.

Equity also includes the consolidated vehicles' reserves of €4.6 million.

Reconciliation between equity and the profit for the year of the parent with those of the group

(€'000)

	Equity	Profit (loss) for the year
As per the separate financial statements	**172,258**	**26,593**
Consolidated vehicles	4,659	(2,346)
As per the consolidated financial statements	**176,916**	**24,247**
Non-controlling interests	**8**	**-**
As per the consolidated financial statements (owners of the parent)	**176,908**	**24,247**

Financial performance by business segment

In order to provide a better understanding of the group's figures, this section includes tables with a breakdown by business segment in accordance with the new methodology set out in the segment reporting policy, approved by the parent's Board of Directors in 2025. The policy provides for the allocation of the financial figures using standard criteria, which makes it possible to intercept revenue, cost and asset items specific to each segment. In this way, the parent is able to make plans for each of these items and, at the same time, to monitor the segments' performance against planned objectives.

The tables present the business lines and central functions separately. The first segment is the sum of the Financing, Factoring, Tax assets, Investments and Legacy segments, while the second consists of Corporate Centre and Treasury. At this level, the cost base is allocated according to the methodology defined by the segment reporting policy which provides for the separation of costs associated with business functions (directly or indirectly) from central costs. The cost of funding is determined by applying the FTP methodology.

Specifically, the business lines segment combines the following business lines:

– **Financing**: business activities related to MCC/SACE/FEI-backed financing products designed for Italian SMEs and distributed through a network of credit brokers;

– **Factoring**: business activities designed to meet the short-term liquidity and working capital optimisation needs of SMEs;

– **Tax assets**: the business activity related to the purchase of tax assets, including the results of the related securitisation vehicles. It has three products with different profitability characteristics and expected collection times: low yield, high yield and tax incentive assets;

– **Investments**: the proactive management of the government bond portfolio carried out independently by the treasury desk;

– **Legacy**: the portion of assets being run-off, such as the portfolio of securitised ABS with underlying non-performing exposures, non-performing exposures recognised directly in the statement of financial position or held by the consolidated SPVs, deriving from the pre-demerger period and held by the then Credito Fondiario S.p.A.. The segment's activity consists of optimising the recovery of exposures, managed by external servicers, until the complete extinction of the portfolio.

The assets included in the central functions segment mostly consist of liquidity which is managed on a centralised basis and some other immaterial assets. Revenue essentially includes the amounts estimated using the FTP methodology, which, in turn, represent the cost of funding the business lines segment.

Costs include those items that can be classified as central costs and therefore cannot be allocated either directly or indirectly to the business lines segment.

Breakdown by business segment: income statement

(€m)

Key figures	CF+ Group		Business lines		Central functions	
	dec-24	dec-25	dec-24	dec-25	dec-24	dec-25
Net interest income (expense)	59.6	62.9	62.9	64.7	(3.3)	(1.8)
Net fee and commission income (expense)	2.2	4.9	2.0	5.1	0.2	(0.2)
Other income (expense), net	2.9	7.5	2.9	8.0	(0.0)	(0.5)
Total income (expense)	**64.7**	**75.3**	**67.8**	**77.8**	**(3.1)**	**(2.5)**
Net impairment gains (losses)	(9.0)	(22.0)	(8.9)	(22.2)	(0.0)	0.2
Net financial income (expense)	**55.8**	**53.3**	**58.9**	**55.6**	**(3.1)**	**(2.4)**
Personnel expense	(27.1)	(29.5)	(19.5)	(21.5)	(7.5)	(8.0)
Other administrative expenses	(23.5)	(20.1)	(19.8)	(18.7)	(3.7)	(1.4)
Amortisation, depreciation and impairment losses	(5.1)	(4.9)	(4.9)	(4.8)	(0.2)	(0.1)
Other operating income (costs), net	1.8	(1.2)	1.7	(1.1)	0.1	(0.1)
Operating costs	**(53.9)**	**(55.7)**	**(42.6)**	**(46.1)**	**(11.4)**	**(9.6)**
Non-recurring operating costs	**0.0**	**(1.8)**	**0.0**	**0.0**	**0.0**	**(1.8)**
Total operating costs	**(53.9)**	**(57.5)**	**(42.6)**	**(46.1)**	**(11.4)**	**(11.4)**
Legacy impairment and APS	**(13.0)**	**6.0**	**(13.0)**	**6.0**	**0.0**	**0.0**
Pre-tax profit (loss)	**(11.1)**	**1.7**	**3.4**	**15.5**	**(14.5)**	**(13.8)**

During 2025, the group recognised reclassified total income of €75.3 million, of which income of €77.8 million attributable to the business lines segment and expense of €2.5 million to the central functions segment.

The increase in the business lines segment's income was driven by growth in business volumes (total assets of €2.3 billion, +16% compared to 2024) across all products, particularly in factoring (+16%) and tax asset products (around 3x). The gross return[3] decreased to 8.2% from 9.1% for 2024, mostly due to the downwards trend in market interest rates. The cost of core funding decreased by about 80 bps over the year to 2.8%, reflecting the reduction in market rates and a higher proportion of the short-term retail funding, which is less costly than other forms of funding.

(3) Calculated by comparing gross revenue (interest income + net fee and commission income + other income) to average volumes for the year for guaranteed finance and factoring products and tax assets.

With respect to the Legacy portfolio, the overall net positive impact was €6.0 million (negative by €13.0 million in 2024), reflecting the €10.6 million compensation received under the APS, net losses of €2.6 million arising from the BP review and the €2.0 million APS premium for the year.

The group developed new business of €1,488 million in the year compared to €1,205 million in 2024 (+23%) and in particular:
- Guaranteed finance: around €294 million was disbursed compared to €352 million in 2024 (when the group factored loans of around €100 million approved in the last quarter of 2023), with approximately 67% backed at origination. This percentage is in line with the previous year (68%);
- Factoring: turnover of €793 million compared to €638 million in 2024 (+24%);
- Tax assets: purchased tax assets of €400 million compared to €215 million in 2024, which included a multi-year single name transaction (low yield) of approximately €90 million completed in December.

With respect to the operating costs, following the revision of the segment reporting policy approved in August 2025, the criteria for allocating indirect costs were revised and updated using two main drivers:
• average stock YTD, which reflects the business lines' operational size;
• average FTE YTD, which measures the degree of utilisation of human resources shared among the departments.

The main effect of applying these drivers was to reduce the share of costs previously allocated to the central functions segment and to provide a more accurate representation of the business segments' profitability.

Total personnel expenses for the year amount to €29.5 million, of which €21.5 million related to the business lines segment and €8.0 million to the central functions segment. This caption increased by about €2.5 million compared to the same period of 2024 (+9%), with the rise in employees (from 204 FTE to 215 FTE in 2024) mainly to develop the business lines segment.

Other administrative expenses (incurred by the parent as part of its ordinary operations) amount to €20.1 million, of which €18.7 million related to the business lines segment and €1.4 million to the central functions segment. Net of non-recurring costs, other administrative expenses decreased by approximately €3.4 million compared to 2024, in line with the guidelines aimed at revising and containing the cost base defined in the second half of 2025.

Finally, non-recurring operating costs of €1.8 million incurred as part of the Banca Sistema transaction are added to operating costs of €55.7 million for the year. Total operating costs thus amount to €57.5 million.

The year-on-year increase in total income (€10.5 million) more than offset the increase in the cost base of €3.6 million. The normalised cost/income ratio (calculated by dividing only expenses related to the parent's ordinary operations by total income) decreased significantly from 83% in 2024 to 74% in 2025.

The parent's net impairment losses amount to €22.0 million (including impairment losses of €22.2 million in the business lines segment and impairment gains of €0.2 million in the central functions segment). The larger losses and accruals recognised in 2025 are mainly attributable to:
– more detailed testing of the secured finance products (heavily impacted by the impairment losses of €3.8 million on the perimeter under assessment by Bank of Italy);
– the reclassification of a large factoring position to UTP;
– accruals for outstanding disputes recognised during Bank of Italy's audit of tax assets.

The cost of risk (CoR)[4] increased from 89 bps in 2024 to 207 bps in 2025. As described earlier, this growth is due to both some individually significant exposures and, more generally, to the greater resort in 2025 to the negotiated settlement of business crises procedure by companies in financial difficulty compared to the previous year.

At 31 December 2025, the carrying amount of stage 3 exposures is €58 million, down on the 31 December 2024 balance of €75 million. This reduction is attributable to the closing in December 2025 of the non-recurring transaction, involving the sale of guaranteed finance exposures with a carrying amount of approximately €64 million (classified as UTP/bad exposure) to an alternative investment fund, in exchange for the subscription of units in the fund (the Lounge Rises transaction).

(4) Calculated by comparing net impairment losses to the average volumes for the year of guaranteed finance and factoring products and tax assets.

The NPE coverage ratio is 20.1% (16.7% in 2024). The net NPE ratio (calculated considering guaranteed finance and factoring products and tax assets) decreased during the year to 4.9%.

Key figures	CF+ Group		Business lines		Central functions	
	dec-24	dec-25	dec-24	dec-25	dec-24	dec-25
Net NPE ratio	7.2%	4.9%	7.2%	4.9%		
Net NPE ratio ex. guaranteed portion	0.3%	1.2%	0.3%	1.2%		
NPE coverage ratio	16.7%	20.1%	16.7%	20.1%		
Recurring cost/income ratio	83%	74%	83%	74%		

Breakdown by business segment: statement of financial position (€m)

Key figures	CF+ Group		Business lines		Central functions	
	dec-24	dec-25	dec-24	dec-25	dec-24	dec-25
Total assets	**1,959**	**2,263**	**1,814**	**1,998**	**145**	**265**
Financial assets	1,043	1,204	1,043	1,204	0	0
Government bonds	455	445	455	445	0	0
Other	462	614	317	349	145	265
RWA	**633**	**694**	**608**	**655**	**24**	**39**
Credit RWA	536	612	511	573	24	39
Operational RWA	97	82	97	82	0	0

At 31 December 2025, total assets amount to €2.3 billion, including financial assets of €1.2 billion (excluding the legacy segment) and government bonds of €445 million. Financial assets comprise:
• Guaranteed finance: €692 million compared to €761 million at 31 December 2024;
• Factoring: €197 million compared to €170 million at 31 December 2024;
• Tax assets: €314 million compared to €111 million at 31 December 2024, including 110% superbonus tax assets of €50 million.

Other events that took place during the year

Deferred tax assets

The amount of deferred tax assets that could be recognised in the separate and consolidated financial statements at 31 December 2025 was calculated using the probability test required by IAS 12. The test criteria and methods, which required the involvement of independent experts, are described in Part B - Section 11 - "Tax assets and liabilities – Caption 100 of assets and Caption 60 of liabilities" of the notes.

Based on the results of the probability test, approved by the parent's Board of Directors on 11 February 2026, the parent recognised net deferred tax assets of €22.6 million in its separate and consolidated financial statements, in addition to €5.6 million recognised in prior years.

Release of reserve as per Decree law no. 104/2023
Article 26 of Decree law no. 104/2023 introduced, only for 2023, a windfall tax on extra profits of Italian banks (or Italian permanent establishments of foreign banks) equal to 40% of the positive difference between the net interest income shown in their 2023 financial statements and that recognised in their 2021 financial statements, increased by 10%, subject to a cap of 0.26% of the total risk exposure amount on an individual basis, determined pursuant to article 92.3/4 of Regulation (EU) no. 575/2013 at the reporting date of the year prior to that in progress on 1 January 2023. When Decree law no. 104/2023 was converted into law, the Italian legislator added paragraph 5-bis, giving banks the option, in lieu of paying the tax, to allocate to a non-distributable reserve an amount equal to 2.5 times the windfall tax. Should the reserve subsequently be distributed, the bank would be required to pay the tax increased by interest accruing from the expiry of the ordinary payment deadline, at the ECB deposit facility rate.

When filing the tax return for 2023 and in line with the intention expressed by the shareholders at their meeting held to approve the separate financial statements at 31 December 2023, the parent placed a non-distributable restriction over the share premium (€0.9 million) and the legal reserve (€3.2 million) equal to 2.5 times the tax due (€1.6 million).

The recently approved 2026 Budget Law has introduced significant changes to the provisions of Decree law no. 104/2023. Specifically:
- starting with the annual reporting period commencing after 1 January 2028, should a bank distribute profits, including interim dividends, or reserves, regardless of any shareholders' resolution, the "restricted" reserve is presumed to be distributed first, thus triggering the obligation to pay the windfall tax;
- however, for years up to and including the one in progress on 31 December 2028, a bank may elect to pay a substitute tax on the "restricted" reserve at a rate of 27.5% of the reserve existing at the end of the year in progress on 31 December 2025 or 33% of the reserve existing at the end of the year in progress on 31 December 2026. Payment of this substitute tax therefore allows the bank to settle its tax liability, with an increased reduction if the payment is made (in June 2026) using the reserve existing at 31 December 2025.

Taking the above into account, the parent's Board of Directors resolved to release the restricted reserves recognised at 31 December 2025 (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75 equal to 27.5% of the restricted reserves), recognised through an equity reserve (caption 150 of liabilities). It also resolved to propose to the shareholders, at a meeting scheduled for April 2026, as a specific agenda item to be discussed before the approval of the separate financial statements at 31 December 2025, that they authorise the release and the consequent payment of the tax due in a single instalment by 30 June 2026.

Bank of Italy audit
On 24 February 2025, Bank of Italy commenced an audit of the bank and the group, pursuant to articles 54 and 68 of Legislative decree no. 385 of 1 September 1993. As a result of its work completed on 9 May 2025, Bank of Italy notified the parent of its audit report on 17 July 2025. The report did not identify any critical elements. The parent also implemented and informed the supervisory authority of its remedial plans with respect to the aspects indicated in the audit report.

Events after the reporting date

No adjusting events (as per the definition of IAS 10.8) took place in the period from the reporting date to the date of approval of these consolidated financial statements that would have required the parent to adjust the amounts recognised in the consolidated financial statements.

Reference should be made to the "Ownership structure" section of the Directors' report for information on Tiber 2's merger into EIHC.

The "Voluntary tender and exchange offer for all the shares of Banca Sistema" section sets out the outcome of the offer.

Business opportunities and going concern

The parent's directors have prepared the consolidated financial statements at 31 December 2025 on a going concern basis as there are no doubts about the group's ability to continue as a going concern in the foreseeable future and for beyond 12 months from the reporting date.

During 2025, the parent and the group continued the growth path undertaken following the demerger from the former Credito Fondiario.

The parent's financial position has been strengthened by:
- the injection of €15 million made in April 2025 by the key shareholder for the future capital increase, which was completed in January 2026 with the relevant shareholders' resolution and the injection of an additional €1.5 million by the non-controlling shareholders;
- the issue of AT1 bonds of €40 million, which was completed in November 2025. These bonds are recognised under liability caption 140, net of the transaction costs and the related tax effect.

The income statement shows a return to profitability before taxes (+€1.7 million), thanks to the group's business performance and the activation of management levers to monitor the risk related to the Legacy portfolio, which, starting from March 2025, is mostly covered by the APS described in an earlier section of this report.

The outlook is strengthened by the positive outcome of the voluntary tender and exchange offer for all the shares of Banca Sistema made by the parent and illustrated in the "Voluntary tender and exchange offer for all the shares of Banca Sistema" section.

Other matters

Management and coordination activities pursuant to article 2497 and following articles of the Italian Civil Code
At the reporting date, the parent was not managed or coordinated by another company pursuant to article 2497 and following articles of the Italian Civil Code.

Treasury shares and shares of parents
Neither the parent nor other group companies hold treasury shares or shares of parents.

Related party transactions
Reference should be made to Part H of the notes to the consolidated financial statements (Related party transactions) for information about the group's transactions with subsidiaries, parents and subsidiaries of parents.

Risks and uncertainties
The disclosures required by article 2428 of the Italian Civil Code on the group's exposure to the main risks are provided in Part E of the notes to the consolidated financial statements (Information on risks and hedging policies).

Other information
The group did not carry out research and development activities in 2025.

Consolidated financial statements

STATEMENT OF FINANCIAL POSITION

(€'000)

	Assets	31/12/2025	31/12/2024
10.	Cash and cash equivalents	160,323	100,185
20.	Financial assets at fair value through profit or loss	141,927	86,833
	a) held for trading	*13*	*796*
	b) designated at fair value	-	-
	c) mandatorily measured at fair value	*141,914*	*86,037*
30.	Financial assets at fair value through other comprehensive income	43,973	9,347
40.	Financial assets at amortised cost	1,679,859	1,707,511
	a) loans and receivables with banks	*12,394*	*11,422*
	b) loans and receivables with customers	*1,667,465*	*1,696,089*
50.	Hedging derivatives	938	-
70.	Equity investments	-	-
90.	Property, equipment and investment property	3,548	6,132
100.	Intangible assets including:	8,866	11,272
	- goodwill	*2,678*	*2,178*
110.	Tax assets	40,114	15,193
	a) current	*11,878*	*9,551*
	b) deferred	*28,236*	*5,642*
120.	Non-current assets held for sale and disposal groups	-	-
130.	Other assets	183,410	22,777
	Total assets	**2,262,959**	**1,959,251**

STATEMENT OF FINANCIAL POSITION

(€'000)

	Liabilit ies and equity	31/12/2025	31/12/2024
10.	Financial liabilities at amortised cost	2,037,293	1,815,015
	a) due to banks	*308,592*	*433,247*
	b) due to customers	*1,699,798*	*1,353,447*
	c) securities issued	*28,903*	*28,321*
20.	Financial liabilities held for trading	8	7
30.	Financial liabilities at fair value through profit or loss	2,818	3,396
60.	Tax liabilities	4,513	3,973
	a) current	*1,701*	*74*
	b) deferred	*2,812*	*3,898*
80.	Other liabilities	39,791	34,748
90.	Post-employment benefits	443	385
100.	Provisions for risks and charges:	1,176	459
	a) commitments and guarantees given	-	-
	b) pension and similar provisions	-	-
	c) other provisions	*1,176*	*459*
120.	Valuation reserves	2,474	3,979
140.	Equity instruments	39,044	-
150.	Reserves	24,093	11,407
160.	Share premium	47,838	57,643
170.	Share capital	39,213	39,213
190.	Equity attributable to the owners of the parent (+/-)	8	8
200.	Profit (loss) for the year (+/-)	24,247	(10,983)
	Total liabilities and equity	**2,262,959**	**1,959,251**

INCOME STATEMENT

(€'000)

	Voci	31/12/2025	31/12/2024
10.	Interest and similar income	120,611	123,070
20.	Interest and similar expense	(58,646)	(63,048)
30.	**Net interest income**	**61,965**	**60,022**
40.	Fee and commission income	8,590	5,611
50.	Fee and commission expense	(7,602)	(4,311)
60.	**Net fee and commission income**	**988**	**1,300**
70.	Dividends and similar income	0	-
80.	Net trading income	5,120	655
90.	Net hedging expense	(1)	-
100.	Net gain from sales or repurchases of:	2,675	700
	a) financial assets at amortised cost	*2,213*	*480*
	b) financial assets at fair value through other comprehensive income	*462*	*220*
110.	Net gain on other financial assets and liabilities at fair value through profit or loss	481	2,092
	a) financial assets and liabilities designated at fair value	*(952)*	*6,209*
	b) other financial assets mandatorily measured at fair value	*1,433*	*(4,117)*
120.	**Total income**	**71,229**	**64,769**
130.	Net impairment losses for credit risk associated with:	(24,432)	(22,890)
	a) financial assets at amortised cost	*(24,413)*	*(22,891)*
	b) financial assets at fair value through other comprehensive income	*(19)*	*0*
150.	**Net financial income**	**46,797**	**41,879**
190.	Administrative expenses:	(51,214)	(50,588)
	a) personnel expense	*(29,539)*	*(27,056)*
	b) other administrative expenses	*(21,674)*	*(23,532)*
200.	Net reversals of (accruals to) provisions for risks and charges	(783)	27
	b) other	*(783)*	*27*
210.	Depreciation and net reversals of impairment losses on property, equipment and investment property	(1,522)	(1,824)
220.	Amortisation and net impairment losses on intangible assets	(3,446)	(3,312)
230.	Other operating income, net	11,908	2,699
240.	**Operating costs**	**(45,057)**	**(52,998)**
250.	Net gains (losses) on equity investments	-	-
290.	**Pre-tax profit (loss) from continuing operations**	**1,740**	**(11,119)**
300.	Income taxes	22,506	137
310.	**Post-tax profit (loss) from continuing operations**	**24,247**	**(10,983)**
320.	Post-tax profit (loss) from discontinued operations	-	-
330.	**Profit (loss) for the year**	**24,247**	**(10,983)**
340.	Profit (loss) attributable to non-controlling interests	-	-
350.	**Profit (loss) attributable to the owners of the parent**	**24,247**	**(10,983)**

STATEMENT OF COMPREHENSIVE INCOME

(€'000)

	Captions	31/12/2025	31/12/2024
10.	**Profit (loss) for the year**	**24,247**	**(10,983)**
	Other comprehensive income (expense), net of tax, that will not be reclassified to profit or loss:	**(1,379)**	**2**
20.	Equity instruments at fair value through other comprehensive income	(1,400)	-
70.	Defined benefit plans	21	2
	Other comprehensive income (expense), net of tax, that will be reclassified to profit or loss:	**(125)**	**163**
150.	Financial assets (other than equity instruments) at fair value through other comprehensive income	(125)	163
200.	**Total other comprehensive income (expense), net of**	**(1,505)**	**164**
210.	**Comprehensive income (expense) (Captions 10+200)**	**22,742**	**(10,818)**
220.	Comprehensive income (expense) attributable to non-controlling interests	-	-
230.	**Comprehensive income (expense) attributable to the owners of the parent**	**22,742**	**(10,818)**

Statement of changes in equity for the year ended 31 December 2025

(€'000)

	Balance at 31.12.2024	Change to opening balances	Balance at 1.1.2025	Allocation of prior year loss		Changes of the year											
							Equity transactions								Equity at 31.12.2025	Equity att. to the owners of the parent at 31.12.2025	Equity attributable to noncontrolling interests at 31.12.2025
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options	Change in equity investments	2025 comprehensive income			
Share capital:																	
a) ordinary shares	39,221	-	39,221	-	-	-	-	-	-	-	-	-		-	39,221	39,213	8
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	57,643	-	57,643	(9,805)	-	-	-	-	-	-	-	-	-	-	47,838	47,838	-
Reserves:															-	-	
a) income-related	3,233	-	3,233		-	-	-	-	-	-	-	-	-	-	3,233	3,233	-
b) other	8,174	-	8,174	(1,177)	-	13,863	-	-	-	-	-	-	-	-	20,859	20,859	-
Valuation reserves	3,979	-	3,979	-	-	-	-	-	-	-	-	-	-	(1,505)	2,474	2,474	-
Equity instruments	-	-	-	-	-	-	-	-	-	39,044	-	-	-	-	39,044	39,044	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	(10,983)	-	(10,983)	10,983	-	-	-	-	-	-	-	-	-	24,247	24,247	24,247	-
Total equity	**101,268**	**-**	**101,268**	**-**	**-**	**13,863**	**-**	**-**	**-**	**39,044**	**-**	**-**	**-**	**22,742**	**176,916**	**176,908**	**8**
Equity attributable to the owners of the parent	101,260	-	101,260	-	-	13,863	-	-	-	39,044	-	-	-	22,742	-	176,908	-
Equity attributable to non-controlling interests	8	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	8

See section F "Information on equity" of these notes for details of changes in reserves during the year.

Statement of changes in equity for the year ended 31 December 2024

(€'000)

	Balance at 31.12.2023	Change to opening balances	Balance at 1.1.2024	Allocation of prior year loss		Variazioni dell'esercizio									Equity at 31.12.2024	Equity att. to the owners of the parent at 31.12.2024	Equity att. to noncontrolling interests at 31.12.2024
							Operazioni sul patrimonio netto										
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options	Change in equity investments	2024 comprehensive expense			
Share capital:							-										
a) ordinary shares	19,075	-	19,075	-	-	-	20,147	-	-	-	-	-		-	39,221	39,213	8
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	88,060	-	88,060	(37,267)	-	-	6,850	-	-	-	-	-	-	-	57,643	57,643	-
Reserves:																	
a) income-related	3,233	-	3,233	-	-	-	-	-	-	-	-	-	-	-	3,233	3,233	-
b) other	5,901	-	5,901	2,273	-	26,997	(26,997)	-	-	-	-	-	-	-	8,174	8,174	-
Valuation reserves	3,814	-	3,814	-	-	-	-	-	-	-	-	-	-	164	3,979	3,979	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss for the year	(34,994)	-	(34,994)	34,994	-	-	-	-	-	-	-	-	-	(10,983)	(10,983)	(10,983)	-
Total equity	**85,089**	**-**	**85,089**	**-**	**-**	**26,997**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,818)**	**101,268**	**101,260**	**8**
Equity attributable to the owners of the parent	85,081	-	85,081	-	-	26,997	-	-	-	-	-	-	-	(10,818)	-	101,260	-
Equity attributable to non-controlling interests	8	-	8	-	-	-	-	-	-	-	-	-	-	-	-	-	8

STATEMENT OF CASH FLOWS (indirect method)

(€000)

A. ATTIVITÀ OPERATIVA	Amount	
	31/12/2025	31/12/2024
1. Operations	**26,323**	**14,133**
- profit (loss) for the year (+/-)	24,247	(10,983)
- net gains/losses on financial assets held for trading and other financial assets/liabilities at fair value through profit or loss (-/+)	(5,602)	(2,747)
- gains/losses on hedging transactions (-/+)	1	-
- net impairment losses/gains for credit risk (+/-)	24,432	22,890
- amort., depr. and net (rev. pf)/imp. losses on PE and inv. prop. and intangible assets	4,968	5,136
- net accruals to/net reversals of provisions for risks and charges and other costs/revenue (+/-)	783	(27)
- unsettled taxes and tax assets (+/-)	(22,506)	(137)
- net impairment losses/reversals of impairment losses on non-current assets held for sale and disposal groups, net of tax (+/-)	-	-
- other adjustments (+/-)	0	0
2. Cash flows used for financial assets	**(250,557)**	**(341,309)**
- financial assets held for trading	783	(279)
- financial assets at fair value through profit or loss	-	-
- other assets mandatorily measured at fair value	(54,443)	7,691
- financial assets at fair value through other comprehensive income	(34,645)	(5,346)
- financial assets at amortised cost	3,238	(343,634)
- other assets	(165,491)	260
3. Cash flows generated by financial liabilities	**231,445**	**276,761**
- financial liabilities at amortised cost	222,278	272,421
- financial liabilities held for trading	5,122	(138)
- financial liabilities at fair value through profit or loss	(1,530)	4,261
- other liabilities	5,575	217
Net cash flows generated by/used in operating activities	**7,211**	**(50,415)**

Continua - STATEMENT OF CASH FLOWS (indirect method)

(€000)

B. INVESTING ACTIVITIES	31/12/2025	31/12/2024
1. Cash flows generated by	**-**	**-**
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flows used to acquire	**21**	**(3,355)**
- equity investments	-	-
- property, equipment and investment property	1,062	(479)
- intangible assets	(1,041)	(2,876)
- business units	-	-
Net cash flows used in investing activities	**21**	**(3,355)**
C. FINANCING ACTIVITIES	**31/12/2025**	**31/12/2024**
- issue/repurchase of treasury shares	-	-
- issue/purchase of equity instruments	52,906	26,997
- dividend and other distributions	-	-
Net cash flows generated by financing activities	**52,906**	**26,997**
NET CASH FLOWS FOR THE YEAR	**60,138**	**(26,774)**

Key: (+) *Generated* (-) *Used*

RECONCILIATION

(€'000)

Voci di bilancio	31/12/2025	31/12/2024
Opening cash and cash equivalents	100,185	126,959
Total net cash flows for the year	60,138	(26,774)
Cash and cash equivalents: exchange gains (losses)	-	0
Closing cash and cash equivalents	**160,323**	**100,185**

With respect to the additional disclosures required after publication of Regulation (EU) 2017/1990, which partly amended IAS 7 "Statement of cash flows", the group does not have liabilities arising from financing activities and, therefore, paragraphs from 44 to 44E and paragraph 60 are not applicable.

Banca CF+

Notes to the consolidated financial statements

Part A – Accounting policies

Part B – Notes to the consolidated statement of financial position

Part C – Notes to the consolidated income statement

Part D – Comprehensive income

Part E – Information on risks and related hedging policies

Part F – Equity

Part G – Business combinations

Part H – Related party transactions

Part I – Share-based payments

Part L – Segment reporting

Part M – Leases

Part A: Accounting policies

A.1 – GENERAL PART

Section 1 – Statement of compliance with IFRS

As required by Legislative decree no. 38 of 28 February 2005, the consolidated financial statements as at and for the year ended 31 December 2025 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as per the procedure set out by article 6 of Regulation (EC) 1606 of 19 July 2002. They also comply with the layout and compilation requirements contained in Circular no. 262 of 22 December 2005, as subsequently revised, issued by Bank of Italy as part of its powers granted by article 43 of Legislative decree no. 136/2015.

Section 2 – Basis of preparation

The consolidated financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows (prepared using the indirect method) and these notes, drawn up in accordance with the formats and technical layouts defined by Bank of Italy. They are accompanied by a Directors' report in which the directors comment on the group's performance and financial position, as required by the IFRS.

Pursuant to article 5 of Legislative decree no. 38/2005, the reporting currency used to prepare the consolidated financial statements is the Euro. The amounts in the consolidated financial statements, these notes and the Directors' report are presented in thousands of Euros, unless specified otherwise.

The group prepared the consolidated financial statements in line with the general principles set out in IAS 1:
a) Going concern: assets, liabilities and off-statement of financial position items are measured on a going concern basis as management is reasonably certain that the group will continue to operate for least 12 months after the reporting date. Management's considerations are set out in the "Business opportunities and going concern" section of the Directors' report, to which reference is made.
b) Accruals basis of accounting: expenses and revenue are recognised on an accruals and matching basis.
c) Consistency of presentation: the presentation and classification criteria of the captions are consistent from one period to another to ensure comparable information, unless their modification is required by a standard or an interpretation or an improvement in the materiality and reliability of the caption's presentation becomes necessary. Captions are presented and classified in line with Bank of Italy's instructions for banks' financial statements in Circular no. 262 of 22 December 2005 and subsequent amendments.
d) Materiality and aggregation: in line with Bank of Italy's instructions for banks' financial statements, the various classes of similar items are presented separately, if material. Different items, if material, are presented separately.
e) Offsetting: except when required or allowed by the IFRS or Bank of Italy's instructions for banks' financial statements, assets and liabilities and expenses and revenue are not offset.
f) Comparative information: comparative information from the previous year for all amounts reported in the current year's consolidated financial statements is disclosed, including qualitative when deemed useful for understanding, except when the IFRS permit or require otherwise. The different national and international regulations are considered, when possible, as are the Bank of Italy instructions about financial statements when preparing the schedules. The information is analysed and illustrated and all the additional disclosures deemed necessary to provide a true and fair view of the group's financial position, financial performance and cash flows are presented. The different national and international regulations are considered, when possible, as are the Bank of Italy instructions about financial statements when preparing the schedules.
g) Departures: if, in exceptional cases, application of the requirements of the IFRS is not compatible with a true and fair view of the group's financial position, financial performance and cash flows, it is not applied. The notes explain the reasons for the departure from the standards and its effect on the group's financial position, financial performance and cash flows. No departures were made.

First application/recently adopted standards

In accordance with IAS 8, the new IFRS or amendments to existing standards and the related EU endorsement regulations, the application of which is mandatory for annual periods beginning on or after 1 January 2025, are set out below:
– Commission Regulation (EU) 2024/2862 of 12 November 2024: Lack of exchangeability - Amendments to IAS 21
Commission Regulation (EU) 2024/2862 of 12 November 2024 endorsed Lack of exchangeability - Amendments to IAS 21 which came into force on 1 January 2025. These amendments specify when a currency is exchangeable into another currency and, when it is not, how an entity determines the exchange rate to apply and the disclosures to provide.

The new standards and amendments and the related EU endorsement regulations effective as of 1 January 2025, where applicable, did not have a significant impact on the group's financial position and financial performance.

Standards, amendments or interpretations endorsed by the competent bodies of the European Union

– Commission Regulation (EU) 2025/1047 of 27 May 2025 - Amendments to the classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7
For the issues of greatest interest to the group, the amendments clarify the classification of financial assets with ESG-linked or similar features and require disclosures to increase transparency about financial instruments whose cash flows may vary on the occurrence of contingent events. These amendments:
• clarify that an entity derecognises a financial liability when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires, or when the liability otherwise meets the criteria for derecognition. The amendments also introduce an accounting policy choice permitting an entity to derecognise a financial liability settled through an electronic payment system before settlement, provided specified conditions are met;
• clarify how to assess the contractual cash flow characteristics of financial assets that contain ESG-linked or other similar contingent features;
• specify the accounting treatment for financial assets with non-recourse features and for contractually linked instruments;
• introduce additional IFRS 7 disclosure requirements for financial assets and financial liabilities whose contractual cash flows can change in response to contingent events (including ESG-linked features) and for equity instruments designated at fair value through other comprehensive income (FVOCI).

For the issues of greatest interest to the Group, namely, the SPPI test of ESG-linked financial assets and the related disclosures, the implementation approach will be defined through a dedicated project involving the relevant departments. Based on a high-level assessment, no significant impact is expected on initial application.

– Commission Regulation (EU) 2025/1266 of 30 June 2025 - Contracts referencing nature-dependent electricity - Amendments to IFRS 9 and IFRS 7
These amendments apply solely to nature-dependent electricity contracts. These contracts expose an entity to variability in the quantity of electricity delivered because the generation depends on uncontrollable natural conditions, typically associated with renewable sources such as solar and wind.

Given the group's business, these amendments are not expected to be relevant to it.

– Commission Regulation (EU) 2025/1331 of 9 July 2025 - Annual improvements to IFRS Accounting Standards - Volume 11
Published in the EU Official Journal on 10 July 2025, Commission Regulation (EU) 2025/1331 endorses the amendments issued by the IASB on 18 July 2024 in the Annual improvements to IFRS Accounting Standards - Volume 11, as part of the IASB's annual improvement process. The annual improvements introduce narrow-scope, non-urgent amendments to remove inconsistencies and clarify terminology.

The regulatory developments described above are not expected to have a material impact on the group.

Standards, amendments or interpretations not yet endorsed at 31 December 2025

– *IFRS 18 - Presentation and disclosure in financial statements*
On 9 April 2024, the IASB published IFRS 18 - Presentation and disclosure in financial statements, which will be mandatorily effective from 1 January 2027, with earlier application permitted, subject to the completion of the European endorsement process. The presentation of comparative information is required.

The main requirements introduced by IFRS 18 are:
1. <u>New defined subtotals in the statement of profit or loss</u>
An entity is required to classify all items of income and expenses into one of five categories: operating, investing and financing, which have a new definition under IFRS 18, and income taxes and discontinued operations.

In addition, IFRS 18 requires an entity to present the following subtotals and a total:
- operating profit or loss;
- profit or loss before financing and income taxes;
- profit or loss.

2. <u>Main business activities</u>
To classify income and expenses into the IFRS 18 categories, an entity assesses whether it: i) invests in assets as a main business activity or ii) provides financing to customers as a main business activity.

If either condition is met, specific classification requirements apply.

3. <u>Management-defined performance measures (MPMs)</u>
IFRS 18 introduces management-defined performance measures (MPMs), defined as subtotals of income and expenses that:
- management uses in public communications outside the financial statements,
- communicate management's view of an aspect of the entity's financial performance.

4. <u>Aggregation of financial information</u>
IFRS 18 provides guidance on how entities should aggregate and disaggregate financial information, both in the primary financial statements and in the notes.

– *IFRS 19 - Subsidiaries without public accountability: Disclosures*
In May 2024, the IASB issued IFRS 19 - Subsidiaries without public accountability: Disclosures, which permits eligible subsidiaries to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other IFRS Accounting Standards.

Unless otherwise specified, an eligible subsidiary that elects to apply IFRS 19 is not required to provide the disclosures required by other IFRS Accounting Standards.

IFRS 19 is not applicable to the group.

– *Amendments to IFRS 19 - Subsidiaries without public accountability: Disclosures*
On 21 August 2025, the IASB issued amendments to IFRS 19 introducing reduced disclosures for IFRS Accounting Standards issued or amended between February 2021 and May 2024. This avoids requiring subsidiaries that apply IFRS 19 to provide the full disclosures required of entities that do not apply IFRS 19.

These amendments, as well as IFRS 19 itself, do not apply to the group.

– *Translation to a hyperinflationary presentation currency - Amendments to IAS 21*
On 13 November 2025, the IASB published Translation to a hyperinflationary presentation currency - Amendments to IAS 21. The amendments require amounts to be translated at the closing rate when translating from a non-hyperinflationary functional currency into a hyperinflationary presentation currency.

These amendments are not applicable to the group's consolidated financial statements, which are presented in Euro.

Section 3 – Basis of consolidation

The consolidated financial statements include the separate financial statements of the parent, Banca CF+, and the financial statements of the companies it controls, regardless of whether it has an equity investment therein.

Control exists solely if and only if the investor has all of the following:
• the power to direct the relevant activities of the investee;
• exposure to variable returns from its involvement with the investee;
• the ability to use its power over the investee to affect the amount of the investor's returns.

Jointly controlled entities are those over which control is shared by the parent with other non-consolidated parties.

Banca CF+ has prepared consolidated financial statements in accordance with Legislative decree no. 136/2015 and IFRS 10. It has de facto control of the vehicles used for investment transactions, of which it holds a significant portion of junior notes and in which it has the majority of the voting rights at general meetings.

As well as Banca CF+ S.p.A., the consolidation scope includes Lazzaro SPV S.r.l. (formerly Cassia SPV S.r.l.) and the SPVs over which the parent has de facto control because it holds the majority of their junior notes. Investments in certain SPVs (Restart SPV S.r.l. and Italian Credit Recycle S.r.l.), of which the parent has subscribed approximately 47.5% of the securitisation junior notes, fall under IFRS 11 (joint control) and are accounted for accordingly.

1. Investments in subsidiaries

Companies	Head office	Registered office	Investment		Voting rights
			Type of relationship	%	
Lazzaro SPV S.r.l. (formerly Cassia SPV S.r.l.)	Rome	Rome	1 and 4	60%	60%
Crediti Fiscali+ SPV S.r.l.	Rome	Rome	1 and 4	60%	60%
Ponente SPV S.r.l.	Rome	Rome	4	0%	0%
New Levante SPV S.r.l.	Rome	Rome	4	0%	0%
Cosmo SPV S.r.l.	Rome	Rome	4	0%	0%
Fairway S.r.l.	Rome	Rome	4	0%	0%
Aventino SPV S.r.l.	Rome	Rome	4	0%	0%
Liberio SPV S.r.l.	Rome	Rome	4	0%	0%

Key
(*) Type of relationship:
1= majority of the voting rights at general meetings;
2= dominant influence at general meetings;
3= owners' agreements;
4= other forms of control;
5= common control as per article 39.1 of Legislative decree no. 136/215
6= common control as per article 39.2 of Legislative decree no. 136/215
(**) Voting rights at general meetings, distinguishing between effective and potential

With respect to the consolidated SPVs, since the parent does not have any equity investment therein, their consolidation considers their assets earmarked for a specific business, also taking into account the SPVs' immaterial financial statements balances.

2. Key judgements and assumptions to identify the consolidation scope

IFRS 10 governs consolidated financial statements and defines the requirements for the identification of the consolidation scope.

According to IFRS 10, an investor controls an investee if and only if the investor has all the following:
• the power to direct the relevant activities of the investee;
• exposure, or rights, to variable returns from its involvement with the investee;
• the ability to use its power over the investee to affect the amount of the investor's returns.

Control exists when all three conditions above are concurrently met.

An investee is subject to significant influence when the parent, directly or indirectly, has at least 20% of its voting rights (including "potential" voting rights) or, if it has a smaller percentage of voting rights, when it has the power to participate in deciding operating and financing policies due to special legal relationships such as shareholder agreements.

An investee is jointly controlled when control is shared by the parent, directly or through other group companies, and one or more parties based on an agreement or when decisions about significant matters have to be taken by all the parties holding control.

The parent controls an investee when it is directly or indirectly exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

The IFRS 10 requirements for the assessment of whether an investor controls an investee apply to all types of equity investments (companies, vehicles, investment funds/OEICs, etc.).

An investee is included in the Banca CF+ Group's consolidation scope when:
• the parent has the majority of the voting rights at general meetings (de jure control);
• the parent's control over a structured entity is due to factors other than voting or similar rights.

Specifically, the in-scope structured entities are as follows:

Group company	Investor	Investment %	Consolidation/ recognition method
Lazzaro SPV S.r.l. (formerly Cassia SPV S.r.l.)	Banca CF+ S.p.A.	*60% of the SPV's quota capital and 100% of its mono tranche notes*	Line-by-line
Crediti Fiscali+ SPV S.r.l.	Banca CF+ S.p.A.	*60% of the SPV's quota capital and 100% of its junior notes*	Line-by-line
Ponente SPV S.r.l.	Banca CF+ S.p.A.	*100% of the SPV's junior notes*	Line-by-line
New Levante SPV S.r.l.	Banca CF+ S.p.A.	*100% of the SPV's junior notes*	Line-by-line
Cosmo SPV S.r.l.	Banca CF+ S.p.A.	*100% of the SPV's junior notes*	Line-by-line
Fairway S.r.l.	Banca CF+ S.p.A.	*100% of the SPV's junior notes*	Line-by-line
Aventino SPV S.r.l.	Banca CF+ S.p.A.	*100% of the SPV's junior notes*	Line-by-line
Liberio SPV S.r.l.	Banca CF+ S.p.A.	*95% of the SPV's mono tranche notes*	Line-by-line
Restart SPV S.r.l.	Banca CF+ S.p.A.	*47.3% of the SPV's mezzanine notes*	Equity
Italian Credit Recycle S.r.l.	Banca CF+ S.p.A.	*47.3% of the SPV's mezzanine notes*	Equity

The current consolidation method entails, inter alia:
• the determination of the internal rate of return ("IRR") of the consolidated portfolios on the basis of GDP net solely of up front costs and credit collection legal costs. This approach is in line with the requirements of IFRS 9 for POCI financial assets (most exposures are impaired when purchased or, in any case, purchased at a discount), used to calculate the portfolio's amortised cost;
• the recognition of the portfolio's initial carrying amount on the basis of the actual cash flows (purchase price net of collections plus the securitisations' structuring costs);
• recalculation of the frequency of the collections on a monthly rather than a quarterly basis compared to the notes;
• measurement of the ABS subscribed by third parties at amortised cost;
• measurement of any deferred purchase price ("DPP") included in the securitisations.

The portfolios of the jointly-controlled vehicles (Restart and ICR) are measured using the equity method with the presentation of the related net gain or loss for the current and previous years in the caption Financial assets at amortised cost.

3. Investments in subsidiaries with significant non-controlling interests

None.

4. Significant restrictions

There are no significant restrictions to report (IFRS 12.13).

5. Other information

There is no other information as per IFRS 12.11 to report.

Section 4 – Events after the reporting date

No adjusting events (as per the definition of IAS 10.8) took place in the period from the reporting date to the date of approval of these consolidated financial statements that would have required the parent to adjust the amounts recognised in the consolidated financial statements. This considers the prudent management of risks, the qualitative and quantitative aspects of which are detailed in Part E of these notes and capital adequacy in Part F.

Reference should be made to the "Ownership structure" section of the Directors' report for information on Tiber 2's merger into EIHC.

The Directors' report includes a section titled "Voluntary tender and exchange offer for all the shares of Banca Sistema" that sets out the outcome of the offer.

Section 5 – Other issues

Use of accounting estimates
Application of the IFRS to financial reporting requires management to make accounting estimates for some asset and liability captions that are considered reasonable and realistic based on the information available when the estimate is made. The estimates affect the carrying amount of the assets and liabilities and the disclosure about contingent assets and liabilities at the reporting date as well as the revenue and costs for the reporting period.

Changes in the conditions underlying the judgements, assumptions and estimates may affect subsequent period results.

The main areas for which judgements are required by management are:
• calculation of impairment losses or gains on financial assets at amortised cost, which include the ABS and POCI securities held by the parent and the group;
• use of valuation models to calculate the fair value of financial instruments not quoted on active markets and measure liabilities at fair value;
• calculation of employee benefits and provisions for risks and charges;
• estimates and assumptions about the recoverability of deferred tax assets;
• estimates and assumptions about the recoverability of intangible assets with finite and indefinite useful lives;
• estimates and assumptions about the recoverability of other assets tested for impairment in accordance with IAS 36.

With reference to the estimates and assumptions about the recoverability of deferred tax assets, when preparing its consolidated financial statements at 31 December 2025, the parent designed a specific probability test in accordance with IAS 12, which was approved by the Board of Directors. The cash flows underlying the quantification of taxable profits are based on the most recent strategic projections for the 2026-2028 three-year period approved by the parent's Board of Directors (the "projections"). They are described in the "2026 budget and 2027-2028 projections" section of the Directors' report.

The projections show the parent's ability to generate taxable profits over the reference time horizon. Based on the results of the probability test, the parent recognised net deferred tax assets of €22.6 million in its separate and consolidated financial statements, in addition to €5.6 million recognised in prior years.

Management used the same projections to estimate the cash flows used for the impairment test, aimed at verifying the recoverability of intangible assets. The impairment test, approved by the parent's Board of Directors, was prepared to test the factoring, financing and tax assets CGUs for impairment by calculating their value in use based on the dividend discount model considering excess capital rather than the minimum regulatory capital allocated thereto.

In March 2025, the parent signed a financial guarantee contract (asset protection scheme, "APS") with two funds (the "guarantors") belonging to the group headed by the key shareholder (Elliot). Under this scheme, the parent pledged €174.6 million of ABS and certain loans from its legacy portfolio as collateral. In June 2025, the parent completed a securitisation by selling Lazzaro SPV a pool comprising ABS issued by the securitisation vehicles Liberio, Rienza and ICR, together with loan portfolios originated by EBC, Castore and Polluce. The notes issued by Lazzaro SPV, fully subscribed by Banca CF+, were included in the APS scope through the signing of the addendum to the original agreement. Following the inclusion of these notes (€82.1 million) in the APS scope, the initial guaranteed portfolio amounted to €256.7 million ("guaranteed amount"). Given the APS's ten-year term, the premium has been recognised in "Other assets" and is amortised on a straight-line basis over the contractual term, reflecting the uncertainty regarding the run-off of the underlying portfolio. Notwithstanding the absence of indicators of impairment, the parent tested the carrying amount of the premium (€26.5 million) for impairment in accordance with IAS 36. Based on the test, the carrying amount was assessed as recoverable and retained in the parent's separate financial statements and the group's consolidated financial statements at 31 December 2025.

In the statement of financial position as at 31 December 2025, asset caption 20(c) includes units in the Lounge Rises Fund, subscribed in December 2025, with a carrying amount of €64 million.

The parent subscribed for the units in connection with the sale of a pool of non-performing loans (the "loans") originated from lending to customers and secured by central guarantee funds. In particular, Banca CF+ sold the loans (gross carrying amount: €87.7 million) to Altura SPV S.r.l., a securitisation vehicle established under Law no. 130/1999 (the "purchaser"), under a sale agreement (the "sale agreement"). The purchaser financed the acquisition by issuing partly paid ABS, all of which were subscribed by the fund (the "notes"). The consideration for the sale was subsequently settled by the parent subscribing newly issued units in the fund (the "units"). The transaction had no significant effect on profit or loss (net loss of €0.12 million).

The Lounge Rises Fund is managed by Gardant Investor SGR, a doValue Group fund manager specialising in alternative investments in the Italian credit sector. Based on publicly available information, doValue S.p.A.'s shareholder base includes entities related to Elliott. In addition to Banca CF+, two other major Italian banks participated in the transaction organised by the Lounge Rises Fund, which was carried out at market terms, applied uniformly to all independent participants.

Since the derecognition conditions were met, the loans were derecognised on the transaction's effective date in both the parent's separate financial statement and group's consolidated financial statements. In the statement of financial position, the fund units have been recognised in asset caption 20 c), in accordance with Bank of Italy's Circular no. 262 and the nature of the interest and powers held (administrative/protective only).

Given the involvement of other independent market participants and the proximity of the closing date to the reporting date, the subscription price of the fund units was considered representative of their fair value as at that date.

The descriptions of the accounting policies applied to the main financial statements captions provide the information necessary to identify the main assumptions and judgements adopted by management to prepare the consolidated financial statements.

Geopolitical context

In preparing these consolidated financial statements, the group has considered relevant publications issued by the European Securities and Markets Authority (ESMA) in 2024 and 2025.

Specifically, in October 2025, ESMA issued its ***European Common Enforcement Priorities for 2025 corporate reporting***, outlining key areas of focus, mostly related to the ongoing conflicts in Ukraine and the Middle East, the resulting increase in trade tensions which have led to continued volatility in energy and commodity prices and complex changes in global trade patterns. ESMA therefore recommends that entities provide specific disclosures on the effects of geopolitical uncertainties, update, where appropriate, sensitivity analyses of the carrying amounts of assets and liabilities, assess whether additional disclosures are needed to explain the effects of geopolitical risks on the entity's financial position, performance and cash flows and ensure consistency between assumptions and disclosures across the financial statements. ESMA also emphasises the importance of disclosing significant changes in financial risks (credit, liquidity, currency and price) and their implications for IFRS 9 measurement (counterparty risk). With specific reference to changes in interest rates and the impact on financing and refinancing, ESMA expects entities to include references and cross-references to the sensitivity analyses in the notes, showing how reasonably possible changes in interest rates would affect profit or loss and equity.

In its October 2024 communication, ESMA reiterated that its climate-related enforcement priorities, first set out in 2021, remain relevant to annual financial statements, and it emphasised the need for consistency and connectivity between climate-related information in the financial statements and in the sustainability statements.

The group is performing in-depth analyses of risks and uncertainties arising from the geopolitical and macroeconomic environment and from climate-related matters, to assess their direct and indirect effects on its business, financial position, performance and cash flows, based on currently available evidence and reasonably supportable scenarios. The group considered the results of these analyses in preparing these consolidated financial statements on a going concern basis and reflected them in its significant accounting estimates, particularly in measuring expected credit losses.

Independent auditors

EY S.p.A. performed the statutory audit of the group's consolidated financial statements as per the shareholders' resolution of 27 April 2022.

Pursuant to article 17.1 of Decree no. 39/2010, the audit engagement has a nine-year term (from 31 December 2022 to 31 December 2030).

Approval of the consolidated financial statements

On 18 March 2026, the directors approved the consolidated financial statements and their presentation to the shareholders within the terms provided for by article 2429 of the Italian Civil Code. For the purposes of IAS 10.17, the preparation date of the consolidated financial statements is 18 March 2026, i.e., when the Board of Directors approved them.

A.2 - MAIN FINANCIAL STATEMENTS CAPTIONS

The accounting policies adopted to prepare the consolidated financial statements are set out below.

1 - Financial assets at fair value through profit or loss (FVTPL)

Recognition
Debt and equity instruments are initially recognised at the settlement date, loans at the disbursement date and derivatives at the date they are entered into.

Upon initial recognition, financial assets at fair value through profit or loss are measured at fair value without considering transaction costs or income directly attributable to the transaction.

Classification
This category includes financial assets other than those classified at fair value through other comprehensive income or at amortised cost. Specifically, this caption includes:
- financial assets held for trading, which are mainly derivatives held for trading with positive fair values;
- financial assets designated at fair value, relating to the contractual earn-out components of the consideration for the sale of ABS;
- those assets that are mandatorily measured at fair value, because they do not meet the requirements for their measurement at amortised cost or at fair value through other comprehensive income. The contractual terms of these financial assets give rise to cash flows that are not solely payments of principal and interest on the principal amount outstanding (i.e., they did not pass the SPPI test) or the asset is not held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect model) or whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell model). The latter category includes the ABS in which the group invested under a hold to collect business model and which are measured at fair value since they did not pass the SPPI test.

Under the IFRS 9 general reclassification rules for financial assets (except for equity instruments, whose reclassification is not allowed), an entity is required to reclassify financial assets if it changes its business model for managing those financial assets. Such changes are expected to be very infrequent. In these cases, an entity reclassifies a financial asset out of the fair value through profit or loss measurement category and into one of the other two categories provided for by IFRS 9 (financial assets at amortised cost or financial assets at fair value through other comprehensive income). The transferred asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from the reclassification date. The effective interest rate is determined on the basis of the fair value of the reclassified financial asset at the reclassification date.

Measurement
After initial recognition, financial assets at fair value through profit or loss are measured at fair value and the resulting gain or loss is recognised in profit or loss.

Derecognition
These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards. If a significant part of the risks and rewards of the transferred financial asset is retained, they continue to be recognised even when title has legally been transferred.

If it is not possible to ascertain the substantial transfer of risks and rewards of title, the group derecognises the financial assets if it no longer has control thereover. If the group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Transferred financial assets are derecognised when the group retains the contractual right to receive the cash flows but assumes a concurrent obligation to pay the cash flows without material delay to one or more recipients.

Recognition of costs and revenue
Interest income, calculated using the IRR in particular for ABS, is recognised as "Interest and similar income" in the income statement (caption 10).

Gains and losses and fair value gains and losses compared to the instruments' acquisition cost are recognised under income statement caption "110. Net gain (loss) on other financial assets and liabilities at fair value through profit or loss".

2 - Financial assets at fair value through other comprehensive income (FVOCI)

Recognition
Debt and equity instruments are initially recognised at the settlement date and loans at the disbursement date.

Upon initial recognition, the assets are measured at fair value, including transaction costs or income directly attributable to the transaction.

Classification
A financial asset shall be classified in this category if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed).

This category also includes equity instruments other than those held for trading which the group has designated as measured at fair value through other comprehensive income upon initial recognition.

Under the IFRS 9 general reclassification rules for financial assets (except for equity instruments, whose reclassification is not allowed), an entity is required to reclassify financial assets if it changes its business model for managing those financial assets.

Such changes are expected to be very infrequent. In these cases, an entity reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into one of the other two categories provided for by IFRS 9 (financial assets at amortised cost or financial assets at fair value through profit or loss). The transferred asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from the reclassification date. If an asset is reclassified out of this category and into the amortised cost measurement category, the cumulative gain or loss previously recognised in the fair value reserve is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. If an asset is reclassified out of this category and into the fair value through profit or loss measurement category, the cumulative gain or loss previously recognised in the fair value reserve is reclassified from equity to profit or loss.

Measurement
After initial recognition, a gain or loss on a financial asset measured at fair value through other comprehensive income other than equity instruments is recognised in a specific equity reserve, except for those arising from the application of amortised cost, impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised. When the financial asset is derecognised, in part or in its entirety, the cumulative gain or loss previously recognised in the fair value reserve is reclassified, in part or in its entirety, from equity to profit or loss.

The equity instruments that the group has elected to classify in this category are measured at fair value and any cumulative gain or loss recognised in OCI (statement of comprehensive income) cannot be subsequently transferred to profit or loss, even when the instrument is disposed of. Only dividends on such investments are recognised in profit or loss.

Like for assets measured at amortised cost, the group assesses whether the credit risk of its financial assets measured at fair value through other comprehensive income (either debt instruments or loan assets) has increased significantly, in accordance with the impairment requirements of IFRS 9. If this is the case, the group recognises the expected credit loss accordingly. Specifically, it recognises a 12-month expected credit loss on its financial instruments classified at stage 1 (i.e., financial assets that are not originated credit-impaired and financial assets whose credit risk has not increased significantly since initial recognition) upon initial recognition and at each subsequent reporting date. It recognises a lifetime expected credit loss on its financial instruments classified at stage 2 (performing financial assets, whose credit risk increased significantly since initial recognition) and stage 3 (credit-impaired financial assets). Conversely, equity instruments are not subject to impairment testing.

Derecognition
These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards. If a significant part of the risks and rewards of the transferred financial asset is retained, they continue to be recognised even when title has legally been transferred.

If it is not possible to ascertain the substantial transfer of risks and rewards of title, the group derecognises the financial assets if it no longer has control thereover. If the group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Transferred financial assets are derecognised when the group retains the contractual right to receive the cash flows but assumes a concurrent obligation to pay the cash flows without material delay to one or more recipients. If it is not possible to ascertain the substantial transfer of risks and rewards of title, the group derecognises the financial assets if it no longer has control thereover. If the group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Recognition of costs and revenue
Gains and losses on the assets' sale are recognised in caption "100. Net gain (loss) from sales or repurchases of: b) financial assets at fair value through other comprehensive income" in the income statement. Fair value gains and losses are recognised directly in equity (caption "110. Valuation reserves") and reclassified to the income statement (caption "100. Net gain (loss) from sales or repurchases of: b) financial assets at fair value through other comprehensive income") when realised due to their sale or when impairment losses are recognised. In this case, they are recognised in caption "130. Net impairment losses/gains for credit risk associated with: b) financial assets at fair value through other comprehensive income". This caption shows the net impairment gains or losses solely for debt instruments as impairment gains or losses on quoted equity instruments are recognised directly in equity (fair value reserve) while impairment gains cannot be recognised for unquoted equity instruments.

3 - Financial assets at amortised cost

Recognition
Debt instruments are initially recognised at the settlement date, while loans are recognised at the disbursement date. Upon initial recognition, the assets are measured at fair value, including transaction costs or income directly attributable to the transaction.

The disbursement date of loans is usually the agreement signing date. If they are not the same, when signing the agreement, the group recognises a commitment to grant funds which is extinguished when the loan is disbursed. They are recognised at their fair value, which equals the amount disbursed, or their subscription price including transaction costs or revenue attributable to the individual loan and determinable from the transaction start date, even when they are disbursed subsequently.

The initially recognised amount does not include costs that, despite having the above characteristics, are to be reimbursed by the counterparty or are administrative costs.

Classification
A financial asset (in particular, loans and debt instruments) is classified in this category if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows (hold to collect model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed).

Specifically, the following are recognised in this caption:
- loans and receivables with banks that meet the requirements set out above;
- loans and receivables with customers that meet the requirements set out above;
- debt instruments that meet the requirements set out above.

This caption also includes trade receivables arising from the provision of financial services, as defined by the Italian Consolidated Banking Act and the Italian Consolidated Finance Act.

Under the IFRS 9 general reclassification rules for financial assets, an entity is required to reclassify financial assets if it changes its business model for managing those financial assets. Such changes are expected to be very infrequent. In these cases, an entity reclassifies a financial asset out of the fair value at amortised cost measurement category and into one of the other two categories provided for by IFRS 9 (financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss). The transferred asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in profit or loss, if the asset is reclassified out of this category and into the fair value through profit or loss measurement category, whereas it is recognised in the fair value reserve in equity if the asset is reclassified into the fair value through other comprehensive income category.

Measurement
After initial recognition, these financial assets are subsequently measured at amortised cost using the effective interest method. Under this method, the asset is recognised at its initial carrying amount decreased by principal repayments and adjusted by accumulated amortisation (calculated using the effective interest method) of the difference between the carrying amount at initial recognition and at maturity (generally due to the cost/revenue directly allocated to the individual asset) and by the loss allowance, if any. The effective interest rate is the rate that exactly discounts estimated future cash flows (principal and interest) to the disbursed amount, including directly attributable costs and revenue. This accounting method allows the distribution of the costs and revenue directly attributable to a financial asset over its expected residual life.

See the "Amortised cost measurement" section for further information on how financial assets are measured at amortised cost. This section also describes the accounting treatment of POCI assets.

The amortised cost method is not used for assets measured at historical cost as discounting these loans has no material impact considering their short term, and assets without a set maturity or on demand.

Impairment is strictly related to the exposures' credit staging, i.e., their classification in one of the three stages provided for by IFRS 9, the last of which (stage 3) includes credit-impaired financial assets and the other two (stages 1 and 2) include performing financial assets.

The expected credit losses on these assets are recognised in profit or loss as follows:
- upon initial recognition, the 12-month expected credit losses;
- upon subsequent measurements, if the credit risk has not increased significantly since initial recognition, the

12-month expected credit losses;
- upon subsequent measurements, if the credit risk has increased significantly since initial recognition, the lifetime expected credit losses;
- upon subsequent measurements, if, after the credit risk increased significantly since initial recognition, the increase is no longer significant, the amount that accounts for the change from a lifetime expected credit loss to a 12-month expected credit loss.

If they are performing, these financial assets are subject to an individual impairment assessment according to their risk parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset – classified as "credit-impaired", like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate. The amount of the loss to be recognised in profit or loss is calculated based on an individual measurement or a collective measurement by group of similar assets and, then, individually allocated to each position, considering forward-looking information and possible alternative recovery scenarios as detailed in the "Impairment of financial assets" section.

Credit-impaired assets include financial assets classified as bad, unlikely to pay or overdrawn/past due by over ninety days according to the rules issued by Bank of Italy, in line with the IFRS and EU supervisory regulations.

The expected cash flows take into account the expected recovery times and the estimated realisable value of any guarantees.

The original effective rate of each asset remains unchanged over time even when it is restructured with a variation of the contractual interest rate and when the asset, in practice, no longer bears contractual interest.

When the reasons for the impairment loss are no longer valid due to an event that took place subsequently to its recognition, the impairment loss is reversed through profit or loss. The reversal cannot exceed the amortised cost the asset would have had if it had not been impaired.

Reversals resulting from the unwinding of the discount are recognised in net interest income.

In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual terms may be subsequently modified by the parties to the contract. When the contractual terms are modified during the lifetime of an instrument, the group assesses whether the original asset should continue to be recognised in the statement of financial position or whether, instead, it should be derecognised and a new financial asset needs to be recognised.

In general, modifications to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The assessment of the "substantial nature" of the modification is made using both qualitative and quantitative information. In some cases, without resorting to complex analyses, it is clear that the characteristics and/or contractual cash flows of a particular asset are substantially modified while, in other cases, further analyses (including quantitative analyses) are necessary to assess the effects of the modifications and check whether or not to derecognise the asset and recognise a new financial instrument.

The qualitative and quantitative analyses aimed at defining the "substantial nature" of contractual changes made to a financial asset must, therefore, consider:
- the purposes for which the modifications were made: e.g., (a) renegotiations for commercial reasons and (b) forbearance measures due to financial difficulties of the counterparty:
• the former, aimed at "retaining" the customer, involve a borrower that does not have financial difficulties. This category includes all renegotiations aimed at aligning the cost of the debt to market conditions. These transactions involve a change in the original terms of the contract, usually requested by the borrower and relating to aspects concerning the cost of the debt, with a consequent economic benefit for the borrower. In general, whenever the

group carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer could borrow from another intermediary and the group would incur a decrease in expected future revenue;
• The latter, carried out for "reasons of credit risk" (forbearance measures), relate to the group's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and rewards, following the modifications, are not normally substantially transferred and, consequently, the accounting treatment that provides the most relevant information for the consolidated financial statements users (apart from the triggers discussed below) is "modification accounting" – which involves the recognition through profit or loss of the difference between the carrying amount and the present value of the modified cash flows discounted at the original interest rate – rather than derecognition;

- the existence of specific triggers that affect the contractual characteristics and/or cash flows of the financial instrument (such as, for example, a change in currency or a modification of the type of risk the financial instrument is exposed to, when correlated to equity and commodity parameters), which are expected to lead to derecognition due to their impact (expected to be significant) on the original contractual cash flows.

Derecognition
These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards. If a significant part of the risks and rewards of the transferred financial asset is retained, they continue to be recognised even when title has legally been transferred.

If it is not possible to ascertain the substantial transfer of risks and rewards of title, the group derecognises the financial assets if it no longer has control thereover. If the group has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Transferred financial assets are derecognised when the group retains the contractual right to receive the cash flows but assumes a concurrent obligation to pay the cash flows without material delay to one or more recipients.

Recognition of costs and revenue
Interest income, calculated using the IRR, is recognised as "Interest and similar income" in the income statement (caption 10). Default interest is recognised in profit or loss when collected.

Impairment gains are recognised in caption "130. Net impairment losses/gains for credit risk associated with: a) financial assets at amortised cost".

If the amount of the impairment loss decreases in subsequent years and the decrease is objectively related to an event that took place after recognition of the impairment loss, the impairment loss is reversed directly or through the release of the allowance to profit or loss.

If the assets are derecognised, any resulting losses are recognised in profit or loss, net of the related allowance.

4 – Hedging derivatives

Recognition
Like all derivatives, hedging derivatives are initially recognised and subsequently measured at fair value.

Classification: type of hedge
Hedging transactions are intended to offset potential losses arising from exposure to a specific risk, where such losses are identifiable in relation to a specific item or group of items, in the event that the risk materialises.

The types of hedges used are as follows:
• fair value hedge: the objective is to hedge exposure to changes in the fair value of recognised assets, liabilities or portions thereof, groups of assets or liabilities, firm commitments and portfolios of financial assets and liabilities

(including core deposits), attributable to one or more identified risks, as permitted under IAS 39 as endorsed by the European Commission. The objective of macro hedging is to reduce fluctuations in the fair value attributable to interest rate risk associated with a monetary amount arising from a portfolio of financial assets or liabilities. Net exposures arising from mismatches between assets and liabilities cannot be designated for macro hedging;
• cash flow hedge: the objective is to hedge exposure to variability in future cash flows attributable to specific risks associated with recognised items. This type of hedge is primarily employed to stabilise the interest cash flows of floating-rate funding to the extent that such funding finances fixed-rate lending. In certain circumstances, similar hedging transactions are undertaken in relation to specific types of floating-rate lending;
• hedge of a net investment in a foreign operation: this relates to hedging the risks associated with an investment in a foreign entity that is denominated in a foreign currency.

The parent's hedge accounting framework is primarily aimed at managing interest rate risk arising from its banking book.

At the date of preparation of these consolidated financial statements, the applicable hedging strategies are limited to the micro fair value hedge relating to government bonds held to collect.

Measurement
Hedging derivatives are measured at fair value. Specifically:
• in the case of fair value hedges, changes in the fair value of the hedged item are offset against corresponding changes in the fair value of the hedging instrument. Offsetting is achieved by recognising changes in fair value in profit or loss for both the hedged item (limited to the portion attributable to the designated risk factor) and the hedging instrument. Any resulting difference, which reflects the partial ineffectiveness of the hedging relationship, is recognised in profit or loss. In the case of macro hedging, changes in the fair value of the hedged assets and liabilities - limited to the portion attributable to the hedged risk - are recognised in the statement of financial position under caption 60 "Macro-hedged financial assets" or caption 50 "Macro-hedged financial liabilities";
• in the case of cash flow hedges, changes in the fair value of the derivative are recognised in equity, to the extent of the effective portion of the hedge. Amounts are reclassified to profit or loss when, in relation to the hedged item, the hedged cash flows occur or if the hedge becomes ineffective;
• hedges of a net investment in a foreign operation are accounted for in the same manner as cash flow hedges.

A derivative instrument is designated as a hedging instrument when there is formal documentation of the hedging relationship between the hedged item and the hedging instrument and the hedge is effective both at inception and on a prospective basis throughout its duration. The effectiveness of a hedge is determined by the extent to which changes in the fair value or expected cash flows of the hedged item are offset by corresponding changes in the fair value of the hedging instrument. Therefore, hedge effectiveness is assessed by comparing the changes in fair value or expected cash flows of the hedged item and the hedging instrument, taking into account the hedging objective established by the entity at the inception of the hedge. A hedge is considered effective when changes in the fair value (or cash flows) of the hedging instrument almost entirely offset the corresponding changes in the hedged item, that is, when the offset falls within the range of 80% to 125% for the hedged risk component.

The assessment of effectiveness is carried out at each annual or interim reporting date using:
• prospective tests, which justify the application of hedge accounting by demonstrating the hedge's expected effectiveness;
• retrospective tests, which assess the degree of hedge effectiveness achieved during the reporting period, i.e. the extent to which actual results have deviated from perfect hedging.

If the tests do not confirm hedge effectiveness, hedge accounting is discontinued, the hedging derivative is reclassified as a trading instrument and the hedged item reverts to being measured in accordance with its original classification for financial reporting purposes. If a macro hedging relationship is discontinued, any fair value gains or losses accumulated in the statement of financial position under caption 60 "Macro-hedged financial assets" or caption 50 "Macro-hedged financial liabilities" are reclassified to profit or loss as interest income or expense over the residual life of the original hedging relationships, provided that the relevant requirements are met.

Derecognition
If the tests do not confirm hedge effectiveness, either retrospectively or prospectively, hedge accounting is discontinued. In this circumstance, the hedging derivative is reclassified to "Financial assets at fair value through profit or loss", specifically to financial assets held for trading.

Moreover, the hedging relationship ceases when:
- a derivative expires, is extinguished or exercised;
- the hedged item is sold, expires or is repaid;
- it is no longer highly probable that the future hedged transaction will occur.

5 - Property, equipment and investment property

Recognition
Property, equipment and investment property are initially recognised at cost, which comprises the asset's purchase price, trade discounts and rebates, non-refundable purchase taxes (e.g., non-deductible VAT and registration taxes) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Right-of-use assets are initially recognised as the sum of the lease liability (present value of the future lease payments over the lease term), any lease payments made at or before the commencement date, any initial direct costs and any costs to be incurred in dismantling or restoring the underlying asset.

Classification
Property, equipment, machinery and other assets used in operations are covered by IAS 16 while investment property (land and buildings) fall under the scope of IAS 40. The category comprises assets under finance lease (for the lessees) and operating lease (for the lessors) as well as leasehold improvement costs. Reference is made to IFRS 16 to determine whether an arrangement contains a lease. Property, equipment and machinery are recognised as assets when:
• it is probable that future economic benefits associated with the item will flow to the group;
• the cost of the item can be measured reliably.

Measurement
Subsequent costs, related to an asset already recognised, are added to its carrying amount when it is probable that they will increase the future economic benefits in excess of the normal output of the asset as originally estimated. All other costs are expensed when incurred.

After recognition as an asset, an item of property, equipment and investment property is recognised at its cost less any accumulated depreciation and any accumulated impairment losses. Impairment tests are performed once a year.

Derecognition
Property, equipment and investment property are derecognised on disposal or retirement and no future economic benefits are expected from their use or disposal. Right-of-use assets are derecognised at the end of the lease term.

Recognition of costs and revenue
The depreciable amount of an asset is allocated on a systematic basis over its useful life. The useful life of an asset is defined considering its use to the parent. When expectations differ significantly from previous estimates, the depreciation charge for the current and subsequent periods is adjusted.

Impairment losses are recognised if an item of property and equipment or investment property has undergone impairment pursuant to IAS 36. The impairment loss is fully or partially reversed if the reasons therefor are no longer valid in subsequent periods and the reversal is recognised under non-recurring income.

6 - Intangible assets

Recognition
Intangible assets are recognised at cost, adjusted for any transaction costs, only if it is probable that the future economic benefits associated with the asset will flow to the group and the asset's cost may be determined reliably. If these conditions are not met, the cost of the asset is recognised in profit or loss when incurred.

Classification
Intangible assets include goodwill, covered by IFRS 3, and other intangible assets which fall under the scope of IAS 38.

An intangible asset is recognised as such solely when it is a resource that is:
• non-monetary;
• identifiable;
• without physical substance;
• held for use in the production or supply of goods or services, lease to third parties or for administrative purposes;
• controlled by the group;
• from which future economic benefits are expected to flow to the group.

Measurement
The cost of assets with finite useful lives is amortised on a straight-line or diminishing balance basis depending on how the economic benefits are expected to flow to the group. Assets with indefinite useful lives are not amortised, but are regularly tested for impairment.

If there is any indication that an asset may be impaired, the asset's recoverable amount is estimated. The impairment loss, which is recognised in profit or loss, is equal to the difference between the asset's carrying amount and recoverable amount.

In particular, intangible assets include:
a) technology-based intangible assets, such as software, which are amortised on the basis of their expected technological obsolescence and over a maximum period of seven years. In particular, the costs incurred internally for the development of software projects are recognised under intangible assets only when all the following conditions are met: i) the cost attributable to the intangible asset during its development stage can be measured reliably, ii) there is the intention, the availability of financial resources and the technical ability to make the intangible asset available for use or sale, iii) the future economic benefits to be generated by the asset can be demonstrated. Capitalised software development costs include only the costs directly attributable to the development stage. They are amortised systematically over the estimated useful life of the relevant product/service so as to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the group from the beginning of production over the product's estimated life;
b) goodwill, which may be recognised as part of business combinations when the positive difference between the consideration transferred plus the fair value of any non-controlling interests and the fair value of the acquired assets and liabilities represents the acquiree's future income-generating potential.

If this difference is negative (gain from a bargain purchase) or if the positive difference is not justified by the acquiree's future income-generating potential, it is immediately recognised in profit or loss.

Once a year (or whenever there is an impairment indicator), goodwill is tested for impairment. This requires the identification of the cash-generating unit to which goodwill is allocated. Any impairment losses are determined on the basis of the difference between the carrying amount of goodwill and its recoverable amount, if lower. The recoverable amount is the higher of the fair value less costs to sell of the cash-generating unit and its value in use. Any resulting impairment losses are recognised in profit or loss.

Derecognition
Intangible assets are derecognised on disposal and if no future economic benefits are expected therefrom.

Recognition of costs and revenue
The depreciable amount of an intangible asset is allocated on a systematic basis over its useful life. The useful life of an asset is defined considering its use to the group. When expectations differ significantly from previous estimates, the depreciation charge for the current and subsequent periods is adjusted.

Impairment losses are recognised if an intangible asset has undergone impairment pursuant to IAS 36. The impairment loss is fully or partially reversed if the reasons therefor are no longer valid in subsequent periods and the reversal is recognised under non-recurring income.

7 - Current and deferred taxes

Recognition
Current and deferred taxes, calculated in accordance with the Italian tax legislation, are recognised as an expense on an accruals basis, in line with the costs and revenue generating them. They show the tax benefit (expense) for the reporting period. Under the liability method, they include:
a) current tax assets, the amount of income taxes recoverable in respect of the taxable profit (tax loss) for the period;
b) current tax liabilities, the amount of income taxes payable in respect of the taxable profit (tax loss) for the period;
c) deferred tax assets, the amount of income taxes recoverable in future periods in respect of deductible temporary differences (mainly expenses deductible in the future from taxable profit (tax loss) under the ruling tax laws);
d) deferred tax liabilities, the amount of income taxes payable in future periods in respect of taxable temporary differences (mainly deferred tax on revenue or advance deductions of expenses when determining taxable profit (tax loss) of future periods under the ruling tax laws).

Classification
Current tax assets and liabilities show the group's tax position vis-à-vis the tax authorities. Current tax liabilities include the tax liability for the reporting period while the current tax assets comprise payments on account and other tax assets for withholdings or other prior year tax assets which the group intends to use for offsetting purposes in subsequent periods.

Deferred tax assets and liabilities are classified as non-current assets and liabilities pursuant to IAS 1.56.

Therefore, deferred taxes are presented under non-current liabilities as "Deferred tax liabilities" when they are liabilities, i.e., are related to items that will become taxable in future periods, otherwise they are recognised as "Deferred tax assets" under non-current assets when they relate to items that will be deductible in future periods.

Deferred taxes are recognised under equity if they relate to transactions that affect equity.

Measurement
Corporate income tax (IRES) and the regional tax on production activities (IRAP) are calculated using a realistic estimate of the positive and negative items of the reporting period using the enacted tax rates.

Deferred tax assets are only recognised when it is probable that the group will have sufficient taxable profit in the same period as the reversal of the deductible temporary differences. Deferred tax liabilities are always recognised.

Current and deferred taxes are offset only when the group has the legally enforceable right to set off the recognised amount and intends to do so.

Recognition of costs and revenue
The balancing entry of tax assets and liabilities (current and deferred) is the caption "Income taxes" in the income statement. When the current or deferred taxes to be recognised relate to transactions, the results of which are recognised directly in equity, the related tax assets and liabilities are also recognised in equity.

8 - Financial liabilities at amortised cost

Recognition
The group commences recognising these financial liabilities at the contract's execution date, which normally coincides with when the cash is received or the debt instruments are issued.

The financial liabilities are initially recognised at their fair value, which usually equals the cash received or the issue price, increased by any transaction costs that are directly attributable to the acquisition or issue of the financial liabilities. Internal administrative costs are excluded.

Classification
Due to banks and to customers and securities issued may comprise the various forms of the group's funding (interbank and with customers), repurchase agreements and certificates of deposit, bonds and other securities issued (including the subordinated bonds which qualify as a Tier 2 capital instrument issued by the parent), net of any portions redeemed.

This caption also includes the group's lease liabilities recognised as a lessee in finance leases.

Measurement
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Current liabilities, where the time value of money is immaterial, are recognised at the amount received.

Derecognition
Financial liabilities are derecognised when they expire or are extinguished. They are derecognised even when the group has repurchased a portion of previously issued bonds. The difference between the financial liability's carrying amount and the consideration paid is recognised in profit or loss.

Replacements on the market of repurchased securities issued by the group are considered new issues and recognised at the new placing price.

Recognition of costs and revenue
Interest expense, calculated using the nominal interest rate, is recognised as "Interest and similar expense" in the income statement.

9 - Financial liabilities held for trading

Recognition
Financial liabilities held for trading are initially recognised at the settlement date, except for derivatives that are recognised at the date they are entered into.

These financial liabilities are initially recognised at their fair value, which usually equals the cash received, without considering any transaction costs or income directly attributable to the financial liability and which are recognised in profit or loss.

Classification
This caption mainly includes derivatives with a negative fair value that are not designated as hedging instruments.

Measurement and recognition of costs and revenue
Financial liabilities held for trading are measured at fair value through profit or loss. Gains and losses arising from changes in fair value and/or from the sale of these liabilities are recognised in profit or loss.

When the fair value of a derivative liability becomes positive, it is recognised in "Financial assets at fair value through profit or loss: a) financial assets held for trading".

Trading gains and losses and fair value gains and losses are recognised in caption "80. Net trading income (expense)" in the income statement.

Derecognition
Financial liabilities held for trading are derecognised when the contractual rights to the related cash flows expire or when the financial liabilities are transferred with the transfer of substantially all risks and rewards of ownership.

10 - Financial liabilities at fair value through profit or loss

Recognition
These financial liabilities are measured at fair value since their initial recognition. Any fair value gains or losses are immediately recognised in profit or loss.

Classification
At initial recognition, the group designates a financial liability as measured at fair value through profit or loss if:
• it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
• a group of financial assets or liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
• there is a hybrid contract that contains one or more embedded derivatives, which may significantly modify the cash flows that otherwise would be required by the contract.

The election to designate a financial liability as measured at fair value through profit or loss is irrevocable, is made on an instrument-by-instrument basis and is not necessarily applied to all instruments with similar characteristics. However, such election cannot be applied to an individual component of a financial instrument, attributable to just one risk component to which the instrument is exposed. This caption includes certain liabilities whose settlement is deferred and linked to the performance of certain assets.

Measurement and recognition of costs and revenue
After initial recognition, the liabilities are measured at fair value and any fair value gain or loss is recognised in profit or loss.

Derecognition
Financial liabilities are derecognised when they expire or are extinguished.

11 - Post-employment benefits

The Italian post-employment benefits are classified as:
– defined contribution plans for the benefits accrued after 1 January 2007 (when the pension reform implemented by Legislative decree no. 252 of 5 December 2005 was enacted) when the employee has opted to transfer them to a supplementary pension fund or to the INPS (the Italian social security institution) treasury fund. The group's liability is recognised under personnel expense and is calculated considering the benefits due without applying actuarial methods;
– defined benefit plans for the benefits vested up to 31 December 2006. They are recognised at their actuarial value using the projected unit credit method, without considering the pro rata past service cost as the benefits related to the current service cost have mostly vested and its revaluation is not expected to give rise to significant employee benefits in the future.

The discount rate used is determined by reference to market yields at the reporting date on high quality corporate bonds consistent with the term of the post-employment benefit obligations, weighted to reflect the percentage of the amount paid and advanced, for each due date, compared to the total amount to be paid and advanced before final settlement of the entire obligation. The plan servicing costs are recognised as personnel expense while the actuarial gains and losses are recognised in other comprehensive income (expense) as required by IAS 19.

12 - Provisions for risks and charges

Recognition
Provisions for risks and charges include accruals for legal or labour obligations or for disputes (including tax) arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is recognised when and only when:
• the group has a present obligation (legal or constructive) as a result of a past event;
• it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
• a reliable estimate can be made of the amount of the obligation.

Classification
If the recognition criteria are met, the group recognises the provision under "Provisions for risks and charges" (caption 120).

The provisions include accruals made to cover:
• the group's legal disputes, especially risks related to claw-back claims, operational risks on services provided on behalf of third parties and all other operational risks arising in conjunction with complaints received from customers;
• all other accruals for specific expense and/or risks for which the group has voluntarily or under contract agreed to cover even though they have not yet been specifically formalised at the reporting date.

Measurement
The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and that takes risks and uncertainties that inevitably surround many events and circumstances into account.

Provisions for liabilities expected to be settled after one year are recognised at their present value.

Derecognition
A provision is reversed to profit or loss if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or at the time of its settlement.

Recognition of costs and revenue
When the effect of the time value of money is material, the provision is discounted using current market rates. The provision and increase in the provision due to the passage of time are recognised in profit or loss.

The accrual to the restructuring provision covers significant reorganisations that have a material effect on the group's nature and strategies. It mainly covers the related consultancy fees.

Accruals made to the provisions for risks and charges are recognised in the income statement caption "Net reversals of (accruals to) provisions for risks and charges".

13 - Other information

Treasury shares
The parent and the other group companies do not have treasury shares.

Other assets
Other assets comprise tax assets directly acquired by the parent from third parties that originated as a result of tax incentive measures granted in the form of tax credits or deductions (the 110% superbonus). Their recognition,

classification and measurement are based on the guidelines of document no. 9 on the application of the IFRS jointly issued by Bank of Italy, Consob and IVASS (the Italian Institute for insurance supervision). This document clarified that the above tax assets are in substance more similar to a financial asset and, therefore, a model based on IFRS 9 is the most appropriate accounting policy to provide relevant and reliable disclosure.

The tax assets acquired by the parent are managed under:
- the hold to collect business model and measured at amortised cost if, at the acquisition date, the amount is consistent with the current and prospective capacity of its liabilities with the tax authorities and if the assets were acquired for offsetting purposes;
- the hold to collect and sell business model and measured at fair value through other comprehensive income if, at the acquisition date, the amount is consistent with the current and prospective capacity of its liabilities with the tax authorities and if the assets were acquired for the purposes of both offsetting and sale to third parties;
- the trading business model and measured at fair value through profit or loss if the assets were acquired solely to be resold to third parties and make a profit and their amount exceeds the estimated ceiling for the relevant offsetting.

These assets are recognised when the parent formally accepts them through its online tax account. They are derecognised when sold to third parties on the date of their acceptance through their online tax account or at the sale date, depending on the contractual terms.

The fair value of these tax assets is measured by discounting the expected offsets or, in the case of a planned sale to third parties, the expected proceeds, using a discount rate that reflects the time value of money and a risk premium. Specifically, the discount rate is benchmarked to a risk-free interest rate, updated at each measurement date, plus the risk premium determined at the time of investment.

Prepayments and accrued income, deferred income and accrued expenses
These captions, which include income and expense related to the reporting period accrued on assets and liabilities, are recognised as an adjustment to the assets and liabilities to which they refer.

Equity instruments
Equity instruments represent a residual interest in the group's assets after deducting all of its liabilities. An issued instrument is classified as equity only if it contains no contractual obligation to make payments in the form of principal repayment, interest or other forms of return.

Instruments that meet these equity criteria (other than ordinary or savings shares) are presented under caption "140. Equity instruments" at the amount of proceeds received, net of directly attributable transaction costs and any related income tax benefit.

Any coupons paid, net of related taxes, are deducted from caption "150. Reserves", if and to the extent paid.

Classification of financial assets
The classification of the financial assets into the three categories established by the standard depends on two classification drivers: the business model used to manage the financial instruments and the contractual cash flow characteristics of the financial assets (or SPPI test).

The classification of the financial assets derives from the combined effect of the two drivers mentioned above, as described below:
- financial assets at amortised cost: assets that pass the SPPI test and come under the hold to collect (HTC) business model;
- financial assets at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and come under the hold to collect and sell (HTCS) business model;
- financial assets at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model assessment or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI test
In addition to the analysis of the business model, a financial asset may be classified as at amortised cost or at FVOCI if its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test). Loans and debt instruments, in particular, should be subjected to this test.

The SPPI test should be carried out on each financial instrument upon initial recognition.

After initial recognition, and as long as it is maintained in the statement of financial position, the asset is no longer subjected to the SPPI test. If a financial asset is derecognised and a new financial asset is recognised, the SPPI test must be performed on the new asset.

For the application of the SPPI test, IFRS 9 provides the following definitions:
- principal: the fair value of the financial asset at initial recognition. This may change over the life of the financial asset, for example if there are repayments of part of the principal;
- interest: the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic lending risks and costs and a profit margin.

In assessing whether the contractual flows of a financial asset qualify as SPPI, IFRS 9 refers to the general concept of a "basic lending arrangement", which is independent of the legal form of the asset. When contract terms introduce exposure to risks or volatility in the contractual cash flows that is inconsistent with the definition of a basic lending arrangement, such as exposure to changes in share or commodity prices, the contractual cash flows do not meet the definition of SPPI. The application of the classification driver based on contractual cash flows sometimes requires judgement and, consequently, the establishment of internal application policies.

When assessing a modified time value of money element – for example, when the interest rate of the financial asset is reset periodically, but the frequency of the reset or the frequency of payment of the coupons does not reflect the nature of the interest rate (such as when the interest rate is reset monthly on the basis of a one-year rate) or when the interest rate is reset regularly on the basis of an average of particularly short or medium-to-long term rates – an entity should assess, using both quantitative and qualitative information, whether the contractual cash flows still meet the definition of SPPI (benchmark cash flows test). If the test shows that the (undiscounted) contractual cash flows are "significantly different" from the (also undiscounted) cash flows of a benchmark instrument (i.e., without the modified time value element), the contractual cash flows cannot be considered to meet the definition of SPPI.

The standard requires specific analyses ("look through tests") to be performed and these are therefore also conducted on multiple contractually linked instruments (CLIs) that create concentrations of credit risk for debt repayment and on non-recourse assets, for example when a loan can only be enforced on specified assets of the debtor or on the cash flows from specified assets.

The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the SPPI requirements (e.g., prepayment options, the possibility of deferring contractually agreed cash flows, embedded derivative instruments, subordinated instruments, etc.).

However, as envisaged by IFRS 9, a contractual cash flow characteristic does not affect the classification of the financial asset if it could have only a de minimis effect on the contractual cash flows of the financial asset (in each reporting period and cumulatively). Similarly, if a cash flow characteristic is not genuine, i.e., if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur, it does not affect the classification of the financial asset.

Business model
IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:
- hold to collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets

in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;
- hold to collect and sell (HTCS): this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and (also) through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contract flows and sales) are indispensable to achieve the business model's objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;
- others/trading: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (hold to collect and hold to collect and sell). In general, this classification applies to a portfolio of financial assets whose management and performance are measured based on fair value.

The business model reflects the way in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by senior management with the appropriate involvement of the business structures.

It is defined by considering the way in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual flows, from the sale of the financial assets, or from both. This assessment is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as the so-called "worst case" or "stress case" scenarios. For example, if an entity expects that it will sell a particular portfolio of financial assets only in a stress case scenario, that scenario does not affect the entity's assessment of the business model for those assets if the entity reasonably expects that such a scenario will not occur.

The business model does not depend on management's intentions regarding an individual financial instrument, but refers to the way in which groups of financial assets are managed in order to achieve a specific business objective.

In short, the business model:
- reflects the way in which financial assets are managed to generate cash flows;
- is defined by senior management, with the appropriate involvement of the business structures;
- must be observable by considering the way the financial assets are managed.

In operational terms, the assessment of the business model is carried out in line with the group's organisation, the specialisation of the business functions, the risk cascading model and the assignment of delegated powers (limits).

All relevant factors available at the date of the assessment are used in the assessment of the business model. The above information includes the strategy, the risks and their management, the remuneration policies, the reporting and the amount of the sales. In the analysis of the business model, the elements investigated must be consistent with each other and, in particular, with the strategy pursued. Evidence of activities not in line with the strategy must be analysed and duly justified.

In this regard, and in relation to the business models under which the financial assets are held, a specific business model assessment policy – approved by the competent governance levels – defines and sets out the components of the business model in relation to the financial assets included in the portfolios managed as part of the operations of the parent's business structures.

For the HTC portfolios, the group has set limits for frequent but not significant sales to be considered eligible (individually or in aggregate, or for infrequent sales even if their amount is significant) and the parameters have also been established for identifying sales as being consistent with that business model because they relate to an increase in credit risk.

Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition decreased by principal repayments and adjusted by accumulated amortisation (calculated using the effective interest method) of the difference between the carrying amount at initial recognition and at maturity and by the loss allowance, if any.

The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or through the subsequent date for recalculation of the price to the present value of the financial asset or financial liability. In the calculation of the present value, the effective interest rate is applied to the flow of future cash receipts or payments through the entire useful life of the financial asset or liability or for a shorter period when certain conditions are met (for example, reviews of market interest rates).

After initial recognition, amortised cost enables allocation of revenue and costs directly by decreasing or increasing the instrument's carrying amount over its entire expected life via the amortisation process. Amortised cost is calculated differently depending on whether the financial assets/liabilities have fixed or floating rates and – in this last case – whether the rate volatility is known beforehand.

Amortised cost measurement is applied to financial assets at amortised cost and at fair value through other comprehensive income or profit or loss, as well as financial liabilities at amortised cost.

Financial assets and liabilities traded at market conditions are initially recognised at fair value, which is normally equal to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and any directly attributable fees.

As specified by IFRS 9, in some cases, a financial asset is considered credit-impaired at initial recognition because the credit risk is very high and, in the case of a purchase, it is purchased at a deep discount (with respect to the initial disbursement amount). If these financial assets, based on the application of the classification drivers (SPPI test and business model), are classified as assets measured at amortised cost or at fair value through other comprehensive income, they are classified as purchased or originated credit-impaired (POCI) assets and are subject to special impairment requirements. In addition, a credit-adjusted effective interest rate is calculated at the initial recognition of POCI assets, which requires the inclusion of the initial expected credit losses in the cash flow estimates. This credit-adjusted effective interest rate is used for the application of the amortised cost and the consequent calculation of interest.

The amortised cost method is not used for financial assets and liabilities with a short term, without a set maturity and on demand as discounting these loans has no material impact.

Impairment

Impairment of financial assets
Pursuant to IFRS 9, at each reporting date, financial assets other than those measured at fair value through profit or loss are tested for impairment to assess whether there is any evidence that their carrying amount may not be fully recoverable. A similar analysis is performed, where applicable, for commitments to disburse funds and guarantees issued that must be tested for impairment under IFRS 9.

If there is indication of impairment, these financial assets - as well as any other assets pertaining to the same counterparty - are considered credit-impaired and are included in stage 3. For these exposures, which are classified – in accordance with Bank of Italy Circular no. 262/2005 – as bad, unlikely to pay and overdrawn/past due by more than ninety days, the group recognises a loss allowance equal to their lifetime expected credit losses.

Impairment of performing financial assets
When there is no indication of impairment (performing financial instruments), the group checks whether there is evidence that the credit risk of the individual exposures has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:
- where this evidence does exist, the financial assets are included in stage 2. In this case, in compliance with the IFRS and despite the absence of indication of impairment, the group recognises a loss allowance equal to their lifetime expected credit losses. At each subsequent reporting date, the group reviews the loss allowance, both to periodically check its adequacy with the continuously updated loss estimates and to take account – if the evidence of "significantly increased" credit risk is no longer present – of the change in the forecast period for the calculation of the expected credit loss;

- where this evidence does not exist, the financial assets are included in stage 1. In this case, in compliance with the IFRS and despite the absence of indication of impairment, the group recognises a loss allowance equal to their 12-month expected credit losses. At each subsequent reporting date, the group reviews the loss allowance, both to periodically check its adequacy with the continuously updated loss estimates and to take account – if the evidence of "significantly increased" credit risk emerges – of the change in the forecast period for the calculation of the expected credit loss.

In accordance with IFRS 9 and effective implementation by the group, the following factors constitute the key elements to be taken into account for the measurement of financial assets and, in particular, the identification of the "significant increase" in credit risk (a necessary and sufficient condition for the classification of the asset as stage 2):
• ABS not measured at fair value through profit or loss:
- net collections since inception of the securitisation 20% lower than those forecast in the business plan;
- a 3-notch decrease in the external rating of listed securities, if this decrease does not directly lead to classification as stage 3 (junk grade);
- business plan reviewed downward by over 20% of "net recoveries", if the new business plan does not lead to the write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3;
- business plan reviewed by extending the recovery timing by over three years, if the new business plan does not lead to the write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3.

• Government bonds:
- application of the low credit risk exemption, i.e., as long as the bond qualifies as investment grade[5] (from AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notches); if the bond is downgraded to speculative grade (i.e., from BB+ to B-), it may be classified at stage 2, only if it is downgraded by at least 3 notches from the origination rate;
- reclassification to stage 3 follows the general rule of IFRS 9 according to which stage 3 includes financial instruments with objective evidence of impairment at the reporting date, i.e., from when they are graded CCC+ or lower.

• Financial instruments other than loans and receivables and government bonds:
- application of the low credit risk exemption, i.e., as long as the bond qualifies as investment grade (from AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notches);
- after reclassification, a 3-notch decrease from an external rating at origination of BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, leads to classification at stage 2 as long as the downgrading does not directly lead to classification as stage 3;

• Loans and receivables with customers (loans, personal loans granted to employees, subsidies, leases, factoring assets and guaranteed finance products):
- a past due amount that - subject to the materiality thresholds identified by the regulations - has been as such for at least 30 days. In this case, the credit risk is presumed to have "significantly increased" and the exposure is, therefore, transferred to stage 2 (if it was previously included in stage 1);
- forbearance measures, which lead to the rebuttable presumption that credit risk has "significantly increased" since initial recognition and to the exposure's reclassification;
- increased credit risk identified during monitoring and assessment (e.g., covenant breaches deemed symptomatic of a significant increase in credit risk, moratorium applications, etc.).

In addition to the above criteria, for guaranteed finance (both medium/long-term financing and digital lending), a quantitative SICR criterion is also applied. It captures the increase in credit risk from origination to the reporting date, measured by the rating-notch delta (assessed by comparing quantitative parameters) and, where applicable, by the PD delta. For migration to stage 2, the delta notch thresholds are differentiated by rating class at the date of origination (in line with IFRS 9.B5.5.9) and are scaled according to the initial rating. Where a rating exists at origination but is unavailable at the reporting date, the position is classified as stage 2.

(5) In general, the Fitch rating is used as the external public rating. Where this is not available, the S&P rating and the Moody's rating are used (in that order).

• Loans and receivables with banks:
- a 3-notch decrease if the counterparty's external rating at origination or, where not available, of the counterparty's country, is equal to BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, as long as the downgrading does not directly lead to classification as stage 3 (junk grade).

Once the allocation to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, based on the PD, LGD and EAD parameters.

Impairment of credit-impaired financial assets
All credit-impaired exposures are classified as stage 3, including those past due by over 90 days, regardless of the amount. Moreover, stage 3 includes all tranches associated with securities in default.

The group only reclassifies assets from stage 1 directly to stage 3 in exceptional cases, i.e., when their credit standing deteriorates dramatically and default is evident before receiving an interim report on credit rating. The group's business model envisages investments in POCI assets, which are therefore directly classified as stage 3 upon initial recognition.

The group assesses its credit-impaired exposures analytically using specific models depending on the nature of the assessed asset.

In particular, its POCI assets have specific impairment characteristics. Since initial recognition and over their entire life, the group recognises a loss allowance equal to their lifetime ECL. Therefore, at each reporting date, the group recognises any impairment gains or losses as may be necessary to adjust their lifetime ECL in profit or loss. Based on the above, the POCI assets are initially classified as stage 3, although they may be subsequently reclassified as performing exposures, nonetheless adjusted by a loss allowance equal to their lifetime ECL.

Business combinations
Business combinations are governed by IFRS 3.

The transfer of control over an entity (or an integrated set of activities and assets that is capable of being conducted and managed as a single business) is considered a business combination.

To this end, control is deemed to have been transferred when the investor is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 3 requires that an acquirer be identified in any business combination. The acquirer is identified as the combining entity that obtains control of the other combining entities or businesses. If a controlling entity cannot be identified, following the definition of control described above, as, for example, in the case of the exchange of equity investments, the identification of the acquirer considers other factors such as: the entity which has a significantly higher fair value, the entity which pays a cash consideration or the entity which issues new shares.

The acquisition, and therefore the initial consolidation of the acquiree, is recognised on the date on which the acquirer effectively obtains control over the acquired entity or businesses. When the combination occurs in a single exchange, the date of the exchange usually coincides with the acquisition date, provided that there are no agreements stipulating the transfer of control prior to the date of the exchange.

The consideration transferred as part of a business combination is equal to the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the acquirer in return for control.

In transactions which entail cash consideration (or when payment occurs via cash-equivalent financial instruments), the transaction price is the agreed consideration. When settlement does not occur in the short-term, the fair value of any deferred component is calculated by discounting the amounts payable to their present value; when payment occurs via an instrument other than cash, therefore via the issue of financial instruments, the price is equal to the fair value of such instruments net of the costs directly attributable to their issue. The "Fair value" section provides information on the fair value measurement of financial instruments. In the case of shares listed on active markets, the fair value is the acquisition-date quoted market price or, should that not be available, the latest price available.

The acquisition-date consideration transferred includes any contingent consideration based on future events, if provided for by the combination agreement and only if it is probable, it can be measured reliably and realised within one year of acquisition of control. Instead, any compensation for impairment losses on the assets used as consideration is not included in the purchase price since it is already considered either in the fair value of equity instruments or as a reduction in the premium or an increase in the discount on the initial issue of debt instruments.

Acquisition-related costs are those incurred by the acquirer to carry out the business combination, including, for example, professional fees paid to independent auditors, experts, legal advisors, costs for appraisals and audits of financial statements, preparation of information documents required by the law, as well as advisory fees incurred to identify potential targets, if the contract provides for the payment of success fees, as well as debt or equity securities' registration and issue costs.

The acquirer must account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities are recognised in accordance with IAS 32 and IFRS 9.

Business combinations are recognised using the "acquisition method" whereby identifiable assets acquired (including any intangible assets which had not been previously recognised by the acquiree) or liabilities assumed (including contingent liabilities) are recognised at their acquisition-date fair value.

Any excess between the consideration transferred (being the fair value of transferred assets, liabilities incurred and equity instruments issued by the acquirer), increased by any non-controlling interests (determined as above) as well as the fair value of any equity interest already held by the acquirer, and the fair value of acquired assets and liabilities is recognised as goodwill. Conversely, when the fair value of acquired assets and liabilities exceeds the sum of the consideration transferred, non-controlling interests and the fair value of any equity interest already held, the difference is recognised in profit or loss.

Business combinations may be recognised provisionally by the end of the reporting period in which the combination occurs, to be finalised within one year of the acquisition date.

Revenue and cost recognition
Revenue is the gross flow of economic benefits generated by an entity's ordinary operations. It is recognised when control of the goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled. Specifically, revenue is recognised using the model that can:
• identify the contract, defined as an agreement that creates enforceable obligations;
• identify the performance obligations in the contract;
• determine the transaction price, i.e., the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods and/or services to a customer;
• allocate the transaction price to the performance obligations on the basis of the relative stand-alone selling prices of each distinct good or service;
• recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue can be recognised at a point in time when the entity satisfies a performance obligation by transferring the promised good or service to a customer, or over time as the entity satisfies the performance obligation by transferring the promised good or service. Specifically:
a) interest is recognised on a pro rata basis, using the contractual interest rate or the effective interest rate when the amortised cost model is applied;
b) any contractually provided for default interest is recognised only when actually collected;

c) dividends are recognised in profit or loss when their distribution is approved;
d) commissions on revenue from services contractually provided for are recognised when the services are rendered. Commissions included in amortised cost to calculate the effective interest rate are recognised as interest;
e) income and expense from the trading of financial instruments are recognised when the sale is executed and are the difference between the transaction price paid or collected and the instrument's carrying amount;
f) gains on the sale of non-financial assets are recognised when the sale is executed, unless the group has substantially retained the risks and rewards of ownership.

Costs are recognised in profit or loss on an accruals basis. Costs to obtain and fulfil a contract with a customer are recognised in profit or loss in the period in which the related revenue is recognised.

A.3 - TRANSFERS AMONG FINANCIAL ASSET PORTFOLIOS

None.

A.4 – FAIR VALUE

This section includes the disclosures on fair value required by IFRS 13.

Qualitative information

A.4.1. Levels 2 and 3: valuation techniques and inputs used

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The transaction is a normal transaction between independent parties that have a reasonable understanding of the market conditions and significant facts about the asset or liability. Fundamental to the definition of fair value is the assumption that the entity is able to operate normally and does not need to urgently liquidate or significantly decrease a position. The fair value of an instrument reflects its credit quality as it includes the counterparty or issuer default risk among other things.

The fair value of financial instruments is determined using a hierarchy based on the origin, type and quality of the information used. This hierarchy gives maximum priority to quoted prices (unadjusted) in active markets and less priority to unobservable inputs. There are three different levels:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data.

These valuation approaches are applied hierarchically. Therefore, if a quoted price on an active market is available, the Level 1 approach must be applied. In addition, the valuation technique applied must maximise the use of factors observable on the market and, therefore, rely as little as possible on subjective parameters or "private information".

In the case of financial instruments that are not quoted on active markets, the level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The valuation techniques used to determine fair value are calibrated regularly and validated using variable inputs observable on the market to ensure that they represent the actual market conditions and to identify any weaknesses.

The fair value hierarchy was included in IFRS 7 solely for disclosure purposes and not for measurement purposes. Therefore, the financial assets and liabilities are measured in accordance with IFRS 13.

Level 1
A financial instrument is quoted on an active market when its price is:
- readily and promptly available from stock exchanges, brokers, intermediaries, information providers, etc.;
- significant, i.e., representative of effective market transactions that take place regularly in normal trading.

In order to be considered as Level 1, the price shall be unadjusted, that is not adjusted by applying a valuation adjustment. Otherwise, the fair value measurement of the financial instrument will fall into Level 2.

Level 2
A financial instrument is included in Level 2 when all the significant inputs (other than quoted prices included in Level 1) used to measure it are observable directly or indirectly on the market.

The Level 2 inputs are:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are not active;
- inputs other than quoted prices that are observable for the financial asset or liability (risk free rate curve, credit spread, volatility, etc.);
- inputs that mainly derive from or are corroborated (through correlation or other techniques) by observable market data (market-corroborated inputs).

An input is observable when it reflects the assumptions that a market participant would use when pricing a financial asset or liability using market data provided by independent sources.

If a fair value measurement uses observable data, which require significant adjustment using unobservable inputs, the measurement is categorised within Level 3 of the fair value hierarchy.

Level 3
Level 3 includes financial instruments, whose fair value is estimated using a valuation technique that uses inputs that are not observable on the market, not even indirectly. Specifically, inclusion in Level 3 takes place when at least one of the significant inputs used to measure the instrument is unobservable.

This categorisation takes place when the inputs used reflect the entity's assumptions, developed on the basis of the available information.

A.4.2. Valuation processes and sensitivity

Assets other than short-term exposures classified as Level 3 chiefly include the ABS at fair value through profit or loss, participating financial instruments at fair value through other comprehensive income and OEIC units mandatorily measured at fair value.

The group measures the ABS using the discounted cash flow model (DCF), estimating the future cash flows and a suitable discount rate that reflects the time value of money and the risk premium. The cash flows are estimated considering the securitisations' business plans. The discount rate is identified as the cost of capital ("Ke"), calculated using the capital asset pricing model ("CAPM") method, and is estimated to be equal to the rate of return on the risk-free assets ("Rf"), increased by the sector-specific risk premium. This premium is calculated by considering the β coefficient, which measures a specific entity's risk, in relation to the variability of its return compared to the market risk and multiplying it by the equity risk premium ("ERP"). A specific risk coefficient is added to the output to account for the riskiness of the relevant securities compared to that of the market (small size premium).

Assisted by independent experts, the group regularly measures financial assets at fair value through other comprehensive income using market multiple or discounted cash flow models.

Financial assets mandatorily measured at fair value include the parent's units in the Lounge Rises Fund, arising from the derisking activity mentioned earlier, involving certain non-performing loans originated in the guaranteed finance segment. Given the involvement of other independent market participants and the proximity of the closing date to the reporting date, the subscription price of the fund units was considered representative of their fair value as at that date.

A.4.3. Fair value hierarchy

The group did not transfer any financial assets or liabilities from one level to another during the year.

A.4.4. Other information

The group did not apply the exception provided for by IFRS 13.48 (fair value based on the net exposure) for financial assets and liabilities that offset the market or counterparty risk.

Release of reserve as per Decree law no. 104/2023

Article 26 of Decree law no. 104/2023 introduced, only for 2023, a windfall tax on extra profits of Italian banks (or Italian permanent establishments of foreign banks) equal to 40% of the positive difference between the net interest income shown in their 2023 financial statements and that recognised in their 2021 financial statements, increased by 10%, subject to a cap of 0.26% of the total risk exposure amount on an individual basis, determined pursuant to article 92.3/4 of Regulation (EU) no. 575/2013 at the reporting date of the year prior to that in progress on 1 January 2023. When Decree law no. 104/2023 was converted into law, the Italian legislator added paragraph 5-bis, giving banks the option, in lieu of paying the tax, to allocate to a non-distributable reserve an amount equal to 2.5 times the windfall tax. Should the reserve subsequently be distributed, the bank would be required to pay the tax increased by interest accruing from the expiry of the ordinary payment deadline, at the ECB deposit facility rate.

When filing the tax return for 2023 and in line with the intention expressed by the shareholders at their meeting held to approve the separate financial statements at 31 December 2022, the parent placed a non-distributable restriction over the share premium (€0.9 million) and the legal reserve (€3.2 million) equal to 2.5 times the tax due (€1.6 million).

The recently approved 2026 Budget Law has introduced significant changes to the provisions of Decree law no. 104/2023. Specifically:
- starting with the annual reporting period commencing after 1 January 2028, if a bank distribute profits, including interim dividends, or reserves, regardless of any shareholders' resolution, the "restricted" reserve is presumed to be distributed first, thus triggering the obligation to pay the windfall tax;
- however, for years up to and including the one in progress on 31 December 2028, a bank may elect to pay a substitute tax on the "restricted" reserve at a rate of 27.5% of the reserve existing at the end of the year in progress on 31 December 2025 or 33% of the reserve existing at the end of the year in progress on 31 December 2026. Payment of this substitute tax therefore allows the bank to settle its tax liability, with an increased reduction if the payment is made (in June 2026) using the reserve existing at 31 December 2025.

Taking the above into account, the parent's Board of Directors resolved to release the restricted reserves existing at 31 December 2025 (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75, equal to 27.5% of the restricted reserves), recognised through an equity reserve (caption 150 of liabilities). It also resolved to propose to the shareholders, at a meeting scheduled for April 2026, as a specific agenda item to be discussed before the approval of the separate financial statements at 31 December 2025, that they authorise the release and the consequent payment of the tax due in a single instalment by 30 June 2026.

Quantitative disclosure

A.4.5. Fair value hierarchy

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

(€'000)

Financial assets/ liabilities at fair value	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	-	-	-	-	-	-
a) held for trading	13	-	-	289	-	508
b) designated at fair value	-	-	-	-	-	-
c) mandatorily measured at fair value	-	-	141,914	-	-	86,037
2. Financial assets at fair value through other comprehensive income	41,373	-	2,600	5,347	-	4,000
3. Hedging derivatives	-	938	-	-	-	-
4. Property, equipment and investment property	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**41,386**	**938**	**144,514**	**5,635**	**-**	**90,545**
1. Financial liabilities held for trading	8	-	-	7	-	-
2. Financial liabilities at fair value through profit or loss	-	-	2,818	-	-	3,396
3. Hedging derivatives	-	-	-	-	-	-
Total	**8**	**-**	**2,818**	**7**	**-**	**3,396**

Key:
L1= Level 1
L2= Level 3
L3= Level 3

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

(€'000)

	Financial assets at fair value through profit or loss				Financial assets at fair value through other comprehensive income	Hedging derivatives	Property, equipment and investment property	Intangible assets
	Total	Including: a) held for trading	Including: b) designated at fair value	Including: c) mandatorily measured at fair value				
1. Opening balance	**90,545**	**508**	**-**	**86,037**	**4,000**	**-**	**-**	**-**
2. Increases	-	-		-				
2.1 Purchases	64,143	-	-	64,143	-	-	-	-
2.2 Gains recognised in:	8,101	-	-	8,101	-	-	-	-
2.2.1 Profit or loss	8,101	-	-	8,101	-	-	-	-
- including: gains	1,551	-	-	1,551	-	-	-	-
2.2.2 Equity	-	X	X	-	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-	-	-
3. Decreases	-			-	-			
3.1 Sales	-	-	-	-	-	-	-	-
3.2 Repayments	(17,649)	-	-	(16,249)	(1,400)	-	-	-
3.3 Losses recognised in:	(626)	(508)	-	(118)	-	-	-	-
3.3.1 Profit or loss	(626)	(508)	-	(118)	-	-	-	-
- including losses	(626)	(508)	-	(118)	-	-	-	-
3.3.2 Equity	(1,400)	X	X	X	(1,400)	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**144,514**	**-**	**-**	**141,914**	**2,600**	**-**	**-**	**-**

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

(€'000)

	Financial liabilities held for trading	Financial liabilities at fair value through profit or loss	Hedging derivatives
1. Opening balance	-	3,396	-
2. Increases	-	-	-
2.1 Issues	-	-	-
2.2 Losses recognised in:	-	1,272	-
2.2.1 Profit or loss	-	1,272	-
- including losses	-	1,272	-
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	-	-	-
3.1 Repayments	-	(1,501)	-
3.2 Repurchases	-	-	-
3.3 Gains recognised in:	-	-	-
3.3.1 Profit or loss	-	-	-
- including gains	-	-	-
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	(349)	-
4. Closing balance	-	2,818	-

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

(€'000)

Assets/ liabilities not measured at fair value or measured at fair value on a non-recurring basis	31.12.2025				31.12.2024			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets at amortised cost	1,679,859	400,761	-	1,279,572	1,707,511	447,811	-	1,269,241
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	**1,679,859**	**400,761**	**-**	**1,279,572**	**1,707,511**	**447,811**	**-**	**1,289,241**
1. Financial liabilities at amortised cost	2,037,293	-	-	2,037,293	1,815,015	-	-	1,815,015
2. Liabilities associated with disposal groups	-	-	-	-	-	-	-	-
Total	**2,037,293**	**-**	**-**	**2,037,293**	**1,815,015**	**-**	**-**	**1,815,015**

Key:
CA = Carrying amount
L1= Level 1
L2= Level 2
L3= Level 3

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

The carrying amount of financial instruments equals their fair value at the reporting date. With respect to financial instruments not measured at fair value through profit or loss, their fair value is considered to equal their price collected or paid at the recognition date.

Any difference between the amount collected or paid for financial instruments measured at fair value through profit or loss and classified as Level 3 may be recognised in the relevant income statement caption, generating a day one profit/loss (DOP). The difference is recognised in profit or loss only if it is due to changes in factors on which the market participants based their assumptions when setting the price (including the time effect). When the instrument has a set maturity date and a model that monitors changes in the factors is not immediately available, the group may recognise the DOP in profit or loss over the financial instrument's term.

The parent and the group have not recognised a day one profit or loss on financial instruments as set out in IFRS 7.28 and the sections in the other related standards.

Part B: Notes to the statement of financial position

Assets

Section 1

Cash and cash equivalents – Caption 10

1.1 Cash and cash equivalents: breakdown

(€'000)

	31/12/2025	31/12/2024
a) Cash	1	1
b) Current accounts and demand deposits with central banks	147,455	88,503
c) Current accounts and demand deposits with banks	12,866	11,681
Total	**160,323**	**100,185**

This caption includes the parent's cash-in-hand, demand bank current account and deposits, an overnight deposit with Bank of Italy and the payment module ("PM") account the parent holds with Bank of Italy as a participant in the European real-time gross settlement system. In addition to the parent's liquidity, current accounts and deposits with banks include cash of €7.3 million deposited in the SPVs' current accounts up to the payment dates provided for by the related securitisations.

Section 2

Financial assets at fair value through profit or loss - Caption 20

2.1 Financial assets held for trading: breakdown by type

(€'000)

Captions/Amounts	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
A Assets						
1. Debt instruments						
1.1 Structured	-	-	-	-	-	-
1.2 Other	-	-	-	-	-	-
2. Equity instruments	-	-	-	-	-	-
3. OEIC units	-	-	-	-	-	-
4. Financing						
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**-**	**-**
B Derivatives						
1. Financial derivatives						
1.1 trading	13	-	-	289	-	508
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives						
2.1 trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**13**	**-**	**-**	**289**	**-**	**508**
Total (A+B)	**13**	**-**	**-**	**289**	**-**	**508**

The caption "Financial derivatives: 1.1 trading" shows the fair value of the futures used for management purposes to hedge interest rate variations in the ABS. At 31 December 2024, the caption included a call option for 100% of BE TC S.r.l., recognised in 2018. As described in Part G - Business combinations, the option was settled in 2025 with the parent's acquisition of the company's business unit.

2.2 Financial assets held for trading: breakdown by debtor issuer/counterparty

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
A. Assets	**-**	**-**
1. Debt instruments	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. OEIC units	**-**	**-**
4. Financing	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total A	**-**	**-**
B. Derivatives	**-**	**-**
a) Central counterparties	-	-
b) Other	13	796
Total B	**13**	**796**
Total (A+B)	**13**	**796**

2.3 Financial assets at fair value through profit or loss: breakdown by type

None.

2.4 Financial assets at fair value through profit or loss: breakdown by debtor/issuer

None.

2.5 Other financial assets mandatorily measured at fair value: breakdown by type

(€'000)

Captions/Amounts	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Debt instruments						
1.1 Structured	-	-	-	-	-	-
1.2 Other	-	-	77,907	-	-	86,037
2. Equity instruments	-	-	-	-	-	-
3. OEIC units	-	-	64,007	-	-	-
4. Financing	-	-		-	-	
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**141,914**	**-**	**-**	**86,037**

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

"Debt instruments – Other" include ABS issued by unconsolidated SPVs (mostly junior) that did not pass the SPPI test (their business model is HTC).

The OEIC units of €64,007 thousand were subscribed by the parent in connection with the sale of the portfolio of guaranteed non-performing exposures, with a substantially similar carrying amount, to the Lounge Rises Fund, which was completed in December 2025, as described in the "Development of the new group's business lines" of the Directors' report.

2.6 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
1. Equity instruments		
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
2. Debt instruments		
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	77,907	86,037
of which: insurance companies	-	-
e) Non-financial companies	-	-
3. OEIC units	**64,007**	**-**
4. Financing	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**141,914**	**86,037**

Section 3

Financial assets at fair value through other comprehensive income – Caption 30

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

(€'000)

Captions/Amounts	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Debt instruments						
1.1 Structured	-	-	-	-	-	-
1.2 Other	41,373	-	-	5,347	-	-
2. Equity instruments	-	-	2,600	-	-	4,000
3. Financing	-	-	-	-	-	-
Total	**41,373**	**-**	**2,600**	**5,347**	**-**	**4,000**

At the reporting date, financial assets at fair value through other comprehensive income relate to government bonds (level 1) and a participating financial instrument. The Level 3 fair value of the latter has been measured considering the best information available at the preparation date of this report, with the assistance of independent experts. The group recognised fair value losses of €1,400 thousand on this instrument in 2025.

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

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
1. Debt instruments	**41,373**	**5,347**
a) Central banks	-	-
b) Public administrations	41,373	5,347
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity instruments	**2,600**	**4,000**
a) Banks	-	-
b) Other issuers:	2,600	4,000
- Other financial companies	-	-
of which: insurance companies	-	-
- Non-financial companies	2,600	4,000
- Other	-	-
3. Financing		
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Società non finanziarie	-	-
f) Households	-	-
Total	**43,973**	**9,347**

3.3 Financial assets at fair value through other comprehensive income: gross carrying amount and total impairment losses

(€'000)

	Gross carrying amount					Total impairment losses				Partial/ total write-offs (*)
	Stage 1		Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
		of which: instruments with a low credit risk								
Debt instruments	**41,394**	**41,394**	**-**	**-**		**21**	**-**	**-**		**-**
Financing										
Total 31.12.2025	**41,394**	**41,394**	**-**	**-**		**21**	**-**	**-**		**-**
Total 31.12.2024	**5,349**	**5,349**	**-**	**-**		**2**	**-**	**-**		**-**

Section 4

Financial assets at amortised cost – Caption 40

4.1 Financial assets at amortised cost: loans and receivables with banks broken down by type

(€'000)

Transaction type/Amount	31/12/2025						31/12/2024					
	Carrying amount			*Fair value*			Carrying amount			*Fair value*		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
A. Loans and receivables with central banks	**11,118**						**10,177**					
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Minimum reserve	11,118	-	-	X	X	X	10,177	-	-	X	X	X
3. Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans and receivables with banks	**1,277**						**1,245**					
1. Financing												
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Other financing:	-	-	-	X	X	X	-	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Net investments in leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	1,277	-	-	X	X	X	1,245	-	-	X	X	X
2. Debt instruments												
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-	-	-	-	-	-	-
Total	**12,394**	**-**	**-**	**-**	**-**	**-**	**11,422**	**-**	**-**	**-**	**-**	**-**

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

This caption includes the minimum reserve held with Bank of Italy and margins of €1,277 thousand for future positions and repos with bank counterparties.

4.2 Financial assets at amortised cost: loans and receivables with customers broken down by type

(€'000)

Transaction type/Amount	31/12/2025						31/12/2024					
	Carrying amount			*Fair value*			Carrying amount			*Fair value*		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
Financing												
1.1. Current accounts	-	-	834	X	X	X	-	-	974	X	X	X
1.2. Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Loans	644,290	50,217	77,598	X	X	X	690,185	73,395	12,896	X	X	X
1.4. Credit cards, personal loans and salary-backed loans	40	2	-	X	X	X	66	-	-	X	X	X
1.5. Net investments in leases	2,297	4,578	5,559	X	X	X	2,527	4,871	8,845	X	X	X
1.6. Factoring	188,764	8,417	-	X	X	X	168,510	1,804	-	X	X	X
1.7. Other financing	192,364	23	1,775	X	X	X	112,107	-	59,137	X	X	X
Debt instruments												
1.1. Structured	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other	490,707	-	-	400,761	-	88,025	560,772	-	-	447,811	-	111,951
Total	**1,518,463**	**63,237**	**85,766**	**400,761**		**88,025**	**1,534,168**	**80,070**	**81,852**	**447,811**		**111,951**

Loans and receivables with customers amount to €1,667,465 thousand, net of impairment losses.

The carrying amount of credit-impaired portfolios purchased at a discount shown in the table and recognised in the statement of financial position does not reflect the gross amount due from the customer as it is the purchase price plus accrued interest, net of collections.

They decreased by €28,625 thousand from €1,696,090 thousand at 31 December 2024, mainly due to the slowdown of the guaranteed finance business line (guaranteed finance products amounted to €692,440 thousand at the reporting date, down €68,723 thousand on 31 December 2024) and smaller investments in government bonds (down €45,646 thousand on the previous year end), partly offset by the rise in factoring loans (factoring receivable amounted to €197,181 thousand at 31 December 2025, an increase of €26,868 thousand compared to 31 December 2024).

Specifically, the caption consists of:
• loans and financing disbursed of €713,689 thousand, including the financing of €19,071 thousand given to the REOCOs and guaranteed finance products of €692,440 thousand;
• loans and receivables with customers of €255,742 thousand purchased through securitisation vehicles (including tax assets of €173,113 thousand purchased by Crediti Fiscali+ and Fairway and POCI non-performing exposures of €82,629 thousand purchased by Ponente SPV, New Levante SPV, Cosmo SPV, Aventino SPV and Liberio SPV;
• Gimli portfolio of €2,189 thousand at 31 December 2025, which the parent purchased for investment purposes in 2018, together with the ABS issued by the SPVs Ponente and New Levante, whose underlying assets consist of non-performing bank loans and leases, respectively;
• the parent's net investments in leases of €7,823 thousand, equal to the present value of the lease payments at the reporting date;
• factoring assets of €197,181 thousand;
• other assets of €91.6 thousand, which mainly include trade receivables.

The caption also comprises government bonds of €403,699 thousand and senior and mezzanine ABS of €87,008 thousand issued by the unconsolidated SPVs that passed the SPPI test.

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

(€'000)

Transaction type/Amount	31/12/2025			31/12/2024		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt instruments						
a) Public administrations	403,699	-	-	449,345	-	-
b) Other financial companies	87,008	-	-	111,427	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Financing to:						
a) Public administrations	168,870	-	67,237	92,416	-	56,361
b) Other financial companies	21,989	1,040	3	19,526	-	4
of which: insurance companies	1,040	-	-	1,380	-	-
c) Non-financial companies	836,136	61,951	16,011	860,552	79,879	23,089
d) Households	760	246	2,514	901	190	2,399
Total	**1,518,462**	**63,237**	**85,766**	**1,534,167**	**80,070**	**81,852**

Financing to public administrations include the tax assets purchased by the vehicles Crediti Fiscali+ S.r.l. and Fairway S.r.l. (stage 1).

4.4 Financial assets at amortised cost: gross carrying amount and total impairment losses

(€'000)

	Gross carrying amount					Total impairment losses				Partial/ total write-offs (*)
	Stage 1	of which: instruments with a low credit risk	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
Debt instruments	412,290	404,014	111,962	-	-	(351)	(33,193)	-	-	-
Financing	861,356	-	182,609	78,071	122,166	(2,319)	(1,499)	(14,831)	(36,404)	(100)
Total 31.12.2025	**1,273,645**	**404,014**	**294,570**	**78,071**	**122,166**	**(2,670)**	**(34,692)**	**(14,831)**	**(36,401)**	**(100)**
Total 31.12.2024	**1,416,645**	**449,552**	**157,765**	**95,194**	**129,069**	**(3,330)**	**(25,490)**	**(15,129)**	**(47,217)**	**-**

(*) To be shown for disclosure purposes

Section 5

Hedging derivatives - Caption 50

5.1 Hedging derivatives: breakdown by type of hedge and level

	Fair Value (T)			Nominal amount 31/12/2025	Fair Value (T-1)			Nominal amount 31/12/2024
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives								
1) Fair value	-	938	-	40,000	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operation	-	-	-	-	-	-	-	-
B) Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**938**	**-**	**40,000**	**-**	**-**	**-**	**-**

The caption includes interest rate swaps with a positive fair value, entered into as part of the micro fair value hedging strategy launched in the second quarter of 2025. The hedged items are BTPs classified in the HTC portfolio.

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transaction/ Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedged						Macro-hedged	Micro-hedged	Macro-hedged	
	debt instruments and interest rates	equity instruments and share indexes	currencies and gold	loans and receivables	commodities	other				
1. Financial assets at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	938	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other	-	-	-	-	-	-	X	-	X	-
Total assets	**938**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portafoglio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 6

Macro-hedged financial assets - Caption 60

6.1 Macro-hedged financial assets: breakdown by hedged portfolio

None.

Section 7

Equity investments - Caption 70

None.

Section 8

Insurance assets - Caption 80

None.

Section 9

Property, equipment and investment property – Caption 90

9.1 Property and equipment: assets measured at cost

(€'000)

Assets/Amounts	31/12/2025	31/12/2024
1. Owned	**830**	**1,356**
a) land	-	-
b) buildings	-	-
c) furniture	352	571
d) electronic systems	-	-
e) other	478	785
2. Right-of-use	**2,717**	**4,776**
a) land	-	-
b) buildings	1,942	4,114
c) furniture	-	-
d) electronic systems	-	-
e) other	776	662
Total	**3,548**	**6,132**
of which: obtained through enforcement of guarantees received	-	-

This caption comprises the right-of-use assets of €2,717 thousand recognised in accordance with the requirements of IFRS 16. The assets falling within the scope of the standard refer to the leased offices in Rome and Milan, buildings for residential use granted as a benefit to certain employees, company cars and printers.

9.2 Investment property: assets measured at cost

None.

9.3 Property and equipment: revalued assets

None.

9.4 Investment property: assets measured at fair value

None.

9.5 Property held for resale governed by IAS 2: breakdown

None.

9.6 Property and equipment: changes

(€'000)

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	**-**	**4,114**	**939**	**-**	**2,295**	**7,343**
A.1 Accumulated depreciation and net impairment losses	-	-	(363)	-	(849)	(1,212)
A.2 Net opening balance	**-**	**4,114**	**571**	**-**	**1,446**	**6,132**
B. Increases:	**-**	**47**	**9**	**-**	**603**	**659**
B.1 Purchases	-	-	9	-	41	51
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	1	-	-	-
B.4 Fair value gains through	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other increases	-	47	-	-	561	608
C. Decreases:	**-**	**(2,219)**	**(228)**	**-**	**(795)**	**(3,640)**
C.1 Sales	-	-	(104)	-	(49)	(153)
C.2 Depreciation	-	(1,043)	(124)	-	(664)	(1,830)
C.3 Impairment losses through	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value losses through	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment property	-	-	X	X	X	-
b) non-current assets held for sale and disposal groups	-	-	-	-	-	-
C.7 Other decreases	-	(1,177)	-	-	(82)	(82)
D. Net closing balance	**-**	**1,942**	**352**	**-**	**1,254**	**3,549**
D.1 Accumulated depreciation and net impairment losses	-	(1,043)	(395)	-	(1,082)	(1,476)
D.2 Gross closing balance	**-**	**2,985**	**747**	**-**	**2,336**	**5,024**
E. Measurement at cost	-	2,985	747	-	2,336	5,024

The group has not committed its property and equipment in any way. It does not have any investment property or revalued property and equipment at the reporting date. As required by IFRS 16.53.h), it is noted that the group companies did not make any significant additions to their right-of-use assets as lessees.

9.7 Investment property: changes

None.

9.8 Property held for resale governed by IAS 2: changes

None.

9.9 Commitments to purchase property and equipment

None.

Section 10

Intangible assets – Caption 100

10.1 Intangible assets: breakdown by asset

(€'000)

Assets/Amounts	31/12/2025		31/12/2024	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**x**	**2,678**	**x**	**2,178**
A.1.1 attributable to the owners of the parent	x	2,678	x	2,178
A.1.2 attributable to non-controlling interests	x	-	x	-
A.2 Other intangible assets	**6,188**	**-**	**9,094**	**-**
including: software	6,188	-	9,094	-
A.2.1 Assets measured at cost:	-	-	-	-
a) internally developed assets	606	-	1,211	-
b) other	5,583	-	7,882	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) internally developed assets	-	-	-	-
b) other	-	-	-	-
Total	**6,188**	**2,678**	**3,630**	**2,178**

Intangible assets comprise the cost of software net of accumulated amortisation (€1,376 thousand), goodwill arising on the acquisition of Fifty (€1,272 thousand) and BECM (€906 thousand), the Credimi technological platform (€4,207 thousand) and the unamortised amount of the intangible asset also related to the Fifty merger (€606 thousand).

With the completion of the acquisition of the business unit of BE TC S.r.l., goodwill of €500 thousand was also recognised in this caption.

The parent checked the recoverability of its intangible assets with an indefinite useful life through a dedicated impairment test, which was approved by its Board of Directors. The test confirmed the accuracy of their carrying amount. For the purposes of the impairment test, the parent allocated the above intangible assets to the relevant cash-generating units ("CGUs"), namely, the factoring, tax assets and financing CGUs.

Specifically, the parent tested its factoring and tax assets CGUs for impairment by calculating their value in use based on the dividend discount model considering excess capital rather than the minimum regulatory capital allocated thereto.

The cash flows underlying the quantification of taxable profits are based on the most recent strategic projections for the 2026-2028 three-year period. They are described in the "2026 budget and 2027-2028 projections" section of the Directors' report.

The main parameters used were cost of equity (Ke) of 10.7% and a long-term growth rate of 2%.

The parent also carried out sensitivity analyses of the parameters used to determine the cost of equity and the long-term growth rate, which confirmed the assets' recoverability.

10.2 Intangible assets: changes

(€'000)

	Goodwill	Other intangible assets: internallygenerated		Other intangible assets: other		Total
		FINITE	INDEFINITE	FINITE	INDEFINITE	
A. Opening balance	**2,178**	**3,029**	**-**	**12,799**	**-**	**18,006**
A.1 Accumulated amortisation and net impairment losses	-	(1,817)	-	(4,917)	-	(6,734)
A.2 Net opening balance	**2,178**	**1,212**	**-**	**7,882**	**-**	**11,272**
B. Increases	**500**	**-**	**-**	**541**	**-**	**1,041**
B.1 Purchases	-	-	-	541	-	541
B.2 Increase in internally-generated assets	x	-	-	-	-	-
B.3 Reversals of impairment losses	x	-	-	-	-	-
B.4 Fair value gains:						
- through equity	x	-	-	-	-	-
- through profit or loss	x	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other increases	500	-	-	-	-	500
C. Decreases	**-**	**(606)**	**-**	**(2,840)**	**-**	**(3,446)**
C.1 Sales	-	-	-	-	-	-
C.2 Impairment losses						
- Amortisation	x	(606)	-	(2,840)	-	(3,446)
- Impairment losses:						
+ equity	x	-	-	-	-	-
+ profit or loss	-	-	-	-	-	-
C.3 Fair value losses:	-	-	-	-	-	-
- through equity	x	-	-	-	-	-
- through profit or loss	x	-	-	-	-	-
C.4 Transfers to disposal groups	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other decreases	-	-	-	-	-	-
D. Net closing balance	**2,678**	**606**	**-**	**5,583**	**-**	**8,867**
D.1 Accumulated amortisation and net impairment lossese	-	(2,423)	-	(7,757)	-	(10,180)
E. Gross closing balance	**2,678**	**3,029**	**-**	**13,340**	**-**	**19,047**
F. Measurement at cost	-	-	-	-	-	-

Key
FINITE: finite life
INDEFINITE: indefinite life

Internally-developed assets include the Fifty platform designed to manage the factoring product acquired through the merger of Fifty S.r.l. in 2022.

10.3 Other disclosures

The following should be noted:
a) the group does not have any gains related to revalued intangible assets (IAS 38.124.b));
b) the group has not acquired intangible assets under government concessions (IAS 38.122.c));
c) the group has not pledged intangible assets to secure its debts (IAS 38.122.d));
d) the group does not have commitments to acquire intangible assets (IAS 38.122.e));
e) it has not leased any intangible assets.

Section 11

Tax assets and liabilities – Caption 110 of assets and Caption 60 of liabilities

11.1 Deferred tax assets: breakdown

Deferred tax assets of €28,236 thousand mainly include €24,816 thousand related to carryforward tax losses recognised by the parent, €2,354 thousand to the ACE (Aid for Economic Growth) benefit and €899 thousand to other deductible temporary differences that can be used to reduce the tax base in future years.

The deferred tax assets on deductible temporary differences include €458 thousand related to IRES and IRAP, recognised in the 2022 consolidated financial statements for the first time, for the substitute tax to be paid on the goodwill arising from the 2022 mergers of Fifty and BECM for its tax alignment.

As these tax benefits are potential only, the future taxable profits should be such as to offset the deductible temporary differences, the carryforward tax losses and the ACE benefit. IAS 12.24 provides that a deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Paragraph 34 and following paragraphs of the same standard clarify that a deferred tax asset shall be recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. This shall be ascertained on a prudent basis and by performing a specific probability test to support the underlying assumptions.

Accordingly, and based on the probability test carried out in accordance with IAS 12 and approved by the Board of Directors, the parent recognised deferred tax assets on tax losses, ACE and other temporary differences totalling €22,626 thousand at 31 December 2025.

All deferred tax assets, other than those covered by Law no. 214/2011, were tested for probability. The cash flows underlying the quantification of taxable profits are based on the most recent strategic projections for the 2026-2028 three-year period approved by the parent's Board of Directors. They are described in the "2026 budget and 2027-2028 projections" section of the Directors' report. The parent also carried out sensitivity analyses that confirmed the recoverability of the deferred tax assets. The recovery time horizon envisaged at the end of the test is in line with market best practice. This horizon does not take into account the positive outcome of the public tender and exchange offer for the ordinary shares of Banca Sistema, which could further accelerate the recovery.

The deferred tax assets recognised in accordance with Law no. 214/2011 relate to impairment losses on loans and receivables and amount to €166 thousand.

11.2 Deferred tax liabilities: breakdown

The group recognised deferred tax liabilities on the consolidation adjustments and its share of the SPVs' profit or loss (€2,546 thousand), as a balancing entry of the IRES and IRAP recognised on the fair value changes of financial assets at fair value through other comprehensive income (€35 thousand) and on the fair value gain on the intangible assets recognised as a result of the PPA procedure for the Credimi business unit, which is not relevant for tax purposes (€231 thousand).

11.3 Changes in deferred tax assets (recognised in profit or loss)

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**5,641**	**5,935**
2. Increases		
2.1 Deferred tax assets recognised in the year		
a) related to previous years	23,916	-
b) due to changes in accounting policies	-	-
c) reversals of impairment losses	292	-
d) other	-	-
2.2 New taxes or increases in tax rates	35	-
2.3 Other increases	-	-
3. Decreases		
3.1 Deferred tax assets derecognised in the year	-	-
a) reversals	(1,617)	-
b) impairment due to non-recoverability	-	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases:		
a) conversion into tax assets, as per Law no. 214/2011	(63)	(150)
b) other	-	(144)
4. Closing balance	**28,204**	**5,641**

11.4 Changes in deferred tax assets as per Law no. 214/2011

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**229**	**379**
2. Increases	**-**	**-**
3. Decreases		
3.1 Reversals	-	-
3.2 Conversions into tax assets		
a) arising on the profit (loss) for the year	(17)	(111)
b) arising on tax losses	(47)	(39)
3.3 Other decreases	-	-
4. Closing balance	**165**	**229**

11.5 Changes in deferred tax liabilities (recognised in profit or loss)

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**3,762**	**4,043**
2. Increases	**-**	**-**
2.1 Deferred tax liabilities recognised in the year		
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	9	322
2.2 New taxes or increases in tax rates	227	-
2.3 Other increases	-	-
3. Decreases		
3.1 Deferred tax liabilities derecognised in the year		
a) reversals	(1,221)	(603)
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**2,777**	**3,762**

11.6 Changes in deferred tax assets (recognised in equity)

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**2**	**-**
2. Increases	**-**	**-**
2.1 Deferred tax assets recognised in the year		
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	31	2
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax assets derecognised in the year		
a) reversals	-	-
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**33**	**2**

11.7 Changes in deferred tax liabilities (recognised in equity)

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**137**	**55**
2. Increases	**-**	**82**
2.1 Deferred tax liabilities recognised in the year		
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	82
2.2 New taxes or increases in tax rates	5	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax liabilities derecognised in the year		
a) reversals	(106)	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**35**	**137**

11.8 Other disclosures

Current tax assets at the reporting date may be analysed as follows:

(€'000)

Descrizione	31/12/2025	31/12/2024
Withholdings on current account interest paid on account	7,645	5,506
Virtual stamp duty paid on account	3,699	3,302
IRAP	74	74
Non-current substitute tax paid on account	348	559
IRES surtax to be recovered	72	72
Tax assets of demerged companies	3	29
New operating assets Law no. 178/20	-	8
Withholdings	37	-
Total	**11,878**	**9,551**

The caption mostly consists of the virtual stamp duty paid on account and bi-monthly advance payments and withholdings on current account interest paid on account.

Section 12 Non-current assets held for sale, disposal groups and associated liabilities – Caption 120 of assets and Caption 70 of liabilities

12.1 Non-current assets held for sale and disposal groups: breakdown by asset

None.

12.2 Other disclosures

None.

Section 13 Other assets – Caption 130

13.1 Other assets: breakdown

(€'000)

Transaction type/Amount	31/12/2025	31/12/2024
Guarantee deposits	777	456
Prepayments and accrued income	29,959	2,430
Tax assets purchased from third parties	50,023	17,606
Self-securitisation	806	-
APS compensation	8,834	-
Investment in tax assets	90,910	-
Sundry assets	2,101	2,285
Total	**183,410**	**22,777**

The caption mainly consists of:
• a tax asset of €90,910 thousand arising from a co-investment transaction with another leading bank for the purchase of an IRES asset from a leading operator in the Italian energy sector;
• tax assets of €50,023 thousand purchased from third parties that originated as a result of tax incentive measures granted in the form of tax credits or deductions (the 110% superbonus);
• prepayments and accrued income of €29,959 thousand that include the portion of the premium paid in advance (€26.5 million) but pertaining to future years for the ten-year APS financial guarantee contract. Notwithstanding the absence of indicators of impairment, the parent tested the carrying amount of the premium for impairment in accordance with IAS 36. The test confirmed the recoverability of this asset;
• the compensation of €8,834 thousand due from the guarantors, under the APS described in the "Legacy portfolio" section of the Directors' report, which was collected in full in February 2026;
• sundry assets, which mainly comprise items in transit relating to online deposits.

Part A (paragraph on "Other assets") provides information about their classification and measurement.

Liabilities

Section 1

Financial liabilities at amortised cost – Caption 10

1.1 Financial liabilities at amortised cost: Due to banks broken down by type

(€'000)

Transaction type/Amount	31/12/2025				31/12/2024			
	Carrying amount	*Fair value*			Carrying amount	*Fair value*		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**80,038**	**x**	**x**	**x**	**180,016**	**x**	**x**	**x**
2. Due to banks	**228,553**	**x**	**x**	**x**	**253,231**	**x**	**x**	**x**
2.1 Current accounts and demand deposits	-	x	x	x	-	x	x	x
2.2 Term deposits	-	x	x	x	-	x	x	x
2.3 Financing	-	x	x	x	-	x	x	x
2.3.1 Repurchase agreements	228,540	x	x	x	252,943	x	x	x
2.3.2 Other	13	x	x	x	289	x	x	x
2.4 Commitments to repurchase own equity instruments	-	x	x	x	-	x	x	x
2.5 Lease liabilities	-	x	x	x	-	x	x	x
2.6 Other liabilities	-	x	x	x	-	x	x	x
Total	**308,592**			**308,592**	**433,247**			**433,247**

Key:
CA = Carrying amount
L1= Level 1
L2= Level 2
L3= Level 3

Due to central banks of €80,038 thousand relates to advances for open market transactions.

The repurchase agreements of €228,540 thousand refer to funding with government bonds given as security.

The group does not have any structured liabilities, subordinated liabilities or finance lease liabilities to banks.

1.2 Financial liabilities at amortised cost: Due to customers broken down by type

(€'000)

Transaction type/Amount	31/12/2025				31/12/2024			
	Carrying amount	*Fair value*			Carrying amount	*Fair value*		
		L1	L2	L3		L1	L2	L3
1 Current accounts and demand deposits	338,067	x	x	x	324,229	x	x	x
2 Term deposits	1,358,268	x	x	x	1,023,153	x	x	x
3 Financing	-	x	x	x	-	x	x	x
3.1 Repurchase agreements	-	x	x	x	-	x	x	x
3.2 Other	-	x	x	x	-	x	x	x
4 Commitments to repurchase own equity instruments	-	x	x	x	-	x	x	x
5 Lease liabilities	3,267	x	x	x	5,872	x	x	x
6 Other liabilities	196	x	x	x	192	x	x	x
Total	**1,699,798**				**1,353,447**			

Key:
CA = Carrying amount
L1= Level 1
L2= Level 2
L3= Level 3

The current accounts and demand deposits include the retail current accounts for which the time deposit letter had to be signed (€12,072 thousand) and sight deposits from retail customers (€325,995 thousand).

The term deposits mainly relate to retail online term deposits ("DOL"). At the reporting date, the liability to DOL customers includes deposits for which the time deposit letter had been signed of €1,262,255 thousand (31 December 2025: €952,715 thousand).

"Lease liabilities" are recognised in accordance with IFRS 16 (€3,267 thousand).

The group does not have any structured liabilities, subordinated liabilities or finance lease liabilities to customers.

1.3 Financial liabilities at amortised cost: Securities issued broken down by type

(€'000)

Transaction type/Amount	31/12/2025				31/12/2024			
	Carrying amount	*Fair value*			Carrying amount	*Fair value*		
		L1	L2	L3		L1	L2	L3
A Securities	**-**	**x**	**x**	**x**	**-**	**x**	**x**	**x**
1 Bonds	-	x	x	x	-	x	x	x
1.1 structured	-	x	x	x	-	x	x	x
1.2 other	28,903	x	x	28,903	28,321	x	x	28,321
2 Other securities	-	x	x	x	-	x	x	x
2.1 structured	-	x	x	x	-	x	x	x
2.2 other	-	x	x	x	-	x	x	x
Total	**28,903**			**28,903**	**28,321**			**28,321**

The caption includes the subordinated bonds with a nominal amount of €25 million issued on 13 October 2023 at an annual interest rate of 14.50%. The bonds qualify as a Tier 2 capital instrument in accordance with the provisions of Regulation (EU) no. 575/2013 ("CRR", Capital Requirements Regulation) and Bank of Italy Circular no. 285 of 17 December 2013. The subordinated bonds, which were dematerialised and centralised at Euronext Securities Milan (Monte Titoli S.p.A.), were traded on the professional segment of the multilateral trading system Euronext Access Milan organised and managed by Borsa Italiana S.p.A..

The item also includes €3,403 thousand related to the 5% share of the ABS issued by Liberio SPV S.r.l. subscribed by non-group companies.

1.4 Breakdown of subordinated liabilities/securities

(€'000)

Breakdown of subordinated liabilities	31/12/2025	31/12/2024
Due to banks	-	-
Due to customers	-	-
Securities	25,500	25,464
Total	**25,500**	**25,464**

1.5 Breakdown of structured liabilities

None.

1.6 Lease liabilities

(€'000)

Lease liabilities	31/12/2025	31/12/2024
Offices	2,396	5,050
Buildings for residential use	84	137
Company cars	779	671
Printers	8	14
Total	**3,267**	**5,872**

Section 2

Financial liabilities held for trading - Caption 20

2.1 Financial liabilities held for trading: breakdown by type

(€'000)

Transaction type/Amount	31/12/2025					31/12/2024				
	Nominal amount	*Fair value*			*Fair Value*	Nominal amount	*Fair value*			*Fair Value*
		L1	L2	L3			L1	L2	L3	
A. Liabilities	-	-	-	-	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt instruments	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 structured	-	-	-	-	x	-	-	-	-	x
3.1.2 other	-	-	-	-	x	-	-	-	-	x
3.2 Other securities	-	-	-	-	x	-	-	-	-	x
3.2.1 structured	-	-	-	-	x	-	-	-	-	x
3.2.2 other	-	-	-	-	x	-	-	-	-	x
TOTAL A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives	-	-	-	-	-	-	-	-	-	-
1. Financial derivatives	-	-	-	-	-	-	-	-	-	-
1.1 Trading	x	8	-	-	x	x	7	-	-	x
1.2 Associated with fair value option	x	-	-	-	x	x	-	-	-	x
1.3 Other	x	-	-	-	x	x	-	-	-	x
2. Credit derivatives	-	-	-	-	x	-	-	-	-	x
2.1 Trading	x	-	-	-	x	x	-	-	-	x
2.2 Associated with fair value option	x	-	-	-	x	x	-	-	-	x
2.3 Other	x	-	-	-	x	x	-	-	-	x
TOTAL B	**x**	**8**	**-**	**-**	**x**	**x**	**7**	**-**	**-**	**x**
TOTAL A + B	**x**	**8**	**-**	**-**	**x**	**x**	**7**	**-**	**-**	**x**

This caption includes listed trading derivatives (futures) with a negative fair value.

2.2 Breakdown of financial liabilities held for trading: subordinated liabilities

None.

2.3 Breakdown of financial liabilities held for trading: structured liabilities

None.

Section 3

Financial liabilities at fair value through profit or loss - Caption 30

3.1 Financial liabilities at fair value through profit or loss: breakdown by type

(€'000)

Transaction type/Amount	31/12/2025					31/12/2024				
	Nominal or notional amount	*Fair value*			*Fair Value (*)*	Nominal or notional amount	*Fair value*			*Fair Value (*)*
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-	X	-	-	-	-	X
1.1. Structured	-	-	-	-	X	-	-	-	-	X
1.2. Other including:	-	-	-	-	X	-	-	-	-	X
- loan commitments	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
2. Due to customers	-	-	-	-	X	-	-	-	-	X
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other including:	2,818	-	-	2,818	X	3,396	-	-	3,396	X
- loan commitments	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
3. Debt instruments	-	-	-	-	X	-	-	-	-	X
3.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
TOTAL	**2,818**	**-**	**-**	**2,818**	**-**	**3,396**	**-**	**-**	**3,396**	**-**

Key
L1= Level 1
L2= Level 2
L3= Level 3
Fair value* = calculated excluding gains or losses caused by variations in the issuer's credit rating from the issue date

The caption includes liabilities for the payment of deferred prices of the portfolios of former Artemide (€1,607 thousand), subsequently transferred to Bramito, and Crediti Fiscali+ (€1,208 thousand), whose due date is consistent with the relevant portfolios.

3.2 Breakdown of "Financial liabilities at fair value through profit or loss": subordinated liabilities

None.

Section 4

Hedging derivatives - Caption 40

4.1 Hedging derivatives: breakdown by type of hedge and level

None.

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

None.

Section 5

Macro-hedged financial liabilities - Caption 50

5.1 Macro-hedged financial liabilities

None.

Section 6

Tax liabilities – Caption 60

Tax liabilities of €4,513 thousand (€3,973 thousand at 31 December 2024) include current tax liabilities of €1,701 thousand recognised by the parent and deferred tax liabilities of €2,812 thousand, mostly recognised on the SPVs' segregated assets' profits or losses (€2,546 thousand). The remainder (€266 thousand) relates to tax liabilities recognised by the parent on the fair value gain arising on Credimi's intangible asset following completion of the PPA procedure.

With respect to the parent's current tax liabilities, it recognised a liability of €1,137 thousand for the substitute tax to be paid, by 30 June 2026, to release the restricted reserves for the windfall tax, recognised with a balancing entry in equity. This matter is disclosed in the "Release of reserve as per Decree law no. 104/2023" section.

Section 7

Liabilities associated with disposal groups

None.

Section 8

Other liabilities – Caption 80

8.1 Other liabilities: breakdown

(€'000)

	31/12/2025	31/12/2024
Remuneration due to employees	3,320	3,279
Social security contributions	1,543	1,347
Sundry guaranteed finance liabilities	1,382	41
Sundry lease liabilities	-	142
Sundry amounts due to SPVs	52	84
Factoring transactions	12,027	4,986
Trade payables	6,756	8,487
Stamp duties	2,295	1,812
Substitute tax	357	373
VAT	23	33
Items in transit (DOL)	3,089	2,881
Deferred income	413	1,473
Withholding taxes	7,008	8,550
Amounts due to SPVs for promissory note planning	49	49
Sundry liabilities	1,475	1,211
Total	**39,791**	**34,748**

Section 9

Post-employment benefits – Caption 90

9.1 Post-employment benefits: changes

(€'000)

	31/12/2025	31/12/2024
A. Opening balance	**386**	**481**
B. Increases	**-**	**-**
B.1 Accruals	15	29
B.2 Other increases	112	-
C. Decreases	**-**	**-**
C.1 Payments	(38)	(109)
C.2 Other decreases	(31)	(15)
D. Closing balance	**443**	**386**
Total	**443**	**386**

9.2 Other disclosures

The carrying amount of these benefits is calculated using actuarial methods as provided for by IAS 19.

The main actuarial assumptions are:
- discount rate of 3.90% (31 December 2024: 3.40%);
- expected inflation rate of 1.70% (31 December 2024: 1.90%).

Section 10

Provisions for risks and charges – Caption 100

10.1 Provisions for risks and charges: breakdown

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
1. Provisions for credit risk for loan commitments and financial guarantees given	-	-
2. Provisions for other commitments and other guarantees given	-	-
3. Internal pension funds	-	-
4. Other provisions		
4.1 legal and tax disputes	1,176	459
4.2 personnel	-	-
4.3 other	-	-
Total	**1,176**	**459**

10.2 Provisions for risks and charges: changes

(€'000)

	Provisions for other commitments and other guarantees given	Pension funds	Other provisions	Total
A. Opening balance	**-**	**-**	**459**	**459**
B. Increases				
B.1 Accruals	-	-	973	973
B.2 Changes due to passage of time	-	-	-	-
B.3 Changes due to variations in discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
C. Decreases				
C.1 Utilisations	-	-	(66)	(66)
C.2 Changes due to variations in discount rate	-	-	-	-
C.3 Other decreases	-	-	(190)	(190)
D. Closing balance	**-**	**-**	**1,176**	**1,176**

10.3 Provisions for credit risk for loan commitments and financial guarantees given

None.

10.4. Provisions for other commitments and other guarantees given

None.

10.5 Defined benefit plans

None.

10.6 Provisions for risks and charges - other provisions

These provisions comprise:

(€'000)

Description	31 December 2025
Provision for legal fees	198
Provision for amounts to be returned to courts	20
Provision for litigation	958
Total	**1,176**

The provision for legal fees includes the fees for professional services to collect problematic loans and receivables for ongoing legal proceedings. The group expects to use the entire provision in 2026.

The provision for amounts to be returned to courts refers to amounts collected by the parent as part of court enforcement and insolvency proceedings and court-approved creditor settlements that have not yet been finalised. They may have to be returned following enforcement of the individual voluntary agreement, but it is not known exactly when, as it depends on the courts where the proceedings are being held.

The provision for litigation covers actions for compensation claimed by customers. Once again, it is difficult to estimate when the pending litigation will be settled. The group cannot objectively calculate an accrual to the provision as it depends on what level the hearing is at and whether an out-of-court settlement may be reached.

At the reporting date, the provision for litigation mainly includes the amount accrued (€928 thousand) for the operating risk associated with tax assets purchased through the consolidated companies Crediti Fiscali + and Fairway for which a tax dispute is pending with the tax authorities.

Pursuant to IAS 37, it decided not to provide for the pending disputes for which management and the legal advisors deem that a negative outcome is only "possible" and not "probable". Management's and the legal advisors' opinion is supported by a number of factors, including the fact that the proceedings are still at an initial stage and the hearings will take place in the coming months, which make it difficult to estimate the possible amounts and timing.

There are four pending disputes for which the legal advisors deem that a negative outcome is "possible". Although the parent's total potential exposure is approximately €1 million, based on the assessments of the legal advisors and the defences advanced in the proceedings, which are supported by evidence and the applicable legal framework, the risk of an adverse outcome is assessed as limited. In any event, certain objections remain and will be further assessed as the proceedings progress.

Section 11

Insurance liabilities - Caption 110

None.

Section 12

Redeemable shares - Caption 130

12.1 Redeemable shares: breakdown

None.

Section 13

Equity – Captions 120, 130, 140, 150, 160, 170 and 180

13.1 "Share capital" and "Treasury shares": breakdown

The parent's fully paid-up share capital consists of 39,213,278 ordinary shares (that have one voting right per share).

13.2 Share capital - Number of shares: changes

(€'000)

Captions/T ype	Ordinary	Other
A. Opening balance	**39,213**	**-**
- fully paid-up	39,213	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	**39,213**	**-**
B. Increases	**-**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combinations	-	-
- bond conversions	-	-
- exercise of warrants	-	-
- other	-	-
- bonus:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other increases	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Repurchase of treasury shares	-	-
C.3 Business transfers	-	-
C.4 Other decreases	-	
D. Outstanding shares: closing balance	**39,213**	**-**
D.1 Treasury shares (+)	-	-
D.2 Closing balance	-	-
- fully paid-up	-	-
- not fully paid-up	-	-

13.3 Share capital: other information

The parent does not have special shares with rights or restrictions, including shares with restrictions to dividend distributions or capital repayment. It does not hold treasury shares nor do its subsidiaries and associates hold its shares. The parent does not have shares reserved for issues with option rights or sales contracts.

13.4 Income-related reserves: other information

They are made up as follows:
- the legal reserve of €3,233 thousand, which is legally-required and must equal at least one fifth of share capital; it was set up in prior years by allocating prior year profits thereto (at least one twentieth). If the reserve decreases, it shall be increased by allocating one twentieth of the profit for the year thereto;
- reserves of €4,659 thousand arising from the consolidation of SPVs.

13.5 Equity instruments: breakdown and changes

Equity instruments amount to €39,044 thousand at 31 December 2025. In November 2025, the parent completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million at an interest rate of 12%. The bonds, subscribed by third-party investors, are included in AT1 capital for prudential reporting purposes.

13.6 Other disclosures

In addition to the legal reserve, at the reporting date, reserves include:
- capital injections for future capital increases, which include the €15 million injection made by Tiber 2 on 29 April 2025;
- the restricted reserves for the windfall tax (-€1,137 thousand): given that the recently-approved 2026 Budget Law has introduced significant changes to the provisions of Decree law no. 104/2023, the parent's Board of Directors resolved to release the restricted reserves recognised at 31 December 2025 (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75, equal to 27.5% of the restricted reserves), recognised through an equity reserve.

The share premium amounts to €47,837 thousand.

The valuation reserves amount to €2,474 thousand. They include actuarial gains and losses of €142 thousand on post-employment benefits while the remainder relates to post-tax fair value gains and losses on financial assets at fair value through other comprehensive income.

Section 14 - Equity attributable to non-controlling interests - Caption 190

14.1 Breakdown of caption 210 "Equity attributable to non-controlling interests"

(€'000)

Company	31/12/2025	31/12/2024
Crediti Fiscali+ S.r.l.	4	4
Lazzaro SPV S.r.l.	4	4
Total	**8**	**8**

Equity attributable to non-controlling interests relates to the Lazzaro and Crediti Fiscali+ SPVs.

Other information

1. Loan commitments and financial guarantees given

(€'000)

	Nominal amount of loan commitments and financial guarantees given				31/12/2025	31/12/2024
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
Loan commitments	**4,969**	**263**	**-**	**-**	**5,232**	**11,044**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	4,339
c) Banks	-	-	-	-	-	-
d) Other financial companies	-	-	-	-	-	1,554
e) Non-financial companies	4,969	263	-	-	5,232	6,705
f) Households	-	-	-	-	-	-
Financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	-	-	-	-	-	-
e) Non-financial companies	-	-	-	-	-	-
f) Households	-	-	-	-	-	-

2. Other commitments and other guarantees given

None.

3. Assets pledged to guarantee liabilities and commitments

None.

4. Breakdown of investments relating to unit- and index-linked insurance policies

None.

5. Management and trading on behalf of third parties

(€'000)

Type of service	Amount
1. Execution of customer orders	**-**
a) Purchases	-
1. Settled	-
2. Unsettled	-
b) Sales	-
1. Settled	-
2. Unsettled	-
2. Asset management	**-**
a) Individual	-
b) Collective	-
3. Securi ties custody and administration	**767,601**
a) Third party securities held as part of depositary bank services (excluding portfolio management)	-
1. Securities issued by consolidated companies	-
2. Other securities	-
b) Third party securities on deposit (excluding asset management	-
1. Securities issued by consolidated companies	-
2. Other securities	-
c) Third party securities deposited with third parties	-
d) Securities owned by the bank deposited with third parties	767,601
4. Other	**-**

At 31 December 2025, the following sections were not applicable:
- assets pledged to guarantee liabilities and commitments;
- operating leases;
- financial assets eligible for netting or subject to master netting or similar agreements;
- securities lending transactions;
- jointly controlled operations.

6. Financial assets eligible for netting or subject to master netting or similar agreements

None.

7. Financial liabilities eligible for netting or subject to master netting or similar agreements

None.

8. Securities lending transactions

None.

9. Jointly controlled operations

None.

Part C: Notes to the income statement

Section 1

Interest – Captions 10 and 20

1.1 Interest and similar income: breakdown

(€'000)

Captions/Type	Debt instruments	Financing	Other transactions	31/12/2025	31/12/2024
1. Financial assets at fair value through profit or loss	**6,550**	**-**	**-**	**6,550**	**7,597**
1.1 Held for trading	-	-	-	-	-
1.2 Designated at fair value	-	-	-	-	-
1.3 Mandatorily measured at fair value	6,550	-	-	6,550	7,597
2. Financial assets at fair value through other comprehensive income	**1,147**	**-**	**x**	**1,147**	**-**
3. Financial assets at amortised cost	**13,829**	**96,738**	**-**	**110,566**	**114,560**
3.1 Loans and receivables with banks	-	7,676	x	7,676	2,321
3.2 Loans and receivables with customers	13,829	89,061	x	102,890	112,238
4. Hedging derivatives	x	x	144	144	-
5. Other assets	x	x	2,204	2,204	913
6. Financial liabilities	x	x	x	-	-
Total	**21,525**	**96,738**	**2,348**	**120,611**	**123,070**
including: interest income on credit-impaired financial assets	-	9,306	-	9,306	12,947
including: interest income on finance leases	-	1,645	-	1,645	2,196

Interest income on debt instruments of €21,525 thousand refers to investments made by the parent in ABS issued by non-consolidated SPVs (€11,911 thousand) and investments in government bonds (€9,758 thousand).

Interest income of €89,061 thousand on financing mainly relates to guaranteed finance products (€53,630 thousand), factoring products (€7,298 thousand), tax assets of the SPVs Crediti Fiscali+ and Fairway (€16,014 thousand) and other loans and financing disbursed by the parent (€1,170 thousand). The caption also includes interest on investments made directly by the parent or through SPVs in POCI portfolios (€10,951 thousand).

Interest income on other assets of €2,204 thousand relates to tax assets purchased directly by the parent (€2,030 thousand) and the co-investment in an IRES asset purchased from a leading operator in the Italian energy sector (€174 thousand).
Interest income on hedging derivatives of €144 thousand relates to interest rate swaps entered into as part of the

micro fair value hedging strategy. The hedged items are BTPs classified in the HTC portfolio.

Interest income on liquidity invested with banks amounts to €7,676 thousand.

1.2 Interest and similar income: other information

1.2.1 Interest income on foreign currency financial assets

None.

1.3 Interest and similar expense: breakdown

(€'000)

Captions/Type	Liabili-ties	Securi-ties	Other	31/12/2025	31/12/2024
1. Financial liabilities at amortised cost					
1.1 Due to central banks	640	X	-	640	2,017
1.2 Due to banks	13,408	X	-	13,408	13,086
1.3 Due to customers	40,195	X	-	40,195	43,988
1.4 Securities issued	X	4,387	-	4,387	3,956
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities at fair value through profit or loss	-	-	-	-	-
4. Other liabilities and provisions	X	X	-	-	-
5. Hedging derivatives	X	X	15	15	-
6. Financial assets	X	X	X	-	-
Total	**54,243**	**4,387**	**15**	**58,646**	**63,048**
including: interest expense on lease liabilities	147			147	204

Interest expense is the cost of funding to the group companies, the most significant of which is that accrued on the online deposits (€37,683 thousand).

1.4 Interest and similar expense: other information

1.4.1 Interest expense on foreign currency liabilities

None.

1.5 Hedging gains and losses

None.

Section 2

Fees and commissions – Captions 40 and 50

2.1 Fee and commission income: breakdown

(€'000)

Type of service/Amounts	31/12/2025	31/12/2024
a) Financial instruments	-	-
b) Corporate finance	-	-
c) Investment consulting	-	-
d) Clearing and settlement	-	-
e) Collective asset management	-	-
f) Custody and administration	-	-
g) Central administrative services for collective asset management	-	-
h) Fiduciary services	-	-
i) Payment services	-	-
j) Distribution of third party services	-	-
k) Structured finance	-	-
l) Servicing services for securitisations	-	-
m) Loan commitments	-	-
n) Financial guarantees given	-	-
o) Lending	8,567	5,584
including: factoring transactions	6,417	4,390
p) Foreign currency transactions	-	-
q) Commodities	-	-
r) Other	23	28
Total	**8,590**	**5,611**

2.2 Fee and commission income: product and service distribution channels

Not applicable.

2.2 Fee and commission expense: breakdown

(€'000)

Type of service/Amounts	31/12/2025	31/12/2024
a) Financial instruments	124	470
including: trading	124	470
b) Clearing and settlement	-	-
c) Collective asset management	-	-
d) Custody and administration	48	48
e) Collection and payment services	46	38
f) Servicing services for securitisations	1,938	1,679
g) Loan commitments	-	-
h) Financial guarantees received	2,863	250
including: credit derivatives	-	-
i) Off-premises distribution of financial instruments, products and services	-	-
j) Foreign currency transactions	-	-
k) Other	2,584	1,825
Total	**7,602**	**4,311**

"Other" includes commission expense on the servicing of the parent's legacy portfolio which was outsourced after the 2021 demerger (€171 thousand), the fees paid to brokers for factoring (€1,144 thousand) and commissions paid to third parties that assist the parent with its online deposit collection activities (€1,951 thousand).

"Financial guarantees received" includes the portion for the year (€1,944 thousand) of the upfront guarantee fees relating to the APS.

"Servicing services for securitisations" comprise fees paid for the master and special servicing services provided by third parties to the consolidated SPVs.

Section 3

Dividends and similar income - Caption 70

3.1 Dividends and similar income: breakdown

None.

Section 4

Net trading income - Caption 80

4.1 Net trading income: breakdown

(€'000)

Transactions	Unrealised gains (A)	Trading income (B)	Unrealised losses (C)	Trading losses (C)	Net income [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt instruments	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 OEIC units	-	-	-	-	-
1.4 Financing	-	-	-	-	-
1.5 Other	1,247	3,638	-	-	4,885
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt instruments	-	-	-	-	-
2.2 Financial liabilities	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange gains (losses)	**x**	**x**	**x**	**x**	**-**
4. Derivatives	**-**	**-**	**-**	**-**	**-**
4.1 Financial derivatives:	-	-	-	-	-
- On debt instruments and interest rates	-	3,474	277	2,454	743
- On equity instruments and equity indexes	-	-	508	-	(508)
- On currencies and gold	X	X	X	X	-
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value optio	X	X	X	X	-
Total	**1,247**	**7,112**	**785**	**2,454**	**5,120**

This caption includes the net realised loss on the trading of listed financial instruments (futures) (€46 thousand), income on the sale of 110 superbonus tax assets purchased by the parent for resale (€4,883 thousand, including €3,636 thousand already realised and €1,247 thousand unrealised), the realised gain on the trading of options relating to the sale of government bonds (€789 thousand) and the loss on the settlement of the call option acquired in 2018 for the acquisition of BE TC S.r.l. (€507 thousand).

Section 5

Net hedging expense - Caption 90

5.1 Net hedging expense: breakdown

(€'000)

Amount	31/12/2025	31/12/2024
A. Income:		
A.1 Fair value hedges	175	-
A.2 Hedged financial assets (fair value)	-	-
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Cash flow hedges	-	-
A.5 Foreign currency assets and liabilities	-	-
Total hedging income (A)	**175**	**-**
B. Expense:		
B.1 Fair value hedges	-	-
B.2 Hedged financial assets (fair value)	(176)	-
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash flow hedges	-	-
B.5 Foreign currency assets and liabilities	-	-
Total hedging expense (B)	**(176)**	**-**
C. Net hedging expense (A - B)	(1)	-
including: net income (expense) on hedges of net positions	-	-

Section 6

Net gain from sales/repurchases - Caption 100

6.1 Net gain from sales/repurchases: breakdown

(€'000)

Captions	31/12/2025			31/12/2024		
	Gain	Loss	Net gain	Gain	Loss	Net gain
A. Financial assets						
1. Financial assets at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Loans and receivables with banks	-	-	-	-	-	-
1.2 Loans and receivables with customers	2,351	138	2,213	1,033	553	480
2. Financial assets at fair value through other comprehensive income						
2.1 Debt instruments	100	-	100	220	-	220
2.4 Financing	362	-	362	-	-	-
Total assets	**2,813**	**138**	**2,675**	**1,253**	**553**	**700**
Financial liabilities at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

The caption mostly comprises the net gain of €2,403 thousand on the sale of government bonds included in the HTC and HTCS portfolios before their maturity.

Section 7

Net loss on other financial assets and liabilities at fair value through profit or loss - Caption 110

7.1 Net loss on other financial assets and liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€'000)

Transactions	Unrealised gains (A)	Realised gains (B)	Unrealised losses (C)	Realised losses (D)	Net loss [(A+B) - (C+D)]
1. Financial assets					
1.1 Debt instruments	-	-	-	-	-
1.2 Financing	-	-	-	-	-
2. Financial liabilities					
2.1 Securities issued					
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	952	-	(952)
3. Foreign currency financial assets and liabilities: exchange gains	**x**	**x**	**x**	**x**	**-**
Total	**-**	**-**	**952**	**-**	**(952)**

The caption shows the net fair value losses on the financial assets and liabilities recognised in caption 30 of liabilities.

7.2 Net gain on other financial assets and liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

(€'000)

Transactions	Unrealised gains (A)	Realised gains (B)	Unrealised losses (C)	Realised losses (D)	Net gain [(A+B) -(C+D)]
1. Financial assets					
1.1 Debt instruments	1,551		118		1,433
1.2 Equity instruments			0		0
1.3 OEIC units					
1.4 Financing					
2. Foreign currency financial assets: exchange gains (losses)	**x**	**x**	**x**	**x**	**-**
Total	**1,551**		**118**		**1,433**

Financial assets mandatorily measured at fair value include the ABS issued by non-consolidated securitisation vehicles that did not pass the SPPI test. The group recognised net fair value gains of €1,433 thousand on financial assets at fair value. They include the effect of the amendments to the business plans underlying the securities and the change in the parameters used in the discounted cash flow model adopted to measure the ABS.

Section 8

Net impairment losses - Caption 130

8.1 Net impairment losses for credit risk associated with financial assets at amortised cost: breakdown

(€'000)

Transactions	Impairment losses (1)						Impairment gains (2)				31/12/2025	31/12/2024
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 3	Stage 3	Purchased or originated credit-impaired		
			write-off	Other	write-off	Other						
A. Loans and receivables with banks												
- financing	-	-	-	-	-	-	9	-	-	-	9	75
- debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers:												
- financing	(132)	(891)	(219)	(21,046)	-	(2,594)	70	323	11	7,902	(16,577)	(12,714)
- debt instruments	(0)	(8,061)	-	-	-	-	16	200	,	-	(7,845)	(10,251)
C. Total	**(132)**	**(8,952)**	**-**	**(21,046)**	**-**	**(2,594)**	**95**	**523**	**11**	**7,902**	**(24,413)**	**(22,890)**

Net impairment losses mainly include:
- individual impairment gains of €5,307 thousand (including €5,775 thousand recognised by the consolidated SPVs) on portfolios of POCI exposures purchased by the parent and the consolidated SPVs;
- net impairment losses of €7,852 thousand on unconsolidated ABS;
- individual impairment losses of €16,123 thousand on stage 3 loans and other financing;
- individual impairment losses of €4,882 thousand on stage 3 factoring assets;
- collective net impairment losses of €631 thousand on stages 1 and 2 loans and other financing disbursed by the parent;
- collective impairment gains of €65 thousand on stages 1 and 2 factoring assets.

8.2 Net impairment losses for credit risk associated with financial assets at fair value through other comprehensive income: breakdown

(€'000)

Transactions	Impairment losses (1)						Impairment gains (2)				31/12/2025	31/12/2024
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			write-off	Other	write-off	Other						
A. Debt instruments	**(19)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**(2)**
B. Financing	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	.	-	-	-
Total	**(19)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**(2)**

Section 9

Modification gains/losses - Caption 140

9.1 Modification gains/losses: breakdown

None.

Section 10

Insurance service profit (loss) - Caption 160

a) Insurance service revenue from insurance contracts issued

None.

b) Insurance service expense from insurance contracts issued

None.

c) Insurance service revenue from reinsurance contracts

None.

d) Insurance service expense from reinsurance contracts

None.

Section 11

Other net income/expense from insurance business - Caption 170

a) Net financial income (expense) from insurance contracts issued

None.

b) Net financial income (expense) from reinsurance contracts

None.

Section 12

Administrative expenses – Caption 190

12.1 Personnel expense: breakdown

(€'000)

Type of expense/Amounts	31/12/2025	31/12/2024
1) Employees		
a) wages and salaries	16,627	15,558
b) social security contributions	6,088	5,331
c) termination benefits	-	-
d) pension costs	-	-
e) accrual for post-employment benefits	1,157	1,066
f) accrual for pension and similar provisions:	-	-
g) payments to external supplementary pension funds:	-	-
h) costs of share-based payment plans	-	-
i) other employee benefits	4,457	4,069
2) Other personnel	-	-
3) Directors and statutory auditors	1,174	985
4) Retired personnel	-	-
5) Cost recoveries for personnel seconded to other companies	-	-
6) Cost reimbursements for personnel seconded to the bank	37	46
Total	**29,539**	**27,056**

12.2 Average number of employees by category

Employees:	
a) managers	20.75
b) junior managers	109.50
c) other employees	87.67
Other personnel	-

At the reporting date, the group had 215 employees.

12.3 Defined benefit plans: costs and income

None.

12.4 Other employee benefits

(€'000)

	31/12/2025	31/12/2024
MBO bonuses	1,464	1,461
Other bonuses	422	432
Insurance policies	412	390
Healthcare	84	68
Canteen subsidy and lunch vouchers	320	304
Refresher courses	218	311
Other	1,536	1,104
Total	**4,457**	**4,069**

12.5 Other administrative expenses: breakdown

(€'000)

	31/12/2025	31/12/2024
Business development, ICT development and due diligences	192	498
Taxes and duties	2,734	2,004
Professional services	315	273
Sundry consultancies	4,755	3,253
Insurance	1,408	1,414
Building leases and management fees	498	454
Payroll services	170	107
IT costs	5,239	5,336
Maintenance	185	128
Audit fees	425	382
Posting and telephone	103	294
Cleaning and related supplies	132	117
Information services	1,455	1,530
Advertising	2,481	3,588
Sundry lease costs	64	179
Contribution to the Interbank Deposit Protection Fund	216	1,883
Outsourcing of guaranteed finance service	994	825
Other	308	1,266
Total	**21,674**	**23,533**

The caption "Taxes and duties" mainly includes stamp duty on online deposits from customers (€2,254 thousand).

Sundry consultancies include costs incurred for the development of the parent's businesses and for non-recurring projects, such as the structuring of the APS and the transaction described in the section "Voluntary tender and exchange offer for all the shares of Banca Sistema".

The caption "Insurance" mostly includes premiums of €1,311 thousand for policies taken out to cover credit risk on the factoring products.

IT costs mainly refer to fees paid for operating management and accounting systems used by the bank (€4,059 thousand) and expenses for the related technical assistance (€1,152 thousand).

Information services include the cost of external providers used for information analyses on financing and factoring customers (Chamber of Commerce reports, ratings, etc.).

The caption "Outsourcing of guaranteed finance service" comprises the costs incurred for external servicers entrusted with the management of the background checks of potential customers, decision-making and monitoring of financing dossiers, which are not comprised in the initial costs to be included in the amortised cost of financing pursuant to IFRS 9.

In accordance with IFRS 16, it is noted that the group did not recognise costs for short-term leases (IFRS 16.53.c)) or leases of low-value assets (IFRS 16.53.d)) or variable lease payments not included in the measurement of the lease liabilities (IFRS 16.53.e).

Section 13

Net reversals of (accruals to) provisions for risks and charges - Caption 200

13.1 Net reversals of (accruals to) provisions for loan commitments and financial guarantees given: breakdown

None.

13.2 Net reversals of (accruals to) provisions for other commitments and other guarantees given: breakdown

None.

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

(€'000)

	31/12/2025	31/12/2024
Accrual to the provision for litigation	(973)	0
Reversal of provision for litigation	190	27
Total	**(783)**	**27**

Section 14

Depreciation and net reversals of impairment losses on property, equipment and investment property - Caption 210

14.1 Depreciation and net reversals of impairment losses on property, equipment and investment property: breakdown

(€'000)

Assets	Depreciation (a)	Impairment losses (b)	Reversals of impairment losses (c)	T otal (a + b - c)
A. Property, equipment and investment property				
1. Property and equipment				
- owned	428	-	-	428
- right-of-use	1,402	-	308	1,094
2. Investment property				
- owned	-	-	-	-
- right-of-use	-	-	-	-
3. Inventories	X	-	-	-
Total	**1,830**	**-**	**308**	**1,522**

Section 15

Amortisation and net impairment losses on intangible assets - Caption 220

15.1 Amortisation and net impairment losses on intangible assets: breakdown

(€'000)

Captions	Amortisation (a)	Impairment losses (b)	Reversals of impairment losses (c)	T otal (a + b - c)
A. Intangible assets	3,446			3,446
including: software	3,446			3,446
A.1 Owned				
- Developed internally				
- Other	3,446			3,446
A.2 Right-of-use				
Total	**3,446**			**3,446**

Section 16

Other operating income, net - Caption 230

16.1 Other operating expense: breakdown

(€'000)

	31/12/2025	31/12/2024
Other	759	406
Total	**759**	**406**

"Other" includes administrative expenses of €342 thousand incurred by the consolidated SPVs and, specifically, those related to their management passed on to the assets under management (audit fees, directors' fees, corporate fees).

16.2 Other operating income: breakdown

(€'000)

	31/12/2025	31/12/2024
Recovery of social security contributions	86	76
Gain from a bargain purchase of Credimi business unit	-	972
Sundry lease income	6	3
Recovery of stamp duty on deposits	1,087	1,070
APS compensation	10,593	-
Compensation for factoring assets	456	-
Other	440	983
Total	**12,667**	**3,105**

Other income includes, inter alia, the compensation of €10,593 thousand paid to the parent under the legacy portfolio financial guarantee contract (APS) and the compensation of €456 thousand for factoring assets. The APS compensation was collected in full in August 2025 and February 2026.

Section 17

Gains (losses) on equity investments - Caption 250

17.1 Gains (losses) on equity investments: breakdown

None.

Section 18

Net fair value gains (losses) on property, equipment, investment property and intangible assets - Caption 260

18.1 Net fair value gains (losses) on property, equipment, investment property and intangible assets at fair value (or revalued amount) or estimated realisable value: breakdown

None.

Section 19

Impairment losses on goodwill - Caption 27

19.1 Impairment losses on goodwill: breakdown

None.

Section 20

Net gain (loss) from sales of investments - Caption 280

20.1 Net gains (losses) from sales of investments: breakdown

None.

Section 21

Income taxes - Caption 300

21.1 Income taxes: breakdown

(€'000)

Amount	31/12/2025	31/12/2024
1. Current taxes (-)	(1,105)	-
2. Change in current taxes from previous years (+/-)	-	-
3. Decrease in current taxes for the year (+)	-	1
3.bis Decrease in current taxes for the year due to tax assets as per Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	22,626	(144)
5. Change in deferred tax liabilities (+/-)	985	280
6. Tax benefit for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**22,506**	**137**

Based on the probability test approved by the Board of Directors, the parent recognised deferred tax assets on tax losses and ACE of €22,626 thousand, as well as tax expense on the profit for the year of €1,104 thousand.

In addition to the parent's income taxes, the caption also includes the change in deferred tax liabilities recognised on the SPVs' positive reserves in previous years and consolidation entries (€942 thousand).

21.2 Reconciliation between the theoretical and effective tax expense

The theoretical tax rate is 33.07% (IRES ordinary and surtax rate of 27.5% and IRAP rate of 5.57%).

Section 22

Post-tax profit (loss) from discontinued operations - Caption 320

22.1 Post-tax profit (loss) from discontinued operations: breakdown

None.

22.2 Breakdown of income taxes on discontinued operations

None.

Section 23

Profit (loss) for the year attributable to non-controlling interests - Caption 340

23.1 Breakdown of caption 340 "Profit (loss) for the year attributable to non-controlling interests"

None.

Section 24

Other information

None.

Section 25

Earnings per share

25.1 Average number of ordinary shares with dilutive effect

Pursuant to IAS 33.70.b), it is noted that the parent only has ordinary shares.

25.2 Other disclosures

Considering the disclosures required by paragraphs 68, 70.a)/c)/d) and 73 of IAS 33, the following is noted:
• there are no discontinued operations that would affect profit (loss);
• there are no instruments that would affect calculation of the basic earnings (loss);
• there are no potential ordinary shares at the reporting date;
• components other than those provided for by IAS 33 were not used.

Part D: Comprehensive income

BREAKDOWN OF COMPREHENSIVE INCOME (EXPENSE)

(€'000)

	Captions	31/12/2025	31/12/2024
10.	**Profit (loss) for the year**	**24,247**	**(10,983)**
	Other comprehensive income (expense) that will not be reclassified to profit or loss	**(1,379)**	**2**
20.	Equity instruments at fair value through other comprehensive income:		
	a) Fair value losses	(1,400)	-
	b) Transfers to other equity items	-	-
30.	Financial liabilities at fair value through profit or loss (changes in own credit rating):	-	-
	a) Fair value losses	-	-
	b) Transfers to other equity items	-	-
40.	Hedges of equity instruments at fair value through other comprehensive income:		
	a) Fair value gains (losses) (hedged instrument)	-	-
	b) Fair value gains (losses) (hedging instrument)	-	-
50.	Property, equipment and investment property	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	21	2
80.	Non-current assets held for sale and disposal groups	-	-
90.	Share of valuation reserves of equity-accounted investees	-	-
100.	Financial income or expense related to insurance contracts written	-	-
110.	Related tax	-	-
	Other comprehensive income (expense) that will be reclassified to profit or loss	**(125)**	**163**
120.	Hedges of investments in foreign operations:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Exchange gains (losses):		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
140.	Cash flow hedges:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-

	including: net gain (loss)	-	-
150.	Hedging instruments (non-designated items)		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
160.	Financial assets (other than equity instruments) at fair value through other comprehensive income:	(125)	163
	a) fair value gains (losses)	(125)	243
	b) reclassification to profit or loss	-	-
	- impairment losses	-	-
	- gains (losses) on sales	-	-
	c) other changes	-	(80)
170.	Non-current assets held for sale and disposal groups:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
180.	Share of valuation reserves of equity-accounted investees:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	- impairment losses	-	-
	- gains (losses) on sales	-	-
	c) other changes	-	-
190.	Financial income or expense related to insurance contracts written		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
200.	Non-current assets held for sale and disposal groups:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
210.	Related tax	-	-
220.	**Total other comprehensive income (expense)**	**(1,505)**	**164**
230.	**Comprehensive income (expense) (captions 10 + 190)**	**22,742**	**(10,818)**
240.	Comprehensive income (expense) attributable to non-controlling interests	-	-
250.	**Comprehensive income (expense) attributable to the owners of the parent**	**22,742**	**(10,818)**

Part E: Information on risks and hedging policies

Introduction

The Banca CF+ Group acknowledges the strategic importance of the internal control system, consisting of rules, procedures and structures designed to allow sustainable growth in line with the group's objectives by properly identifying, measuring, managing and monitoring its risks. The risk culture not only relates to the control functions but is disseminated throughout the group.

In particular, the group focuses on its capacity to identify and promptly analyse interrelations between the various risk categories.

As provided for by the current regulations, the Board of Directors, as it is also the body charged with managing the parent, is responsible for defining and approving the parent's risk management policies and it is constantly informed about changes in the group's business risks. The CEO and General Manager, as the body charged with managing the parent, is responsible for the implementation of the risk governance policies and for the adoption of all necessary measures to ensure the internal control system's compliance with applicable legislation and aids the development and spreading at all levels of an integrated risk culture for all different risk types and across the entire group structure. The Board of Statutory Auditors supervises the completeness, functionality and adequacy of the internal control system and the risk appetite framework (RAF). It also monitors compliance with the regulations governing the banking sector, communicating the need for remedial actions to remedy weaknesses or irregularities, when necessary.

The Supervisory Body as per Legislative decree no. 231/01 checks that the organisational, management and control model, required by law, is operational and compliant.

The Audit Committee supports the Board of Directors with its monitoring of the governance and integrated management of the overall business risks to which the group is exposed.

This Committee also acknowledges and expresses its opinion on the risk appetite statement (RAS) and RAF and carries out ongoing checks of any changes in business risks and compliance with the various types of risk assumption thresholds.

The Internal Audit Department, which directly reports to the Board of Directors, checks that the business operations are carried out regularly and monitors changes in risks. It also assesses the completeness, functionality and adequacy of the organisational structures and other components of the internal control system. This department informs the internal bodies of any possible improvements, especially to the RAF or to the risk management process as well as to the risk measurement and control instruments.

The second-level control departments (Compliance & AML and Chief Risk Officer – comprising the ICT Risk & Security and Risk Strategy & Management teams) report directly to the CEO and General Manager and to the Board of Directors.

The Compliance & AML Department:
- prevents and manages the risk of incurring judicial or administration sanctions, large financial losses or damage to the parent's reputation due to violations of imperative regulations or self-regulations;
- performs ongoing checks to ensure that the parent's procedures are suitable to prevent and thwart violations of imperative regulations or self-regulations on money laundering and the financing of terrorism;
- is responsible for the outsourced data protection activities.

The Chief Risk Officer's department:
- through the ICT Risk & Security Department, assists with the definition and implementation of the policies to monitor the parent's ICT risks and security. Its remit is to ensure that the banking group's current and future exposure to the various types of ICT and security risks are properly assessed and managed. It also provides the parent's bodies with the support necessary to promote and disseminate an appropriate ICT risk and security culture within the group;

- through the Risk Strategy & Management Department, monitors all types of risk and provides a clear presentation of the group's total risk profile and its financial strength to the Board of Directors. The department assists with the definition and implementation of the RAF, the related risk governance policies, the various stages of risk management and the setting of risk taking limits.

The internal units that define organisational and control checks for cross-bank risks are an important part of the internal control system as are the individual operating offices in charge of implementing risk mitigation measures and achieving the strategic risk objectives, the tolerance threshold and operating limits defined and approved by the Board of Directors.

Section 1 – IFRS CONSOLIDATION RISKS

QUANTITATIVE DISCLOSURE

A. CREDIT QUALITY

A.1 Performing and non-performing exposures: carrying amount, impairment losses, performance, business breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amount)

(€'000)

Portfolios/quality	Bad exposures	Unlikely to pay exposures	Nonperforming past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets at amortised cost	15,977	44,197	87,998	7,055	1,524,633	1,679,859
2. Financial assets at fair value through other comprehensive income	-	-	-	-	41,373	41,373
3. Financial assets at fair value through profit or loss	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	77,907	77,907
5. Financial assets held for sale	-	-	-	-	-	-
Total 31.12.2025	**15,977**	**44,197**	**87,998**	**7,055**	**1,643,913**	**1,799,139**
Total 31.12.2024	**27,703**	**55,849**	**77,324**	**5,178**	**1,632,841**	**1,798,895**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross amount and carrying amount)

(€'000)

Portfolios/quality	Non-performing				Performing			Total (carrying amount)
	Gross amount	Total impairment losses	Carrying amount	Part ial/ total write-of fs (*)	Gross amo	Total impairment losses	Carrying amount	
1. Financial assets at amortised cost	197,095	(48,923)	148,171	43	1,571,242	(39,554)	1,531,688	1,679,859
2. Financial assets at fair value through other comprehensive income	-	-	-	-	41,394	(21)	41,373	41,373
3. Financial assets at fair value through profit or loss	-	-	-	-	x	x	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	x	x	77,907	77,907
5. Financial assets held for sale	-	-	-	-	-	-	-	-
Total 31.12.2025	**197,095**	**(48,923)**	**148,171**	**43**	**1,612,637**	**(39,575)**	**1,650,968**	**1,799,140**
Total 31.12.2024	**220,247**	**(59,371)**	**160,876**	**43**	**1,583,780**	**(31,798)**	**1,638,019**	**1,798,895**

**To be shown for disclosure purposes*

(€'000)

Portfolios/quality	Assets with poor credit quality		Other assets
	Accumulated losses	Carrying amount	Carrying amount
1. Financial assets held for trading	-	-	13
2. Hedging derivatives	-	-	938
Total 31.12.2025	**-**	**-**	**951**
Total 31.12.2024	**-**	**-**	**796**

B. Structured entities (other than securitisation vehicles)

Nothing to report.

Section 2 - PRUDENTIAL CONSOLIDATION RISK

1.1 Credit risk

QUALITATIVE DISCLOSURE

1. General information

Credit risk mostly arises on:
- portfolios being run-off, i.e., securitised non-performing ABS or exposures, deriving from the pre-demerger business. Given that its debt purchasing and debt servicing businesses were demerged on 1 August 2021, the group has continued to manage ABS and the underlying illiquid and non-performing loans, supported by its servicers;
- the group's core business (lending to SMEs), which comprises the purchasing of tax assets, factoring services and guaranteed finance business (MCC/SACE-backed loans).

The parent's assumption of credit risk is designed to:
- achieve its growth objective for sustainable lending activities in line with its risk appetite and the creation of value;
- diversify its portfolio, limit its exposure to individual counterparties/groups, business or geographical segments;
- efficiently select economic groups and individual customers by carefully analysing their credit standing in order to take on credit risk in line with its risk appetite.

The parent's continued monitoring of the quality of its loan portfolio includes adopting precise operating methods for each stage of the credit disbursement process.

Its classification of non-performing loans complies with the definition of default set out in the European Regulation on prudential requirements for credit institutions and investment firms (article 178 of Regulation (EU) 575/2013).

In line with the provisions set out in Bank of Italy's Circular no. 285/2013, as subsequently amended, about banking groups and banks with class-3 assets, the group measures counterparty risk on a current and forward looking perspective in baseline and adverse scenarios using the standard method.

It uses the granularity adjustment method to calculate single name concentration risk and the ABI method to calculate geographical-business sector concentration risk.

2. Credit risk management policies

2.1 Organisational aspects

A fundamental role in managing and controlling credit risk is played by the internal bodies that, properly assisted by the control departments and each according to its duties, ensure the proper monitoring of credit risk. They identify the strategies to be taken and the risk management policies, checking continuously their efficiency and effectiveness. The internal bodies also define the duties and responsibilities of the departments and units involved in the process.

This monitoring and checking of credit quality, ensured by the internal bodies, is reflected in the parent's current organisational structure with the allocation of specific responsibilities that guarantee that risks are managed and monitored at various levels.

The parent's Board of Directors defines the guidelines for taking on risk and the lending policies which include, inter alia, guidance about the guarantees accepted to mitigate risk.

The operating departments carry out the first level controls regularly and systematically to ensure that the parent operates correctly. They carry out credit standing checks, checks of the collateral and checks by the unit that approves the lending transaction that the transaction complies with both ruling regulations and internal policies. Specifically, new risk taking activities mainly relate to the purchase of tax assets, new factoring transactions and the disbursement of new MCC/SACE-backed loans. In this respect, the following checks are carried out:
- with respect to the purchase of tax assets, thorough due diligence activities to confirm the existence of a tax asset, assess the transferor's credit risk and potential claw back risk and forecast collections;
- with respect to new disbursements, an assessment of credit rating (of both the transferors and the transferred debtors for factoring transactions) based on at least an analysis of the counterparty's financial statements, sector and business plan and that of its legal group (if any), an analysis of the credit information centre data, a check of protested bills, prejudicial events and any adverse conditions. Moreover, a check of the counterparty's reporting quality assessment provided by credit rating agencies supports the background checks and credit assessment. In addition, specific transaction-based assessments are carried out (e.g., claw back risk assessment in the case of factoring with transferors with limited access to the banking system).

The group also monitors the performance of its credit exposures in order to ensure proactive customer relationship management and the prevention of credit deterioration, as well as the classification of the exposures in line with regulations.

The management of non-performing exposures retained after the demerger's completion has been outsourced to specialised servicers reporting to the chief lending officer.

The Chief Risk Officer's department carries out the second level controls:
- it monitors the group's risk profile on a quarterly basis, identifying any critical issues or deviations from the set risk objectives and reporting them to the internal bodies and the Audit Committee;
- it systematically checks the loan portfolio quality, changes in delinquency and defaulting exposures and the effectiveness of their management, reporting its findings to the internal bodies and the Audit Committee and checking any irregularities with the relevant internal bodies;
- it verifies that the performance of individual credit exposures is monitored correctly and the adequacy of the related provisioning, the customer due diligences, their classification, business sector concentration, the collection process and the risks of applying credit risk mitigation techniques;
- it monitors compliance with the risk limits defined in line with the parent's risk appetite.

The Internal Audit Department performs the third level controls and makes sure that the entire process is carried out correctly through:
- remote checks, designed to ensure the orderly monitoring and analysis of credit risks as well as spot checks of the exposures' performance and potential risks in order to agree how and when to intervene if necessary;
- on-site checks, designed to check the operating, accounting and administrative procedures are performed correctly and to check the security, correctness and compliance of the staff's conduct and management practices;
- checks of processes and procedures to assist internal bodies introduce the organisational model by performing analyses of its impact on the internal controls.

2.2 Management, measurement and control systems

Credit risk is the risk that the group may incur losses if its counterparty, beneficiary of a loan or issuer of a financial obligation (bonds, securities, etc.) is unable to meet its commitments (payment of interest and/or repayment of principal on time and any other amounts due) (default risk). Credit risk also includes the potential loss arising from the default of a borrower/issuer or a drop in market value of a financial obligation due to deterioration in its credit quality.

2.3. Measurement of expected credit losses

IFRS 9 introduced three approaches:
1. the general approach, whereby entities recognise 12-month ECL (stage 1) or lifetime ECL (stages 2 and 3);

2. the purchased or originated credit-impaired (POCI) approach, whereby entities recognise the accumulated change in lifetime ECL since initial recognition at each reporting date;
3. the simplified approach for trade receivables or financial assets that do not contain a significant financing component under IFRS 15, whereby entities can elect to recognise lifetime ECL rather than 12-month ECL.

The group measures the ECL through the following steps:
• staging: this is carried out on a case-by-case basis, except for those financial instruments with common characteristics, for which collective staging is allowed;
• calculation of impairment.

Staging
This is carried out on a case-by-case basis, except for those financial instruments with common characteristics, for which collective staging is allowed.

The purpose of staging exposures is to identify impairment before the occurrence of a default event, i.e., before the exposure becomes non-performing and is, therefore, subject to individual impairment.

Indeed, under IFRS 9, at each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. Specifically, based on the increase in their credit risk during the reporting period, financial assets are classified into the following stages:
• stage 1: this includes all performing financial assets whose credit risk, at the staging date, has not significantly increased since initial recognition. For financial assets in stage 1, entities are required to recognise 12-month ECL;
• stage 2: this includes all performing financial assets whose credit risk, at the staging date, has significantly increased since initial recognition. For financial assets in stage 2, entities are required to recognise lifetime ECL;
• stage 3: this includes all non-performing financial assets, comprising those past due by over 90 days, regardless of the amount. Moreover, stage 3 includes all tranches associated with securities in default.

The group has defined the trigger events to determine whether its financial assets' credit risk has increased significantly since initial recognition at the reporting date. If this is the case for stage 1 performing financial assets, they are reclassified to stage 2. The group identified the trigger events considering the particular nature of its financial assets.

In the case of ABS, the trigger events are as follows:
• net collections 20% lower than those forecast in the business plan;
• a 3-notch decrease in the external rating of listed securities, if this decrease does not directly lead to classification as stage 3 (junk grade);
• business plan reviewed downward by over 20% of "net recoveries", if the new business plan does not lead to the write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3;
• business plan reviewed by extending the recovery timing by over three years, if the new business plan does not lead to the write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3.

In the case of government bonds, the trigger events are:
• performing government bonds are usually classified in stage 1 when they are purchased;
• the low risk exemption is subsequently applied, i.e.[6], as long as the bond qualifies as investment grade (from AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notch);
• if the bond is downgraded to speculative grade (i.e., from BB+ to B-), it may be classified at stage 2 only if it is downgraded by at least 3 notches from the origination rate;
• reclassification to stage 3 follows the general rule of IFRS 9 according to which stage 3 includes financial instruments with objective evidence of impairment at the reporting date, i.e., from when they are graded CCC+ or lower.

The trigger events of financial instruments[7] (other than loans and receivables and government bonds) are:
• performing non-government bonds are usually classified as stage 1 when they are purchased;
• the low credit risk exemption is subsequently applied[8], i.e., as long as the bond qualifies as investment grade (from

(6) IFRS 9.5.5.10 states that an entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.
(7) These refer, without limitation, to financial instruments held by the parent under the HTC business model that also pass the SPPI test.
(8) IFRS 9.5.5.10 states that an entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notch);
• after reclassification, a 3-notch decrease from an external rating at origination of BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, leads to classification at stage 2 as long as the downgrading does not directly lead to classification as stage 3;
• analytical risk assessment of the instrument (issuer risk, country risk, etc.).

In the case of customer financing (loans, subsidies, leases, factoring and guaranteed finance), the trigger events are as follows:
• more than 30 days past due;
• forborne performing;
• evidence of a significant increase in credit risk reported by the Chief Lending Officer's department as part of its monitoring and assessments.

In addition to the above criteria, for guaranteed finance (both traditional financing and digital lending), a quantitative SICR criterion is also applied. It captures the increase in credit risk from origination to the reporting date, measured by the rating-notch delta (assessed via a combined comparison of the notch delta and the absolute rating) and, for certain rating classes, by the PD delta. For migration to stage 2, the rating-notch delta and PD delta thresholds are differentiated by rating class at origination (in line with IFRS 9.B5.5.9) and are scaled to the initial rating.

In the case of loans and receivables with banks, the trigger events are:
• a 3-notch decrease if the counterparty's external rating at origination or, where not available, of the counterparty's country, is equal to BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, as long as the downgrading does not directly lead to classification as stage 3 (junk grade);
• analytical risk assessment of the counterparty (issuer risk, country risk, etc.).

In addition to the above trigger events, expert qualitative assessments by the relevant parent's departments are used for all the above categories.

Calculation of impairment
The valuation models are regularly reviewed and possibly updated, in order to continuously improve the group's ability to intercept the effects of the changing macroeconomic scenario and introduce the necessary additions made necessary by the evolution of its business. The risk parameters used for each type of asset are summarised below:

<u>ABS measured at amortised cost, loans and receivables with banks and other financial instruments (other than government bonds, ABS and loans and receivables)</u>
The parent uses both internal inputs (information about its relationship with the borrower) and external inputs. It updates the probability of default (PD) once a year using the studies on default and recovery rates published by rating agencies in the first quarter of the year as a base to estimate the multi-period PD vectors, adjusted on a forward-looking basis by the Chief Risk Officer. Specifically, the PD applied to stage 1 and stage 2 securities was calculated using the average PD for the categories from A+ to B- (average of the central categories on the rating scale of rating agencies) and applied differently depending on their time horizon (one year for stage 1 or lifetime for stage 2), excluding judgements about changes in PD and considering any missing additional information about the borrower's credit standing.

As the parent does not have historical information about actual losses, it used the LGD value of 45% as allowed for senior exposures without eligible collateral for the simplified estimate of LGD (article 161 of Regulation (EU) no. 575/2013).

<u>Government bonds</u>
The parent updates the PD once a year using the studies on default and recovery rates of sovereign counterparties published by rating agencies in the first half of the year as a base to estimate the multi-period PD vectors. In line with the approach adopted for ABS and other securities, and considering the average 12-month migration matrices, it calculates marginal PD vectors, adjusted on a forward-looking basis by the Chief Risk Officer. The parent uses the

one-year PD, equal to the rating of the issuing country, for stage 1 bonds.

The entire multi-period PD vector, equal to the issuing country's rating, is used for stage 2 bonds.

The LGD is assumed to be steady over the entire maturity of the financial asset and, in line with market practice, the value of **60%** is applied based on the ranking of the instrument (senior) and the classification of the issuing country (developed economies) for the simplified estimate of LGD.

Tax assets
Lacking meaningful internal historical trends on the write-offs of past positions, the risk parameters used for tax assets arising from the tax asset business line - other than those recognised as other assets - are those adopted to test government bonds for impairment, as these exposures are to the public administration and are already subject to ongoing assessment as part of the business plan update.

Loans and receivables with customers (loans, personal loans granted to employees, subsidies, leases, factoring and guaranteed finance products)
The lifetime PD is estimated using the Weibull function in order to obtain a long-term fitting of the system default rates extrapolated from Bank of Italy's public database. The PD vectors are adjusted on a forward-looking basis by the Chief Risk Officer. The parent uses the one-year PD for stage 1 loans and receivables.

The PD is estimated over the life of the stage 2 loans and receivables. Therefore, in order to determine the impairment loss, the related node on the multi-period PD curve is used for each maturity date. Given the current and prospective macroeconomic scenario and in line with the approach adopted in 2024 and in the 2025 interim report, the parent recognised an additional impairment loss at the reporting date to reflect the possible increase in risk of some sectors.

It acquires eligible personal guarantees to mitigate credit risk and potential losses in the case of default for guaranteed finance and factoring products. Due to the characteristics of these products, the estimate of the LGD considers their secured and unsecured components.

As the parent does not have historical information about actual losses for the other products, it used the LGD value of 45% as allowed for senior exposures without eligible collateral for the simplified estimate of LGD (article 161 of Regulation (EU) no. 575/2013).

Exposures with irregular repayments are classified in different categories depending on the risk level.

Non-performing exposures (stage 3) can be split into:
– non-performing overdrawn and/or past due exposures: on and off-statement of financial position exposures other than bad exposures or unlikely to pay exposures that are past due or overdrawn by more than 90 days at the reporting date;
– unlikely to pay exposures: on and off-statement of financial position exposures classified as such given that the parent does not expect the borrower will be able to fully meet its commitments (principal and/or interest) without resorting to actions such as asset foreclosure;
– bad exposures: on and off-statement of financial position exposures to borrowers that are insolvent (even if not legally certified as such) or in substantially similar situations regardless of the parent's estimates about probable losses.

Each of the above categories may also be classified as forborne non-performing exposures.

Both performing and non-performing exposures can be classified as forborne when the following regulatory conditions are met:
– modification of the previous terms and conditions of the contract and/or the total or partial refinancing of the exposure;
– confirmation at the forbearance resolution date that the customer is facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). This condition is automatically deemed to be met in the case of

a non-performing exposure but has to be based on a specific valuation of the customer in the case of a performing exposure.

Impairment testing aims at identifying impairment losses due to deterioration in the counterparty's credit rating in a timely manner by using appropriate models to determine their amount.

The group has recognised a loss allowance for expected credit losses on:
• financial assets at amortised cost: ABS, loans and receivables with customers, including those arising from leases and factoring, tax assets and loans and receivables with banks;
• financial assets at fair value through other comprehensive income.

The ECL calculation model requires a quantitative estimate of future cash flows and assumes that these may be reliably estimated.

The impairment model consists of:
• the staging of exposures, based on an assessment of the increase in the exposure's/counterparty's risk;
• using multi-period risk parameters (e.g., lifetime PD, LGD and EAD) to quantify the lifetime ECL on financial instruments whose credit risk has increased significantly since initial recognition.

Non-performing loans and receivables (bad, unlikely to pay and overdrawn or past due) are tested for impairment individually or collectively. The impairment loss is calculated by discounting the expected future cash flows of principal and interest net of recovery costs considering any guarantees.

The group assesses its credit-impaired exposures analytically depending on the nature of the assessed asset:
• Customer financing: the impairment losses are calculated either individually or collectively in the case of exposures that, due to their inherent characteristics (immaterial amounts and large numbers), can be tested using prudential but streamlined and low-cost models, capable of guaranteeing uniform results.

In line with the supervisory guidance and market practices, as well as the nature of the products offered, Banca CF+ tests all the UTP and bad exposures exceeding €500 thousand individually in order to achieve an accurate as possible estimate of the more risky positions and to recognise a lump-sum impairment loss for smaller exposures and past due exposures for organisational efficiency purposes, maintaining a prudential approach which envisages a threshold equal to that for the lump-sum impairment loss for individual exposures.

The Chief Lending Officer's staff estimates the lifetime expected credit losses of the individual exposures considering their specific nature and the minimum impairment percentages. To this end, they firstly decide whether to assess the counterparty using:
– a going concern approach, where their assessment focuses on the sustainability of the customer's debt over time based on its estimated cash flows;
– a gone concern approach, if recovery is possible through the enforcement of the guarantees and/or liquidation of the company's assets or when there is no reliable information about its estimated future cash flows.
• POCI exposures: the impairment losses are calculated as the difference between the individual portfolios' carrying amount and their expected recoverable amount based on the underlying business plan.
• Tax assets: the impairment losses are calculated as the difference between the individual exposures' carrying amount and their expected recoverable amount based on the underlying business plan. If a tax asset is no longer with the tax authorities but with the transferor, the impairment loss is determined by the Chief Lending Officer based on an estimate of the recoverable amount, in accordance with internal regulations.
• ABS: the impairment losses are the higher of those calculated using the approach described for stages 1 and 2 exposures and their expected recoverable amount based on the underlying business plan.
• leases: the impairment losses are calculated individually by assessing their recoverability considering issuer risk.

Supported by the information provided by the servicers, the parent revises the business plans used for the measurement of the impaired loans and receivables/ABS every six months or more frequently, if appropriate.

The group also checks that the impairment loss on loans is adequate by comparing its portfolio with the average banking sector data and revising the methods used to calculate recovery forecasts based on the results of its recovery procedures (court-appointed experts' appraisals, prices set for auctions and sales prices at auctions).

Impairment losses on problematic loans and receivables are reversed only when their quality has improved to the point that the group is reasonably certain that it will recover principal and interest and/or has collected amounts greater than the exposure's carrying amount. Depending on the method used to calculate the impairment loss, the proximity to the deadline for collection of the exposure due to the passage of time gives rise to a reversal of impairment losses as it implies a reduction in the unrealised interest expense previously used to decrease the loans and receivables.

Measurement of expected credit losses
IFRS 9 requires an entity to consider relevant forward looking information when measuring credit impairment and not only historical and current information, as it deems that it can affect the recoverability of the credit exposures.

Accordingly, the group considered the following:
• its update of the macro-economic scenarios, using a baseline, a best and an adverse scenario:
- baseline: based on the 2026-2028 macroeconomic projections for Italy prepared by Bank of Italy's experts as part of the Eurosystem's coordinated exercise (see "Macroeconomic Projections for the Italian Economy (Eurosystem staff macroeconomic projections)", 19 December 2025");
- adverse: the December 2025 update of the Bank of Italy's macroeconomic projections does not include an adverse scenario. In light of the above, the group combined elements from the most severe scenarios in the December edition of the "Eurosystem staff macroeconomic projections for the euro area" to construct the adverse scenario. Specifically, the deviations from the baseline across four worst-case scenarios were aggregated: two relating to ESG and two reflecting alternative scenarios for energy commodity prices and exchange rates.
Moreover, in line with the assumptions made at 31 December 2024 and 30 June 2025, the deviation of -0.1% from the GDP baseline scenario resulting from the discretionary implementation of GHG emission reduction policies by member states was maintained, even though the ECB report estimated a maximum deviation of -0.05% (*see BOX 2 - Assessing the impact of climate change transition policies on growth and inflation: Chart A - Impact of national discretionary green fiscal policy measures on the projections baseline*).

In addition, the estimated impact of introducing additional measures to meet the EU's 2030 emissions-reduction targets was reported. The ECB report presents two scenarios for achieving the Fit for 55 target:
• **"Fit for 55" carbon-tax scenario**: the 2030 emissions-reduction target is achieved solely through increases in carbon prices.
• **"Fit for 55" policy-mix scenario**: the target is achieved through a combination of a carbon tax and non-tax measures. Under this scenario, secondary targets for clean energy and for energy consumption are also met.

Considering the current context, the parent has decided to use only the **"Fit for 55" policy-mix scenario**, judging it more plausible than a scenario in which the emissions-reduction targets are achieved solely through increases in carbon prices.

Under the adopted scenario, GDP is not affected in 2026 and 2027 (although the ECB report assumes a marginal increase in 2026, which the parent has not incorporated), while in 2028 GDP is 0.5% below the baseline (*see Chart D, "Impact of climate policy scenarios on real GDP and inflation"*).

Alternative scenarios - price dynamics and exchange rates
The parent has also incorporated the 75th-percentile worst-case impacts arising from:
• alternative paths for energy commodity prices. In the sensitivity analysis, the bearish and bullish paths are derived from the 25th and 75th percentiles of option-implied neutral densities for both oil and gas prices. The 75th-percentile path implies GDP 0.1% below the baseline in 2026, 2027 and 2028 (*see Table 6 - Alternative energy price paths and their impact on real GDP growth and HICP inflation*);
• market expectations for the exchange rate point to a further appreciation of the Euro, implying downside risks to growth and inflation. In the baseline projections, the technical assumptions for exchange rates are held constant over the forecast horizon. The alternative downside and upside paths have been derived from the 25th and 75th percentiles of the option-implied neutral densities for the USD/EUR exchange rate on 26 November 2025, which

were skewed towards a moderate Euro appreciation. The 75th-percentile path implies GDP 0.1% and 0.2% below the baseline in 2026 and 2027, respectively (*see Alternative exchange rate paths Table 7 - Impact on real GDP growth and HICP inflation*).

The sum of the changes resulting from the scenarios is applied to the Italian GDP growth rates of the Bank of Italy's baseline scenario, resulting in the adverse scenario.

- best: given the current macroeconomic situation, the parent did not consider the best scenario when estimating the forward-looking factor for the figures at 31 December 2025;

• the review of the business plan for the POCI portfolios, primarily due to the postponement of the collection dates.

2.4. Credit risk mitigation techniques

In order to mitigate credit risk in line with the regulations, the group uses the CRM (Credit Risk Mitigation) techniques, set out in Bank of Italy's Circular no. 285/2013, as subsequently amended, and the CRR.

Specifically, the group may make use of personal guarantees (sureties, personal guarantees and credit derivatives), financial collateral (liens on cash and/or listed securities and master netting agreements) and property collateral (residential and non-residential property mortgages).

The group has specific procedures to efficiently manage risk covering the various stages involved (from acquisition of the individual guarantees to their execution as well as the more operational aspects for their management) and to identify the relevant internal process owners.

Even when the exposures are secured, the group is still required to measure credit risk, focusing on the borrower's capacity to meet its obligations without considering the guarantee.

3. Non-performing exposures

3.1. Management strategies and policies

Exposures with irregular repayments are classified in different categories depending on the risk level.

Non-performing exposures can be split into:
- non-performing overdrawn and/or past due exposures: on and off-statement of financial position exposures other than bad exposures or unlikely to pay exposures that are past due or overdrawn by more than 90 days at the reporting date;
- unlikely to pay exposures: on and off-statement of financial position exposures classified as such given that the group does not expect the borrower will be able to fully meet its commitments (principal and/or interest) without resorting to actions such as asset foreclosure;
- bad exposures: on and off-statement of financial position exposures to borrowers that are insolvent (even if not legally certified as such) or in substantially similar situations regardless of the parent's estimates about probable losses.

Each of the above categories may also be classified as forborne non-performing exposures.

Non-performing exposures can be classified as forborne when the following regulatory conditions are met:
- modification of the previous terms and conditions of the contract and/or the total or partial refinancing of the exposure;
- confirmation at the forbearance resolution date that the customer is facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). This condition is automatically deemed to be met in the case of a non-performing exposure.

The parent also checks that the impairment loss on loans is adequate by comparing its portfolio with the average banking sector data and revising the methods used to calculate recovery forecasts on portfolios being run off based on the results of its recovery procedures (court-appointed experts' appraisals, prices set for auctions and sales prices at auctions).

Impairment losses on ABS reflect both remeasurement of the investment's value compared to its calculation using the amortised cost method agreed during the underwriting phase as well as available onboarding information.

At the reporting date, the group's non-performing exposures were either related to default situations of its new business or mostly credit-impaired when it purchased them (bad or UTP exposures, mainly SME property loans), either as part of securitisations carried out by other banks or financial brokers (e.g., lease companies) or purchased directly by the parent. Through its securitisation vehicles, the group purchased financial assets at a discount compared to their nominal amount in order to collect the related contractual cash flows.

The risk is managed at the initial stage of the transaction, by carrying out due diligences, and thereafter, with the assistance of the servicers, by regularly analysing and updating the business plans underlying the individual securitisation portfolios and/or the individual exposures purchased.

3.2. Write-offs

The group reduces the carrying amount of a non-performing exposure when it has no reasonable expectations of recovering it in its entirety or a portion thereof (total/partial write-offs), e.g., in the following cases:
a) irrecoverability, based on certain and precise elements (such as, for example, the debtor being untraceable or destitute, non-recovery from foreclosure of movable and immovable property, unsuccessful seizures, bankruptcy proceedings ended with an incomplete settlement of the parent's claim, if there are no further enforceable guarantees, etc.);
b) transfers;
c) waivers, as a result of unilateral debt forgiveness or residual under settlement agreements;
d) without waivers. In order to avoid retaining in the statement of financial position financial assets that continue to be managed by the credit collection departments but that have a very low chance of being recovered, all or part of their carrying amount is written off due to its irrecoverability even when the related legal case has not been terminated. The write-off may only affect the portion of a financial asset covered by a loss allowance; therefore, each financial asset may be written off to the extent of its carrying amount.

3.3 Purchased or originated credit-impaired financial assets

As described above with respect to the non-performing exposures at 31 December 2025, in addition to some default situations of the group's new business, its non-performing exposures were mostly credit-impaired when it purchased them (bad or UTP exposures, mostly SME property loans), either as part of securitisations carried out by other banks or financial brokers (e.g., lease companies) or purchased directly by the parent.

The parent acquired these financial assets to collect the related cash flows (HTC business model).

As already described, the group calculates the expected credit losses on POCI exposures as the difference between the net present value of their future cash flows (through credit collection activities less related legal costs) discounted at the transaction's interest rate (IRR) calculated at inception and the gross amount of the purchased exposures (i.e., the purchase price less collections plus interest calculated using the transaction's IRR).

Supported by the information provided by the servicers, the parent revises the business plans used for the measurement of the financial assets every six months or more frequently, if appropriate.

As the department in charge of performing the second-level controls, the Chief Risk Officer's department:
• on a monthly/quarterly basis, checks the performance of legacy portfolios by investigating the reasons for any reductions in expected collections or expected lengthening of collection times;
• once every six months, checks that the business plan reviews of all portfolios coordinated by the portfolio management office and carried out by external servicers have been carried out using a systematic and accurate review process (individual and/or collective) of collection flow projections;

• on an annual basis, conducts a single-name analysis to check that the adopted evaluation criteria are consistent with the relevant policy, by reviewing the documentary file (e.g., position summary sheet, expert reports, court-appointed expert reports, resolutions, etc.).

During the business plan review's second-level controls, the Chief Risk Officer assesses the underlying assumptions by position clusters (defined according to uniform categories of strategy/recovery phases), where they are applied collectively to all portfolios/positions not pipelined by the manager.

The Chief Risk Officer's department is informed of the above assumptions in special meetings with the portfolio management office and, where it deems it appropriate, carries out an in-depth analysis of certain portfolios/positions, with the aim of checking the effectiveness/completeness of the process and the consistency between the analyses carried out/the resulting evidence and the relevant business plan projections.

A breakdown of actual collections compared to the related recovery plans, the portfolios' nominal amount and purchase price by portfolio of similar purchased financial assets of consolidated vehicles is set out below:

(€'000)

SPVs	Actual collections at 31/12/2025	Original BP collections	Variation	Variation %	Securitised assets		
					Carrying amount	Purchase price	Nominal amount at 31/12/2025
Bank loans	86,006	120,638	-34,632	-29%	10,610	49,313	104,089
Leases	30,888	37,132	-6,244	-17%	4,612	22,989	16,893
Trade receivables (invoices)	52,994	101,079	-48,085	-48%	67,408	38,299	228,539

4. Renegotiated financial assets and forborne exposures

At 31 December 2025, the group has renegotiated performing financial assets, mostly related to waivers on covenants granted to creditworthy counterparties, and forborne exposures.

QUANTITATIVE DISCLOSURE

A. CREDIT QUALITY

A.1 Performing and non-performing exposures: carrying amount, impairment losses, performance, business breakdown

A.1.1 Prudential consolidation - Breakdown of financial assets by past due bracket (carrying amounts)

(€'000)

Portfolios/ risk stages	Stage 1			Stage 2			Stage 3			Purchased or originated credit-impaired		
	From 1 to 30 days	From 30 to 90 days	Af ter 90 days	From 1 to 30 days	From 30 to 90 days	Af ter 90 days	From 1 to 30 days	From 30 to 90 days	Af ter 90 days	From 1 to 30 days	From 30 to 90 days	Af ter 90 days
1. Financial assets at amortised cost	-	-	174	-	6,829	52	-	3,574	48,160	1,950	1	76,379
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL 31/12/2025	**-**	**-**	**174**	**-**	**6,829**	**52**	**-**	**3,574**	**48,160**	**1,950**	**1**	**76,379**
TOTAL 31/12/2024	**76**	**-**	**-**	**1**	**3,950**	**1,152**	**4,975**	**3,736**	**64,150**	**-**	**32**	**68,924**

As established by Bank of Italy's Circular no. 262 of 22 December 2005 (eighth update) for the quantitative disclosure on credit quality, "exposures" do not include equities and OEIC units.

A.1.2 Prudential consolidation - Financial assets, loan commitments and financial guarantees given: total impairment losses and provisioning

(€'000)

Reasons/ risk stages	Total impairment losses																							Total provisioning on loan commitments and financial Stage 1 guarantees given				
	Stage 1						Stage 2						Stage 3						Purchased or originated credit-impaired financial assets									
	Demand loans and receivables with banks and central banks Financial assets at amortised cost	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Demand loans and receivables with banks and central banks Financial assets at amortised cost	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Demand loans and receivables with banks and central banks Financial assets at amortised cost	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Loan commitments and financial guarantees given purchased or originated credit-impaired	Total
Opening balance	**(71)**	**(3,330)**	**(2)**	**-**	**0**	**(3,401)**	**-**	**(25,489)**	**-**	**-**	**(0)**	**(25,489)**	**-**	**(15,129)**	**-**	**-**	**(15,129)**	**-**	**(47,217)**	**-**	**-**	**(47,217)**	**-**	**-**	**-**	**-**	**-**	**(91,236)**
Increase in purchased or originated financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment losses/gains for credit risk (+/-)	7	(44)	(2)	-	-	(39)	-	(8,430)	-	-	-	(8,430)	-	(21,254)	-	-	(21,012)	-	5,307	-	-	5,307	-	-	-	-	-	(24,173)
Modification gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not directly recognised in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	820	-	-	-	820	-	(773)	-	-	-	(773)	-	21,552	-	-	21,333	-	5,509	-	-	5,509	-	-	-	-		26,888
Closing balance	**(65)**	**(2,554)**	**(4)**	**-**	**0**	**(2,619)**	**-**	**(34,691)**	**-**	**-**	**0**	**(34,692)**	**-**	**(14,831)**	**-**	**-**	**(14,808)**	**-**	**(36,401)**	**-**	**-**	**(36,401)**	**-**	**-**	**-**	**-**		**(88,541)**
Collections of written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.1.3 Prudential consolidation - Financial assets, loan commitments and financial guarantees given: transfers among the various credit risk stages (gross amount and nominal amount)

(€'000)

	Gross/nominal amounts					
	Transfer between stage 1 and 2		Transfer between stage 2 and 3		Transfer between stage 1 and 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets at amortised cost	146,969	2,906	560	2,793	55,099	5,429
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Loan commitments and financial guarantees given	-	-	-	-	-	-
Total 31.12.2025	**146,969**	**2,906**	**560**	**2,793**	**55,099**	**5,429**
Total 31.12.2024	**26,527**	**74**	**3,662**	**294**	**44,307**	**470**

A.1.4 Prudential consolidation - On- and off-statement of financial position exposures with banks: gross amount and carrying amount

(€'000)

Types of exposure/amounts	Gross amount					Total impairment losses and provisioning					Carrying amount	Partial/ total write offs*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-STATEMENT OF FINANCIAL POSITION												
A.1 DEMAND												
a) Non-performing		**x**					**x**					
b) Performing	**160,386**	**160,386**		**x**		**(64)**	**(64)**		**x**		**160,323**	
A.2 OTHER												
a) Bad exposures	-	x					x				-	-
- including: forborne exposures	-	x					x				-	-
b) Unlikely to pay exposures	-	x					x				-	-
- including: forborne exposures	-	x					x				-	-
c) Non-performing past due exposures	-	x					x				-	-
- including: forborne exposures	-	x					x				-	-
d) Performing past due exposures				x					x			
- including: forborne exposures				x					x			
e) Other performing exposures	12,399	12,399		x		(5)	(5)		x		12,394	
- including: forborne exposures				x					x			
TOTAL (A)	**172,785**	**172,785**				**(69)**	**(69)**				**172,717**	
B. OFF-STATEMENT OF FINANCIAL POSITION												
a) Non-performing		x					x					
b) Performing	-	-		x					x		-	
TOTAL (B)	**-**	**-**									**-**	
TOTAL (A+B)	**172,785**	**172,785**	**-**	**-**	**-**	**(69)**	**(69)**	**-**	**-**	**-**	**172,717**	**-**

* To be shown for disclosure purposes

A.1.5 Prudential consolidation - On- and off-statement of financial position exposures with customers: gross amount and carrying amount

(€'000)

Types of exposure/amounts	Gross amount					Total impairment losses and provisioning					Carrying amount	Partial/ total write-offs*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-STATEMENT OF FINANCIAL POSITION												
a) Bad exposures	49,143	x	x	4,531	44,612	(33,166)	x	x	(2,463)	(30,703)	15,977	-
- including: forborne exposures	2,466	x	x	-	2,466	(208)	x	x	-	(208)	2,258	-
b) Unlikely to pay exposures	57,366	x	x	51,704	5,662	(13,170)	x	x	(10,890)	(2,279)	44,197	-
- including: forborne exposures	9,735	x	-	9,703	32	(1,523)	x	-	(1,647)	123	8,212	-
c) Non-performing past due exposures	90,585	x	-	21,833	68,752	(2,587)	x	-	(1,477)	(1,110)	87,998	-
- including: forborne exposures	2,204	x	-	2,204	-	20	x	-	(39)	59	2,224	-
d) Performing past due exposures	7,119	176	6,942	x	-	(30)	(2)	(61)	x	34	7,089	-
- including: forborne exposures	162	162	-	x	-	33	(1)	-	x	34	195	-
e) Other performing exposures	1,671,026	1,381,597	286,289	x	3,139	(39,541)	(2,569)	(34,630)	x	(2,342)	1,631,485	-
- including: forborne exposures	18,008	-	18,008	x	-	(331)	-	(432)	x	101	17,677	-
TOTAL (A)	**1,875,239**	**1,381,773**	**293,232**	**78,068**	**122,166**	**(88,494)**	**(2,571)**	**(34,692)**	**(14,831)**	**(36,401)**	**1,786,745**	**-**
OFF-STATEMENT OF FINANCIAL POSITION												
a) Non-performing	-	x	-	-	-	-	x	-	-	-	-	-
b) Performing	57,879	57,879	-	x	-	-	-	-	x	-	57,879	-
TOTAL (B)	**57,879**	**57,879**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**57,879**	**-**
TOTAL (A+B)	**1,933,118**	**1,439,652**	**293,232**	**78,068**	**122,166**	**(88,494)**	**(2,571)**	**(34,692)**	**(14,831)**	**(36,401)**	**1,844,624**	**-**

** To be shown for disclosure purposes*

The on-statement of financial position exposures include the credit-impaired loan and lease portfolios directly purchased by the parent and the consolidated SPVs' portfolios.

A.1.6 Prudential consolidation - On-statement of financial position exposures with banks: gross non-performing exposures

None.

A.1.6bis Prudential consolidation - On-statement of financial position exposures with banks: gross forborne exposures broken down by credit quality

None.

A.1.7 Prudential consolidation - On-statement of financial position exposures with customers: gross non-performing exposures

(€'000)

Reasons/Categories	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures
A. Gross opening balance	**60,549**	**73,297**	**86,401**
- including: exposures transferred but not derecognised	-	-	-
B. Increases	**43,281**	**87,586**	**43,583**
B.1 from performing exposures	3,994	35,806	32,060
B.2 from purchased or originated credit-impaired exposures	-	-	-
B.3 transfers from other non-performing categories	27,571	23,632	-
B.4 modification losses	-	-	-
B.5 other increases	11,716	28,148	11,523
C. Decreases	**(54,687)**	**(103,517)**	**(39,399)**
C.1 to performing exposures	-	-	-
C.2 write-offs	(789)	-	-
C.3 collections	(3,568)	(23,427)	(11,033)
C.4 sales	(49,634)	(38,034)	-
C.5 losses on sales	-	-	-
C.6 transfers to other non-performing categories	-	(23,199)	(27,882)
C.7 modification gains	-	-	-
C.8 other decreases	(697)	(18,858)	(484)
D. Gross closing balance	**49,142**	**57,366**	**90,585**
- including: exposures transferred but not derecognised	-	-	-

A.1.7bis Prudential consolidation - On-statement of financial position exposures with customers: gross forborne exposures broken down by credit quality

(€'000)

Description/Quality	Forborne non-performing exposures	Forborne performing exposures
A. Gross opening balance	**27,919**	**3,103**
- including: exposures transferred but not derecognised	-	-
B. Increases	**20,279**	**21,965**
B.1 from non-forborne performing exposures	-	20,563
B.2 from forborne performing exposures	530	x
B.3 from forborne non-performing exposures	-	-
B.4 from non-forborne non-performing exposures	-	-
B.5 other increases	19,749	1,402
C. Decreases	**(33,792)**	**(6,897)**
C.1 to non-forborne performing exposures	-	(32)
C.2 to forborne performing exposures	-	x
C. 3 to forborne non-performing exposures	x	(4,483)
C.4 write-offs	-	-
C.5 collections	(22,067)	(2,381)
C.6 sales	(2,812)	-
C.7 losses on sales	-	-
C.8 other decreases	(8,914)	-
D. Gross closing balance	**14,405**	**18,171**
- including: exposures transferred but not derecognised	-	-

A.1.8 Prudential consolidation - On-statement of financial position non-performing exposures with banks: changes in impaired positions

None.

A.1.9 Prudential consolidation - On-statement of financial position non-performing exposures with customers: changes in impaired positions

(€'000)

Reasons/Categories	Bad exposures		Unlikely to pay exposures		Non-performing past due exposures	
	Total	including: forborne exposures	Total	including: forborne exposures	Total	including: forborne exposures
A. Opening balance	**32,847**	**36**	**17,448**	**9,113**	**9,077**	**80**
- including: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	**16,987**	**2,391**	**27,683**	**11,582**	**5,234**	**41**
B.1 from purchased or originated credit-impaired exposures	3,036	X	1,311	X	3,320	X
B.2 other impairment losses	9,935	-	24,501	10,499	1,920	17
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other non-performing categories	2,019	2,391	406	-	-	-
B.5 modification losses	-	X	-	X	-	X
B.6 other increases	1,997	-	1,464	1,083	(6)	24
C. Decreases	**(16,668)**	**(2,218)**	**(31,960)**	**(19,172)**	**(11,724)**	**(141)**
C.1. fair value gains	(8,247)	-	(1,939)	(72)	(9,984)	(2)
C.2 impairment gains due to collections	(1,168)	-	(3,895)	(204)	(444)	-
C.3 gains on sales	-	-	-	-	-	-
C.4 write-offs	(506)	-	-	-	-	-
C.5 transfers to other non-performing categories	-	-	(1,817)	(1,487)	(608)	-
C.6 modification gains	-	X	-	X	-	X
C.7 other decreases	(6,747)	(2,218)	(24,309)	(17,409)	(688)	(139)
D. Closing balance	**33,166**	**208**	**13,170**	**1,523**	**2,587**	**(20)**
- including: exposures transferred but not derecognised	-	-	-	-	-	-

As established by Bank of Italy's Circular no. 262 of 22 December 2005 (eighth update) for the quantitative disclosure on credit quality, "exposures" do not include equities and OEIC units.

A.2 Classification of exposures using external and internal ratings

A.2.1 Prudential consolidation - Breakdown of financial assets, loan commitments and financial guarantees given by external rating class (gross amounts)

(€'000)

Exposures	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	403,899	818	-	-	977,875	1,381,773
- Stage 2	-	-	2,397	-	-	-	290,835	293,232
- Stage 3	-	-	-	-	-	-	78,022	78,022
- Purchased or originated credit-impaired	-	-	-	-	-	-	122,166	122,166
B. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	41,373	-	-	-	-	41,373
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**-**	**-**	**447,668**	**-**	**-**	**-**	**1,468,898**	**1,916,566**
D. Loan commitments and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	57,879	57,879
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**57,879**	**57,879**
Total (A + B + C + D)	**-**	**-**	**447,668**	**-**	**-**	**-**	**1,526,777**	**1,974,445**

A.2.2 Prudential consolidation - Breakdown of financial assets, loan commitments and financial guarantees given by internal rating class (gross amounts)

The group does not use internal ratings.

A.3 BREAKDOWN OF GUARANTEED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 Prudential consolidation - On- and off-statement of financial position guaranteed exposures with banks

None.

A.3.2 Prudential consolidation - On- and off-statement of financial position guaranteed exposures with customers

(€'000)

	Gross amount	Carrying amount	Collateral (1)				Personal guarantees (2)									Total (1)+(2)
							Derivati su crediti					Crediti di firma				
								Altri derivati								
			Mortgaged property	Net investments in property leases	Securities	Other collateral	CLN	Central counter-parties	Banks	Other financial companies	Other	Public administrations	Banks	Other financial companies	Other	
1. On-statement of financial position guaranteed exposures:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 fully guaranteed	199,027	182,304	17,426	-	2,233	-	-	-	-	-	-	126,668	-	3,595	32,300	182,222
- including non-performing	49,353	33,191	13,612	-	-	-	-	-	-	-	-	17,335	-	585	1,577	33,109
1.2 partly guaranteed	616,148	607,148	755	-	88	-	-	-	-	-	-	-	-	401,482	67,974	470,299
- including non-performing	38,524	32,011	582	-	-	-	-	-	-	-	-	25,906	-	969	-	27,457
2. Off-statement of financial position guaranteed exposures:																
2.1 fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- including non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partly guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- including non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The personal guarantees include those given by MCC and SACE for guaranteed finance products and those given by Allianz Trade for the factoring products. The recovery process includes calling in the guarantee/requesting the loan repayment from the central funds and Allianz Trade directly. The carrying amount of the personal guarantees is the amount guaranteed by MCC, SACE or Allianz Trade.

The guarantees for the parent's original business (pre-demerger) are first level mortgages. The loans are usually recovered through court procedures by selling the property pledged as guarantee. The collateral's carrying amount is the market value of the mortgaged property.

A.4 Prudential consolidation - Financial and non-financial assets obtained through the enforcement of guarantees received

None.

B. BREAKDOWN AND CONCENTRATION OF EXPOSURES

B.1 Prudential consolidation - Breakdown of on- and off-statement of financial position exposures with customers by business segment

(€'000)

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (including insurance companies)		Non-financial companies		Households	
	Carrying amount	Total imp. losses	Carrying amount	Total imp. losses	Carrying amount	Total imp. losses	Carrying amount	Total imp. losses	Carrying amount	Total imp. losses
A. On-statement of financial position										
A.1 Bad exposures	-	-	3	(19)	-	-	15,531	(30,958)	442	(2,189)
- including: forborne exposures	-	-	-	-	-	-	2,238	(228)	20	20
A.2 Unlikely to pay exposures	-	-	-	-	-	-	42,114	(13,029)	2,083	(140)
- including: forborne exposures	-	-	-	-	-	-	8,023	(1,542)	188	19
A.3 Non-performing past due exposures	67,237	(938)	1,040	(34)	1,040	(34)	19,605	(1,666)	116	51
- including: forborne exposures	-	-	-	-	-	-	2,165	(39)	59	59
A.4 Performing exposures	613,943	(306)	186,904	(33,263)	-	-	836,848	(6,115)	880	114
- including: forborne exposures	-	-	-	-	-	-	17,812	(358)	60	60
Total (A)	**681,180**	**(1,244)**	**187,947**	**(33,317)**	**1,040**	**(34)**	**914,098**	**(51,768)**	**3,520**	**(2,165)**
B. Off-statement of financial position										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	50,000	-	-	-	7,879	-	-	-
Total (B)	**-**	**-**	**50,000**	**-**	**-**	**-**	**7,879**	**-**	**-**	**-**
Total (A+B) 31/12/2025	**681,180**	**(1,244)**	**237,947**	**(33,317)**	**-**	**-**	**921,977**	**(51,768)**	**3,520**	**(2,165)**
Total (A+B) 31/12/2024	**607,808**	**(7,690)**	**218,548**	**(25,432)**	**-**	**-**	**970,225**	**(55,757)**	**3,490**	**(2,281)**

B.2 Prudential consolidation - Breakdown of on- and off-statement of financial position exposures with customers by geographical segment

(€'000)

Exposures/Geographical segments	Italy		Other European countries		Americas		Asia		Rest of the world	
	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses
A. On-statement of financial position										
A.1 Bad exposures	15,937	(33,036)	39	(125)	1	(6)	-	-	-	-
A.2 Unlikely to pay exposures	44,197	(13,170)	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	88,001	(2,587)	-	-	-	-	-	-	-	-
A.4 Performing exposures	1,590,592	(39,534)	44,322	(33)	852	(1)	2,718	(2)	86	(0)
Total (A)	**1,738,727**	**(88,327)**	**44,361**	**(158)**	**853**	**(7)**	**2,718**	**(2)**	**86**	**(0)**
B. Off-statement of financial position										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	57,879	-	-	-	-	-	-	-	-	-
Total (B)	**57,879**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2025	**1,796,606**	**(88,327)**	**44,361**	**(158)**	**853**	**(7)**	**2,718**	**(2)**	**86**	**(0)**
Total (A+B) 31/12/2024	**1,780,408**	**(90,713)**	**17,683**	**(440)**	**719**	**(7)**	**1,140**	**(2)**	**122**	**(0)**

B.3 Prudential consolidation - Breakdown of on- and off-statement of financial position exposures with banks by geographical segment (carrying amounts)

(€'000)

Exposures/Geographical segments	Italy		Other European countries		Americas		Asia		Rest of the world	
	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses
A. On-statement of financial position										
A.1 Bad exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay exposures	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	172,717	(69)	-	-	-	-	-	-	-	-
Total (A)	**172,717**	**(69)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-statement of financial position										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	13	-	-	-	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2025	**172,730**	**(69)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**111,606**	**(78)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

B.4 Large exposures

(€'000)

	31/12/2025	31/12/2024
CARRYING AMOUNT	1,785,253	1,601,243
WEIGHTED AMOUNT	156,186	132,935
NO. OF POSITIONS	17	23

The group's large exposures at year end comply with the limits set by the supervisory regulations.

Pursuant to the recommendations made in the "Enhancing the risk disclosures of banks" report, a breakdown of the assets and related weighting factors used to calculate credit risk is set out below.

(€'000)

ASSETS	NOMINAL AMOUNT	WEIGHING	WEIGHTED AMOUNT
Exposures with or guaranteed by central administrations or central banks	1,422,400,134,35	0%	-
	165,513,40	100%	165,513
	899,256,65	250%	2,248,142
Exposures with or guaranteed by local administrations or authorities	11,360,032,17	100%	11,360,032
Exposures with or guaranteed by public sector bodies	55,879,970,70	100%	55,879,971
Exposures with or guaranteed by bodies	12,118,468	20%	2,423,694
	2,018,178	50%	1,009,089
	535,822	75%	401,866
	2,010,724	100%	2,010,724
	46,137,468	30%	13,324,066
Exposures with or guaranteed by companies	-	0%	-
	22,539,927	20%	4,507,985
	248,535,158,22	100%	225,573,126
Retail exposures	70,976,746,19	75%	40,215,228
Exposures guaranteed by mortgages on properties	301,420,25	20%	60,284
	2,705,212,22	60%	1,597,198
	846,719,47	100%	843,409
Defaulting exposures	30,452,912,46	100%	30,452,912
	4,127,002,83	150%	6,190,504
Equity instruments	2,600,317,68	100%	2,600,318
	-	250%	-
Other exposures	90,914,002,30	0%	-
	815,907,91	20%	163,182
	47,899,192,57	100%	47,899,193
	160,883,387	100%	160,883,387
	2,378,940	105%	2,497,887

TOTAL WEIGHTED ASSETS	612,307,711
Capital allocated to cover credit and counterparty risk at 31 December 2025 (in Euro)	48,984,617

C. SECURITISATIONS

This section does not include securitisations where the originating group subscribes all the securities (e.g., ABS, financing during the warehousing stage) issued by the vehicle at their issue date. If the originating group sells all or part of its liabilities after the securitisation, the transaction is disclosed in this section.

Qualitative disclosure

Strategies - processes - objectives:
As a bank specialised in the brokerage, management and servicing of impaired or illiquid exposures, pre-demerger Banca CF+ played many roles in securitisation transactions. It acted as arranger, asset manager and servicer, it structured securitisation vehicles (as per Law no. 130/99) and provided all the related portfolio management services.

The parent also acted as sponsor and with the option of taking part of the risk as the direct investor (in accordance with the retention rules set by the regulations).

It acted as asset manager/primary servicer of portfolios on behalf of third parties.

Internal risk measurement and control systems
The Portfolio Management Office is responsible, inter alia, for the following in connection with the loan portfolios in which the parent invests:
• monitoring the business plan annual and half yearly reviews, with specific reference to the legacy portfolio[9], working with the securitisations' servicers to define guidelines, monitor execution (e.g., roll-up) and approve the results;
• ensuring the monitoring of the notes recognised as assets, obtaining information from the securitisations' servicers on the performance of the underlying portfolios (e.g., collection amounts and timing) and analysing the master servicing reports provided for by the contracts for the securitisations in which the parent invests;
• managing the reporting of investments in tax assets, in close coordination with the relevant department;
• ensuring the preparation of management reports for a comprehensive and aggregated view of the performance of the parent's portfolios recognised as assets;
• managing relationships with the servicers involved in order to ensure proper management and an adequate level of service when reviewing the business plans and reporting on the legacy portfolio;
• evaluating the business plan reviews of the legacy portfolio, with the aim of checking the effectiveness/completeness of the process and the consistency between the analyses carried out/the resulting evidence and the relevant business plan projections;

Moreover, as the department in charge of performing the second-level controls, the Chief Risk Officer's department:
• on a monthly/quarterly basis, checks the performance of legacy portfolios by investigating the reasons for any reductions in expected collections or expected lengthening of collection times;
• once every six months, checks that the business plan reviews of all portfolios coordinated by the portfolio management office and carried out by external servicers have been carried out using a systematic and accurate review process (individual and/or collective) of collection flow projections;
• on an annual basis, conducts a single-name analysis to check that the adopted evaluation criteria are consistent with the relevant policy, by reviewing the documentary file (e.g., position summary sheet, expert reports, court-appointed expert reports, resolutions, etc.).

(9) Portfolio related to the pre-demerger business comprising the run-off investments, not transferred as part of the demerger, in non-performing exposures mostly held by the consolidation SPVs or in which the parent has invested directly or by subscribing ABS.

Hedging policies
During the first half of 2025, the parent signed a financial guarantee contract to hedge any losses realised on the ABS recognised in the statement of financial position and deriving from its business model prior to the demerger.

Disclosure on the profit or loss of the securitisations
The profits or losses of the securitisations substantially reflect the performance of the underlying portfolios and the related cash flows at the end of the year, considering any defaults and prepayments made during the year.

Quantitative disclosure

C.1 Prudential consolidation - Exposures of the main self-securitisations broken down by securitised asset and type of exposure

(€'000)

Type of securitised asset/ Exposure	Exposures						Financial guarantees given						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains
A. Fully derecognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bank loans	4,748	(28)	4,404	(6,256)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Leases	5,437	(24)	23,772	(26,175)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Partly derecognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- type of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- type of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C.2 Prudential consolidation - Exposures of the main third party securitisations broken down by securitised asset and type of exposure

(€'000)

Type of underlying assets/ Exposures	Exposures						Financial guarantees given						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains	Net balance	Impairment losses/gains
- Bank loans	34,928	337	1,964	-	40,592	-	-	-	-	-	-	-	-	-	-	-	-	-
- Leases	15,464	409	7,537	-	24,741	-	-	-	-	-	-	-	-	-	-	-	-	-

The group has not issued guarantees or granted credit facilities for the securitisations.

C.3 Prudential consolidation - Investments in securitisation vehicles

(€'000)

Securitisation name/ Special purpose vehicle	Registe-red office	Consolidation	Assets			Liabilities		
			Loans and receivables	Debt instruments	Other	Senior	Mezzanine	Junior
PONENTE SPV S.R.L.	Rome - Italy	yes	4,646	-	649	885	-	3,774
NEW LEVANTE SPV S.R.L.	Rome - Italy	yes	4,012	-	1,322	3,024	-	1,931
COSMO SPV 1 S.R.L.	Rome - Italy	yes	4,649	-	71	340	-	7,019
CREDITI FISCALI+ S.R.L.	Rome - Italy	yes	162,489	-	777,914	718,002	-	179,428
LIBERIO SPV S.R.L.	Rome - Italy	yes	22,186	-	1,123	2,758	-	-
FAIRWAY 1 SPV S.R.L.	Rome - Italy	yes	1,283	-	809	3,889	-	10,212
FAIRWAY 2 SPV S.R.L.	Rome - Italy	yes	1,638	-	549	-	-	6,957
AVENTINO SPV S.R.L.	Rome - Italy	yes	49	-	174	-	-	815
RESTART SPV S.R.L.	Rome - Italy	equity-accounted	10,586	-	3,770	-	14,800	-
ITALIAN CREDIT RECYCLE SPV S.R.L.	Rome - Italy	equity-accounted	3,503	-	1,295	-	10	-
FEDAIA SPV S.R.L.	Rome - Italy	no	66,594	-	-	-	-	156,325
RIENZA SPV S.R.L.	Rome - Italy	no	61,675	-	-	-	-	10
GARDENIA SPV S.R.L.	Rome - Italy	no	90,099	-	-	-	-	150,900
BRAMITO SPV S.R.L.	Rome - Italy	no	34,270	-	-	27,866	-	25,101
VETTE TV SPV S.R.L.	Rome - Italy	no	15,821	-	-	-	15,960	10,620
APPIA TV SPV S.R.L.	Rome - Italy	no	32,568	-	-	32,615	-	-
PALATINO SPV S.R.L.	Rome - Italy	no	33,947	-	-	47,943	23,400	6,280
DOMIZIA SPV S.r.l.	Rome - Italy	no	41,648	-	-	5,472	86,416	3,391
POP NPLs 2024 S.r.l.	Rome - Italy	no	40,936	-	-	60,060	25,000	10,000

The information in the table is updated to 31 December 2025.

C.4. Prudential consolidation - Non-consolidated securitisation vehicles

(€'000)

Securitisation name/ Special purpose vehicle	Banca CF+ classification			CA			Maximum loss risk
	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior	
FEDAIA SPV S.R.L.	FAAC	N/A	FAFVTPL	-	-	22,707	22,707
RIENZA SPV S.R.L.	N/A	N/A	FAFVTPL	-	-	12,504	12,504
GARDENIA SPV S.R.L.	FAAC	N/A	FAFVTPL	-	-	24,724	24,724
APPIA TV SPV S.R.L.	FAFVTPL	N/A	N/A	1,653	-	-	1,653
BRAMITO SPV S.R.L.	FAAC	N/A	FAFVTPL	27,405	-	5,381	32,786
VETTE TV SPV S.R.L.	FAAC	N/A	FAFVTPL	15,464	-	16	15,480
PALATINO SPV S.R.L.	FAAC	FAAC (B1)/ FAFVTPL (B2)	FAFVTPL	2,379	4,404	-	6,783
DOMIZIA SPV S.r.l.	FAAC	FAAC (B1)/ FAFVTPL (B2)	FAFVTPL	5,437	23,772	-	29,210
ITALIAN CREDIT RECYCLE S.R.L.	FAFVTPL	N/A	N/A	-	1,964	-	1,964
RESTART SPV S.R.L.	FAFVTPL	N/A	N/A	-	7,537	-	7,537
POP NPLs 2024 S.r.l.	FAAC	N/A	N/A	8,239	-	-	8,239

Key:
FAAC: Caption 40. Financial assets at amortised cost: b) loans and receivables with customers
FAFVTPL: Caption 20. Financial assets at fair value through profit or loss: c) other financial assets mandatorily measured at fair value

C.5 Prudential consolidation - Servicer - self-securitisations: collection of securitised loans and redemption of securities issued by the securitisation vehicle

None.

C.6 Prudential consolidation - Consolidated securitisation vehicles

(€'000)

Securitisation vehicles	Type of securitised assets	Non-performing exposures Carrying amount	Performing exposures Carrying amount	Senior notes	Group's share	Mezzanine notes	Group's share	Junior notes	Group's share
New Levante SPV	Leases	4,612	-	3,007	100%	0	N/A	1,909	100%
Ponente SPV	Bank loans	7,661	195	862	100%	0	N/A	6,478	100%
Cosmo SPV	Bank loans	2,117	637	334	100%	0	N/A	2,364	100%
Convento SPV	Tax assets	23	170,529	67,600	100%	0	N/A	147,885	100%
Fairway SPV S.r.l. 1 PTF	Tax assets	-	770	1,122	100%	0	N/A	-	100%
Fairway SPV S.r.l. 2 PTF	Tax assets	-	1,791	-	100%	0	N/A	891	100%
Liberio SPV S.r.l.	Trade receivables	67,237	-	65,951	95%	0	N/A	-	N/A
Aventino SPV S.r.l.	Trade receivables	171	-	827	100%	0	N/A	-	N/A
Total		**81,821**	**173,921**	**139,703**	**-**	**-**	**-**	**159,528**	**-**

D. Transfers

This section covers assets that have been fully transferred and not derecognised related to self-securitisations or transfers of own loans and receivables. It includes self-securitisations only if the transfer is made to issue covered bonds and the group is not the lender.

A. Financial assets transferred and not fully derecognised

Qualitative disclosure

None.

Quantitative disclosure

D.1 Prudential consolidation - Financial assets transferred and recognised in full and associated financial liabilities

None.

The parent has not recognised financial liabilities for financial assets transferred but not derecognised (in whole or in part) nor has it engaged in covered bond transactions where the originator and the lender are the same bank.

D.2 Prudential consolidation - Financial assets transferred and partly recognised and associated financial liabilities: carrying amount

None.

D.3 Prudential consolidation - Transfers with liabilities that can solely be covered by the transferred assets not fully derecognised: fair value

None.

B. Financial assets transferred and fully derecognised with recognition of continuing involvement

Qualitative disclosure

None.

Quantitative disclosure

None.

C. Financial assets transferred and fully derecognised

Qualitative disclosure

None.

Quantitative disclosure

None.

D.4 Covered bond transactions

None.

E. PRUDENTIAL CONSOLIDATION - CREDIT RISK MEASUREMENT MODELS

At present, the group does not use internal portfolio valuation models to measure its exposure to credit risk, apart from that described in the first part of this section.

1.2 – MARKET RISK

1.2.1 - Interest rate and price risks - Banking book

Market risk is the risk of incurring losses generated by operating on the market for financial instruments (assets and liabilities) included in the "Financial assets at fair value through profit or loss" portfolio due to fluctuations in interest rates, exchange rates, the inflation rate, fluctuations in share prices, credit spreads, commodity prices (generic risk) and the issuer's credit standing (specific risk).

The group can make small investments in the trading book for which it avails of the derogation for small trading book business as per article 94 of the CRR. Although not part of its supervisory trading book, the group is also exposed to the risk of losses solely with respect to its investments in financial assets managed under the HTC and HTCS business models that do not pass the SPPI test.

The group does not have foreign currency assets or liabilities on or off the statement of financial position. It does not undertake transactions in Euros indexed to variations in exchange rates or in gold.

QUALITATIVE DISCLOSURE

A. General information

At 31 December 2025, the parent's trading book mostly consisted of interest rate derivatives and purchased tax assets (the 110% superbonus). During the year, the parent also adopted yield enhancement strategies through OTC derivatives (call options).

B. Management and measurement of interest rate and price risks

As part of its routine checks, the Chief Risk Officer's department monitors changes in the trading book and the corresponding sensitivity to interest rate risk on a daily basis.

1.2.2 - Interest rate and price risks - banking book

QUALITATIVE DISCLOSURE

A. General aspects, management and measurement of interest rate and price risks

The parent is exposed to interest rate risk, which is the risk that a change therein may negatively affect its net interest income and equity.

It uses the method required by the supervisory regulations (as per annexes C and C-bis to Bank of Italy's Circular no. 285/2013). The method consists of classifying assets and liabilities by time bracket based on their residual life (fixed rate assets and liabilities) or the interest rate renegotiation date (floating rate assets and liabilities), weighing the net exposures in each bracket, adding the weighted exposures of each bracket and calculating the risk indicator (ratio of net weighted exposure to Tier 1).

These general rules are complemented by:
• valuation of additional add-ons (option risk related to embedded options, basis risk and market value change);
• behavioural allocation for non-maturing deposits based on the core components defined by Circular no. 285 under various interest rate increase or decrease scenarios and according to the counterparty category;
• allocation of the commercial spread portion of floating-rate items over time, based on contractual terms rather than interest rate renegotiation assumptions.

The calculation is the responsibility of the Chief Risk Officer's department, which ensures consistency between the risk measurement tools and the identified measurement methods and rules.

QUANTITATIVE DISCLOSURE

1. Banking book: breakdown by residual maturity (by repricing date) of financial assets and liabilities

The figures presented in the “Demand” column do not consider the behavioural models adopted for regulatory purposes.

(€’000)

Types/Residual maturity	Demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	From 5 to 10 years	After 10 years	Open term
1. Assets								
1.1 Debt instruments								
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	48,877	74,649	24,139	440,772	21,666	-	-
1.2 Financing to banks	161,598	11,118	-	-	-	-	-	-
1.3 Financing to customers								
- current accounts	-	-	-	-	-	-	-	-
- other financing	-	-	-	-	-	-	-	-
- with early repayment option	41	96	44	2,046	17,492	689	33	-
- other	46,537	270,633	87,106	133,801	565,725	53,002	302	-
2. Liabilities								
2.1 Due to customers								
- current accounts	35	-	-	-	-	-	-	-
- other financing	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	378,328	256,029	280,130	403,767	382,994	1,610	-	-
2.2 Due to banks								
- current accounts	-	-	-	-	-	-	-	-
- other liabilities	13	307,639	-	-	940	-	-	-
2.3 Debt instruments								
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	3,403	25,500	-	-
2.4 Other liabilities								
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	40,000	-	-	-	-	-	-
+ short positions	-	-	-	-	40,000	-	-	-
4. Other off-statement of financial position transactions								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

The Risk Strategy & Management Department does not base the calculation of the internal capital requirement for interest rate risk on A2 regulatory reporting data, because it must both comply with the regulatory updates introduced by the EBA Guidelines and the RTS endorsed by Bank of Italy in June 2024 (see the section on interest rate risk in the banking book) and measure the residual life of legacy portfolios and core business default positions, which is not immediately available in the A2 data. Specifically, the residual life of legacy portfolios is measured on the basis of the business plans for each portfolio, whereas in the financing segment - given internal position-level forecasts and the expected timing for the enforcement of public guarantees - a one-year recovery period is assumed.

An increase or decrease of 200 basis points in the interest rates would decrease or increase the economic value by approximately €7.59 million and €11.24 million, respectively. Conversely, the same variation would have increased or decreased net interest income by approximately €4.08 million and €5.85 million, respectively. The measures include the regulatory add-ons: option risk for economic value and option and basis risks for net interest income.

2. Banking book: internal models and other methodologies for sensitivity analyses

The parent does not use internal models for its sensitive analyses but the methods provided for by Bank of Italy's Circular no. 285/2013, as subsequently amended.

1.2.3 Currency risk

Qualitative disclosure

The group does not have foreign currency assets or liabilities on or off the statement of financial position. It did not undertake transactions in Euros indexed to variations in exchange rates or in gold.

A. General aspects, management and measurement of currency risk

None.

B. Hedging of currency risk

None.

1.3 DERIVATIVES AND HEDGING POLICIES

1.3.1 Trading derivatives

The group has implemented a fair value hedge accounting strategy using OTC (interest rate swaps) derivatives to hedge fixed-rate bonds. Moreover, it continued its strategy to mitigate its securitised portfolios' exposure to interest rate risk using interest rate derivatives.

QUANTITATIVE DISCLOSURE

A. Financial derivatives

A.1 Trading financial derivatives: reporting date notional amounts

(€'000)

Underlying asset/Type of derivatives	31/12/2025				31/12/2024			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt instruments and interest rates								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	28,289	-	-	-	79,829	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and share indexes								
a) Options	-	-	-	-	-	-	200	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other								
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**28,289**	**0**	**-**	**-**	**-**	**200**	**-**

A.2 Trading financial derivatives: gross positive and negative fair value - breakdown by product

(€'000)

Type of derivative	31/12/2025				31/12/2024			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	-	-	-	-	-	508	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	13	-	-	-	289	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**13**	**-**	**-**	**-**	**289**	**508**	**-**
1. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	8	-	-	-	7	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**8**	**-**	**-**	**-**	**7**	**-**	**-**

A.3 OTC financial derivatives - notional amounts, gross positive and negative fair value by counterparty

(€'000)

Underlying asset	Government and cent ral banks	Banks	Other financial companies	Other
Contracts not covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
2) Equity instruments and share indexes				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
4) Commodities				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Other				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	-	28,289	-	-
- positive fair value	-	13	-	-
- negative fair value	-	8	-	-
2) Equity instruments and share indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC trading financial derivatives: notional amounts

(€'000)

Underlying/Residual maturity	Up to 1 year	From 1 to 5 years	After 5 years	Total
A.1 Financial derivatives on debt instruments and interest rates	28,289	-	-	28,289
A.2 Financial derivatives on equity instruments and share indexes	-	-	-	200
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2025	**28,289**	**-**	**-**	**28,289**
Total 31.12.2024	**80,029**	**-**	**-**	**80,029**

B. *Credit derivatives*

B1. Trading credit derivatives: reporting date notional amounts

None.

B.2 Trading credit derivatives: gross positive and negative fair value - breakdown by product

None.

B.3 OTC trading credit derivatives - notional amounts, gross positive and negative fair value by counterparty

None.

B.4 Residual life of OTC trading credit derivatives: notional amounts

None.

B.5 Credit derivatives associated with the fair value option: changes

None.

1.3.2 Hedging

Qualitative disclosure

A. Fair value hedges

The group's hedging transactions aim to reduce overall interest rate risk exposure arising from movements in the interest rate curve. Specifically, the group designates micro fair value hedges of the interest rate risk of fixed-rate securities in the HTC banking book. The hedged items are BTPs that meet the IFRS 9 SPPI criterion.

The group applies IAS 39 hedge accounting and, at the reporting date, uses only individual (micro) fair value hedges and not portfolio (macro) fair value hedges.

B. Cash flow hedges

None.

C. Hedges of investments in foreign operations

None.

D. Hedging instruments

The hedging instruments used are OTC derivatives, specifically interest rate swaps (IRS), designated as hedging instruments in micro fair value hedging relationships.

E. Hedged items

At the reporting date, the main types of hedged items are fixed-rate securities in the banking book.

To assess hedge effectiveness, the parent applies both prospective and retrospective effectiveness tests, measured by the ratio of the change in fair value of each hedging instrument to the change in fair value of the related hedged item attributable to the hedged component. Effectiveness tests are performed ex ante by the first-level operating departments when the hedging relationship is designated and are monitored on an ongoing basis by the CRO Department.

Quantitative disclosure

A. Hedging financial derivatives

A.1 Hedging financial derivatives: reporting date notional amounts

(€'000)

Underlying asset / Type of derivative	31/12/2025				31/12/2024			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt instruments and interest rates								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	40,000	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and share indexes								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold								
a) Options	-	-	-	-	-	-	-	
b) Swaps	-	-	-	-	-	-	-	
c) Forwards	-	-	-	-	-	-	-	
d) Futures	-	-	-	-	-	-	-	
e) Other	-	-	-	-	-	-	-	-
4. Commodities								
5. Other								
Total	**-**	**40,000**	**-**	**-**	**-**	**-**	**-**	**-**

A.2 Hedging financial derivatives: gross positive and negative fair value - breakdown by product

(€'000)

Type of derivative	Positive and negative fair value								Change in fair value (ineffectiveness)	
	31/12/2025				31/12/2024					
	Controparti centrali	Over the counter		Mercati organizzati	Controparti centrali	Over the counter		Mercati organizzati		
		Without central counterparties				Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements		2025	2024
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	938	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**938**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

A.3 OTC hedging financial derivatives - notional amounts, gross positive and negative fair value by counterparty

(€'000)

Underlying asset	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
2) Equity instruments and share indexes				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
4) Commodities				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Other				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	40,000	-	-	-
- positive fair value	938	-	-	-
- negative fair value	-	-	-	-
2) Equity instruments and share indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging financial derivatives: notional amounts

(€'000)

Underlying/Residual maturity	Up to 1 year	From 1 to 5 years	After 5 years	Total
A.1 Financial derivatives on debt instruments and interest rates	-	40,000	-	40,000
A.2 Financial derivatives on equity instruments and share indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2025	**-**	**40,000**	**-**	**40,000**
Total 31.12.2024	**-**	**-**	**-**	**-**

B. Hedging credit derivatives

None.

C. Non-derivative hedging instruments

C.1 Non-derivative hedging instruments: breakdown by portfolio and type of hedge

None.

D. Hedged items

D.1 Fair value hedges

None.

D.2 Cash flow hedges and hedges of net investments in foreign operations

None.

E. Effects of hedging on equity

E.1. Reconciliation of equity items

None.

1.3.3 Other information on derivatives (trading and hedging)

None.

1.4 - LIQUIDITY RISK

QUALITATIVE DISCLOSURE

A. General aspects, management and measurement of liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment commitments due to its inability to raise funds on the market (funding liquidity risk) and/or to disinvest its assets (market liquidity risk).

The group manages and monitors its liquidity levels to ensure its short-term structural stability, finance its growth and mitigate its liquidity risk.

The Finance & Investment Department handles the group's liquidity.

The group uses different tools to measure, check and constantly monitor its liquidity risk. The main tool is the maturity ladder.

Measurement of the group's exposure to operating liquidity risk is based on the projection of expected cash inflows and outflows and the related shortfalls or surpluses in the various maturity brackets included in the maturity ladder.

Structural liquidity risk management aims at ensuring a balanced liquidity profile in the long term (after 12 months) and its matching to short-term liquidity management.

The group monitors early warning ratios and indicators for the timely identification of any vulnerabilities in its financial position. In addition, it regularly develops stress scenarios and has defined a contingency funding and recovery plan.

Funding requirements are met using term, unrestricted and demand deposits with mainly retail customers in the domestic and European market as well as deposits with corporate customers, funding repos and OMOs with the central bank and, on a residual basis only, short-term funding (up to six months) and other types of secured funding.

The Chief Risk Officer's department carries out the second level controls and checks compliance with the defined limits, as well as the development and updating of behavioural models for funding, with specific reference to the analysis of demand deposit outflows and renewal rates of customer deposits. In addition, the department periodically analyses the stability of European customers' deposits.

At the reporting date, the parent's liquidity would be sufficient in a stress situation. It also has considerable liquidity reserves consisting of highly liquid assets or the possibility to access the funds of the ECB.

QUANTITATIVE DISCLOSURE

1. Breakdown of financial assets and liabilities by residual contractual maturity

The figures presented in the "Demand" column do not consider the behavioural models adopted for regulatory purposes.

(€'000)

Captions/Time buckets	Demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	After 5 years	Open term
Assets										
A.1 Government bonds	-	-	-	-	35,000	65,000	-	330,000	10,000	-
A.2 Other debt instruments	-	-	-	330	13,274	9,345	24,183	106,663	11,510	-
A.3 OEIC units	-	-	-	-	-	-	-	-	-	-
A.4 Financing										
- banks	16,960	-	-	-	-	-	-	-	-	11,122
- customers	49,633	2,692	16,490	95,215	162,949	95,665	154,070	589,654	52,222	-
Liabilities										
B.1 Deposits and current accounts										
- banks	-	80,000	-	-	-	-	-	-	-	-
- customers	377,832	11,240	39,921	48,947	153,592	272,095	401,964	349,440	-	-
B.2 Debt instruments	-	-	-	-	-	-	-	3,403	25,000	-
B.3 Other liabilities	445	36,868	166,176	24,204	-	5,400	254	31,761	1,610	-
Off-statement of financial position transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	-	-	-	28,289	-	-	38,083	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and financing to be received										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Firm loan commitments										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Both regulatory indicators, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), are well above the regulatory requirements. In December 2025, the LCR was again considerably higher than 100% (2111.1%) while the NSFR stood at 160.1%.

1.5 - OPERATIONAL RISK

QUALITATIVE DISCLOSURE

A. General aspects, management and measurement of operational risk

Main sources and nature of operational risk
Operational risk is the risk of losses arising from shortcomings, malfunctioning or weaknesses in internal procedures, human resources and systems or due to external factors.

It includes losses deriving from fraud, human error, business disruptions, systems unavailability, contractual defaults and natural disasters. It does not include strategic or reputation risks but does include legal risk (i.e., the risk created by violations or non-compliance with laws and regulations or scant transparency about the rights and obligations of counterparties in a transaction) and conduct risk (i.e., the risk of losses resulting from the inappropriate supply of financial services and the resulting litigation costs, including wilful or negligent conduct).

This risk also comprises exposure to fines, warnings and sanctions as a result of measures taken by the supervisory authority or private transactions.

Operational risk is one of the factors that can trigger the second level reputation risk. This is a current or prospective risk of a downturn in profits or capital due to the negative perception of the group by its customers, counterparties, shareholders, employees, investors or regulators.

The internal consequences include employee dissatisfaction.

Reputation risk can be measured as part of the ICAAP process although actual or possible internal capital is not calculated or estimated, respectively.

Reputation risk is managed and monitored with an integrated process involving various internal bodies at different levels and depending on their expertise.

The Board of Directors decides the organisational and risk appetite strategies.

At operational level, the operating and control departments ensure a comprehensive overview of reputation risk, each in their own area of expertise.

Operational risk control unit
The operating departments perform the first level controls while the Chief Risk Officer (both in relation to Risk Strategy & Management and ICT Risk & Security, for the ICT and security risk component), Compliance & AML and Internal Audit Departments carry out the second and third level controls.

Internal operational risk measurement, management and control systems
The parent applies the standardised approach set out in article 312 and subsequent articles of CRR 3 to measure the regulatory capital requirement for operational risk.

The procedures define in-depth first level controls designed to protect the formal and substantial correctness of the bank's operations.

Assessments of the operating performance
The group manages legal risks by recognising a specific provision, which amounted to €1.2 million at the reporting date, part of which relates to tax disputes arising within the tax asset management business. The first level control units also monitor this risk on an ongoing basis as do the second and third level control units.

The parent adopts risk-self-assessment systems for all business processes in order to identify risks (mainly operational and compliance) inherent in the processes and define action plans for their continuous improvement. This is complemented by an ongoing operational loss data collection process through which the parent identifies operational risk types, assesses the severity of associated losses and determines preventive controls to minimise their occurrence.

Similarly, it holds special training courses, especially for employees with new duties or about new procedures or about significant changes in the regulatory or legislative framework.

QUANTITATIVE DISCLOSURE

Based on its observation of the relevant indicator for application of the basic indicator approach and calculation of the operational risk, the capital requirement to cover this risk is €6.5 million at the reporting date.

Section 3 - Risks of insurance companies

3.1 Insurance risks Qualitative disclosure

Quantitative disclosure

None.

3.2 Financial risks Qualitative disclosure

Quantitative disclosure

None.

3.3 Other risks

None.

Section 4 - Risks of other companies

Qualitative disclosure

None.

Quantitative disclosure

None.

Part F: Equity

SECTION 1 - EQUITY

A. Qualitative disclosure

The group is not required to prepare supervisory reporting or comply with capital adequacy requirements as these are prepared/complied with by Tiber Investments 2 s.à.r.l., which is the ultimate parent.

The following figures refer to the Banca CF+ Group.

B. Quantitative disclosure

B.1 Equity: breakdown by type of entity

(€'000)

	Insurance companies	Other ent it ies	Consolidat ion ent ries and adjustments	Total
1. Share capital	-	39,221	-	39,221
2. Share premium	-	47,838	-	47,838
3. Reserves	-	-	-	-
- income-related	-	-	-	-
a) legal	-	3,233	-	3,233
b) statutory	-	-	-	-
c) treasury shares	-	-	-	-
d) other	-	6,996	-	6,996
- other	-	13,863	-	13,863
4. Equity instruments	-	39,044	-	39,044
5. (Treasury shares)				
6. Valuation reserves	-	-	-	-
- Equity instruments at fair value through other comprehensive income	-	2,392	-	2,392
- Financial assets (other than equity instruments) at fair value through other comprehensive income	-	(60)	-	(60)
- Actuarial gains on defined benefit pension plans	-	142	-	142
- Share of valuation reserves of equity-accounted investees	-	-	-	-
- Special revaluation laws	-	-	-	-
7. Profit for the year attributable to the owners of the parent and non-controlling interests	-	24,247	-	24,247
Total	**-**	**176,916**	**-**	**176,916**

B.2 Fair value reserves: breakdown

(€'000)

Assets/Amounts	31/12/2025		31/12/2024	
	Fair value gains	Fair value losses	Fair value gains	Fair value losses
1. Debt instruments	4	63	2	5
2. Equity instruments	2,392	-	3,695	-
3. Financing	-	-	248	82
Total	**2,395**	**63**	**4,223**	**366**

The fair value gains on equity instruments relate to a participating financial instrument, net of related tax, whose fair value has been measured considering the best information available at the preparation date of this report, with the assistance of independent experts. The group recognised fair value losses of €1,400 thousand on this instrument in 2025.

B.3 Fair value reserves: changes

(€'000)

	Debt instruments	Equity instruments	Financing
1. Opening balance	**(3)**	**3.695**	**166**
2. Increases			
2.1 Fair value gains	-	-	114
2.2 Impairment losses for credit risk	19	X	-
2.3 Reclassification of fair value losses to profit or loss on sale	1	X	-
2.4 Transfers to other equity reserves (equity instruments)	-	-	-
2.5 Other increases	31	97	82
3. Decreases			
3.1 Fair value losses	(6)	(1,400)	-
3.2 Impairment gains for credit risk	-	-	-
3.3 Reclassification of fair value gains to profit or loss: on sale	(101)	X	(362)
3.4 Transfers to other equity reserves (equity instruments)	-	-	-
3.5 Other decreases	-	-	-
4. Closing balance	**(60)**	**2,392**	**-**

B.4 Actuarial reserves: changes

At the reporting date, the group has an actuarial reserve for defined benefit plans of €142 thousand. The net gain arising on the actuarial valuation of the liability was €21 thousand in 2025.

SECTION 2 – OWN FUNDS AND REGULATORY RATIOS

As already noted, the group is not obliged to comply with supervisory or reporting requirements which are met by Tiber Investments 2 s.à r.l..

For the sake of completeness, the following tables show the own funds and risk assets determined at Tiber 2 consolidation level.

(€'000)

	31/12/2025	31/12/2024
A. Common Equity Tier 1 (CET1) before application of prudential filters	**133,129**	**96,866**
including CET1 instruments covered by transitional measures	-	-
B. CET1 prudential filters (+/-)	(190)	(100)
C. CET1 including elements to be deducted and the effects of the transitory regime (A +/-B)	**132,939**	**96,766**
D. Elements to be deducted from CET1	**33,348**	**11,260**
E. Transitory regime - Impact on CET1 (+/-)	**-**	**-**
F. Total Common Equity Tier 1 (CET1) (C-D+/-E)	**99,591**	**85,506**
G. Additional Tier 1 (AT1) including elements to be deducted and the effects of the transitory regime	**40,157**	**1,138**
including AT1 instruments covered by transitional measures	-	-
H. Elements to be deducted from AT1	**-**	**-**
I. Transitory regime - Impact on AT1 (+/-)	**-**	**-**
L. Total Additional Tier 1 (AT1) (G-H+/-I)	**40,157**	**1,138**
M. Tier 2 (T2) including elements to be deducted and the effects of the transitory regime	**26,464**	**26,498**
including T2 instruments covered by transitional measures	-	-
N. Elements to be deducted from T2	**-**	**-**
O. Transitory regime - Impact on T2 (+/-)	**-**	**-**
P. Total Tier 2 (T2) (M-N+/-O)	**26,464**	**26,498**
Q. Total own funds (F+L+P)	**166,212**	**113,141**

(€'000)

Category/Amounts	Unweighted amounts		Weighted amounts/ requirements	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
A. EXPOSURES				
A.1 Credit and counterparty risk	**2,239,502**	**1,963,229**	**612,308**	**535,143**
1. Standardised method	2,076,240	1,767,784	448,926	339,560
2. IRB approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2. Advanced	-	-	-	-
3. Securitisations	163,262	195,445	163,381	195,583
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk	-	-	48,985	42,811
B.2 Risk of adjustments to assessment of credit	-	-	-	-
B.3 Regulation risk	-	-	-	-
B.4 Market risk	-	-	-	-
1. Standard method	-	-	-	-
2. Internal models	-	-	-	-
3. Concentration risk	-	-	-	-
B.5 Operational risk	-	-	6,553	7,758
1. Basic method	-	-	6,553	7,758
2. Standardised method	-	-	-	-
3. Advanced method	-	-	-	37
B.7 Other calculation elements	-	-	55,538	50,607
C. EXPOSURES AND CAPITAL RATIOS				
C.1 Risk-weighted assets			694,222	632,582
C.2 CET1 / Risk-weighted assets (CET1 capital ratio)			14.346%	13.52%
C.3 Tier 1 / Risk-weighted assets (T1 capital ratio)			20.130%	13.70%
C.4 Total own funds / Risk-weighted assets (Total capital ratio)			23.942%	17.89%

Part G: Business combinations

SECTION 1 - COMBINATIONS PERFORMED DURING THE YEAR

On 1 February 2025, the parent finalised the acquisition of a business unit of Be TC S.r.l. ("BE TC"), a company active in the financial and business management consulting sector and operating in the negotiation and signing of contracts for the purchase of tax assets or portfolios of tax assets.

The acquisition is the last step of the tax claim project, launched by CF+ (then Credito Fondiario) in partnership with BE Holding S.r.l. (then BE Finance S.r.l., the parent of BE TC) ("BEH") in 2018. The project aimed at consolidating and expanding CF+'s market position in the tax assets sector.

The business unit consists of the assets and liabilities identified in BE TC's statement of financial position as at 28 January 2025 (the "reference statement of financial position"), including: (i) the employment contracts with 11 employees, (ii) the employees' post-employment benefits, (iii) the electronic machines and office furniture (net of the relevant accumulated depreciation), including the equipment and devices in use by employees, (iv) the customer list, (v) the licence to use the application software adopted by the business unit and (vi) the fee letter signed by BE TC and Crediti Fiscali+ S.r.l. (then Convento SPV S.r.l.) (the "SPV") on 9 December 2020, which governs BE TC's fees for services provided to the SPV in connection with the securitisation carried out by the SPV in December 2018.

The consideration for the acquisition is €320,000, which was determined also considering the appraisal issued by an independent expert. The business unit's acquisition date is 1 February 2025, i.e., the acquisition's effective date.

The acquisition meets the definition of a business combination and has, therefore, been accounted for in accordance with the purchase price allocation (PPA) procedure as per IFRS 3 (revised).

This standard requires that the purchase price be allocated to the fair value of the assets acquired and liabilities assumed.

The business unit's assets and liabilities at 1 February 2025 and the related purchase price allocation are set out below. The PPA procedure, carried out with the support of an independent expert, led to the recognition of goodwill of €500 thousand.

BE TC €'000	Carrying amounts at the reference date (28/01/2025)
Assets	**7**
Property, equipment and investment property	7
Liabilities	**187**
Due to employees	74
Post-employment benefits	113
Equity	**(180)**
Purchase price + adjustment	**320**
Goodwill	**500**

The business unit was measured using the income method, based on the 2025-2027 financial projections provided by management.

The terminal value was determined based on the last year of explicit projections (2027), grown at the long-term inflation rate for Italy as estimated by the International Monetary Fund (IMF, October 2024).

The cash flows were discounted at a cost of capital ("Ke") of 14.9%, calculated using the capital asset pricing model ("CAPM") method, and estimated to be equal to the rate of return on the risk-free assets ("Rf") - long-term government bonds - increased by the sector-specific risk premium ("ERP").

This premium was calculated by considering the β coefficient, which measures a specific entity's risk, in relation to the variability of its return compared to the market risk.

This process resulted in a fair value range for the business unit of between €326 thousand and €346 thousand.

In addition, the replacement cost method was applied as a control method to assess the suitability of the main valuation method. The additional method corroborated the results of the income approach.

SECTION 2 – COMBINATIONS PERFORMED AFTER THE REPORTING DATE

On 30 June 2025, by means of a communication pursuant to article 102.1 of the Consolidated Finance Act and article 37 of the Issuers' Regulation, the parent announced that it had launched a voluntary tender and exchange offer pursuant to article 102 and following articles of the Consolidated Finance Act for 80,421,052 ordinary shares of Banca Sistema, as resolved by its board of directors at the meeting held on 29 June 2025.

The offer covers the parent's acquisition of all the shares of Banca Sistema (the "shares") traded on Euronext Milan, Euronext STAR Milan segment, organised and managed by Borsa Italiana S.p.A.. It is not aimed at the delisting of Banca Sistema's shares. Banca CF+ will merge into Banca Sistema as soon as this is feasible. The parent will benefit from the full financial support of its key shareholder to pursue the growth and development plans resulting from the completion of the offer.

Terms of the offer

The initial terms established payment by the parent of a total consideration of €1.80 for each share tendered to the offer as follows: a) €1.382 in cash and b) €0.418 by allocating 21 shares of KK, a subsidiary of Banca Sistema whose shares are traded on the multilateral trading system Euronext Growth Milan, organised and managed by Borsa Italiana S.p.A.. The KK shares will be allocated after a share split has been carried out using a ratio of 1:98 for each share tendered.

Subsequently, on 18 February 2026, the parent, pursuant to articles 36 and 43 of the Issuers' Regulation, announced that its Board of Directors had resolved to increase the consideration from a maximum total of €1.80 to a maximum total of €1.89, corresponding to a maximum increase of €0.09 per Banca Sistema share (+5%), of which €0.05 in cash and a maximum of €0.04 in KK shares, with a total consideration of a maximum of €1.89 per share represented by the following components:
a) €1.432 in cash (the "initial consideration"), to be paid on the trading day agreed with Borsa Italiana (i.e., 6 March 2026), subject to any extensions or other changes to the offer that may occur in accordance with applicable laws or regulations (the "initial consideration payment date"); and
b) a maximum of €0.458 to be paid within six months of the initial consideration payment date (the "deferred consideration payment date") through the allocation of 23 KK shares, after the splitting of KK's outstanding shares on the basis of a ratio of 1:98, for each share tendered.

The parent will use the 17,371,795 KK shares held by Banca Sistema, representing 70.59% of the relevant share capital, to pay the deferred consideration. Therefore, if, on the basis of the number of shares tendered, it is not possible for the parent to pay the deferred consideration, in whole or in part, using the KK shares, the shareholders of the company accepting the offer will be paid €0.0199 in cash for each unassigned KK share, after splitting.

The parent's Board of Directors determined this increase in the consideration on the basis of assessments updated with the support of its financial advisors. In particular, it updated the assessments in a manner as consistent as possible with the valuation process carried out at the offer announcement date in order to take into account, inter alia: (i) Banca Sistema's updated financial position at 31 December 2025 and performance for the year then ended as reported in the press release published by Banca Sistema on 6 February 2026; and (ii) the overall capital requirements (SREP), effective as of 31 March 2026, set by Bank of Italy as reported in the press release published by Banca Sistema on 13 January 2026.

The offer's final results and effectiveness

Once all regulatory authorisations had been received from the competent authorities and the relevant documents had been published, the acceptance period for the offer started. Pursuant to article 40.2 of the Issuers' Regulation and as agreed with Borsa Italiana, the acceptance period was set to run from 8.30 a.m. (Italian time) on 26 January 2026 to 5.30 p.m. (Italian time) on 27 February 2026 (inclusive) (the "acceptance period").

On 4 March 2026, the final results of the offer were announced: in particular, 56,883,308 shares of Banca Sistema were tendered, representing approximately 70.732% of the shares subject to the offer and approximately 70.732% of the share capital of Banca Sistema, equal to approximately 69.047% of the relevant voting rights. On the basis of the offer's final results at the end of the acceptance period, the parent also confirmed, as announced in the press release on the provisional results of the offer issued on 27 February 2026, that the threshold condition to which, inter alia, completion of the offer was subject had been satisfied.

Payment of the initial consideration took place on 6 March 2026, i.e., on the fifth trading day following the end of the acceptance period, at the same time as the transfer of title to the shares to the parent.

Reopening of terms

On the basis of the above results of the offer, the reopening of the terms took place pursuant to article 40-bis.1a) of the Issuers' Regulation. Accordingly, the acceptance period was reopened for five trading days starting from the trading day following the initial consideration payment date and, therefore, for the trading days of 9, 10, 11, 12 and 13 March 2026. As a result, Banca Sistema's shareholders that had not accepted the offer during the acceptance period were able to accept it during the reopening of terms period. The parent will pay the initial consideration to the shareholders that tendered their shares on the payment date of the reopening of the terms (i.e., 20 March 2026).

It will pay the tendering shareholders the deferred consideration within six months from the initial consideration payment date at the terms and conditions and in the manner more fully described in the offer document.

Definitive results of the reopening of terms

Based on the definitive results communicated by the Milan branch of UniCredit Bank GmbH (as the coordinator of the tendered shares), during the reopening of terms period, which ended on 13 March 2026, 8,057,549 Banca Sistema shares were tendered, representing approximately 10.019% of the shares subject to the offer and approximately 10.019% of the share capital of Banca Sistema, equal to approximately 9.781% of the relevant voting rights.

Taking into account (i) the 56,883,308 Banca Sistema shares, representing approximately 70.732% of its share capital, already tendered during the acceptance period and (ii) that, between the date of the offer document and 18 March 2026, the parent did not acquire any Banca Sistema shares outside of the offer, as a result of the offer (including the reopening of terms period), on the initial consideration payment date, following the reopening of terms, the parent will hold a total of 64,940,857 Banca Sistema shares, representing approximately 80.751% of its share capital, corresponding to approximately 78.827% of the relevant voting rights.

(€m)

Company	Transaction date	Transaction cost	Interest percentage with voting rights at general meetings	Group's share of total revenue*	Group's share of profit for the year**
Banca Sistema SpA	March 2026	€122.7 million	78.827%	€242 million	€67 million

* The group's share of total revenue is equal to the sum of the Banca CF+ Group's 2025 total income and Banca Sistema's 2025 consolidated total income derived from the information available on its website at the date of preparation of these consolidated financial statements.
** The group's share of profit for the year is equal to the sum of the Banca CF+ Group's 2025 profit and Banca Sistema's 2025 consolidated profit derived from the information available on its website at the date of preparation of these consolidated financial statements.

The transaction cost indicated above was calculated by multiplying the 64,940,857 shares tendered by the maximum total consideration of €1.89 per share, which will be paid as indicated above.

At the date of preparation of this report, the transaction had just been completed. It will be accounted for in accordance with IFRS 3 and regulatory requirements. The above therefore is the most up-to-date information available.

For further information on the offer, reference should be made to the offer document, the prospectus and the press releases, available, inter alia, on Banca CF+'s website (www.bancacfplus.it).

SECTION 3 – Retrospective adjustments

None.

Part H: Related party transactions

1. Key management personnel's remuneration

Pursuant to IAS 24.16, a table showing the total fees of the parent's and group companies' boards of directors, the boards of statutory auditors and key management personnel for 2025 is set out below:

(€'000)

2025	Directors	Statutory auditors	Other key management personnel
a) Short-term benefits	768	254	3,448
b) Post-employment benefits	-	-	274
c) Other long-term benefits	-	-	-
d) Termination benefits	-	-	-
e) Share-based payments	-	-	-
Total	**768**	**254**	**3,722**

Benefits payable to key management personnel (€637.5 thousand) and fees due to the Board of Statutory Auditors (€273 thousand) at the reporting date are recognised under "Other liabilities".

2. Related party transactions

No atypical or unusual related party transactions took place during the year that would have affected the group's financial position and performance, given their materiality. All transactions with related parties were conducted at arm's length and are part of the group's operations.

In addition to the above, the following information is provided given the group's numerous related parties.

On 13 October 2023, the parent completed the issue of subordinated bonds with a nominal amount of €25 million at an annual interest rate of 14.50%. These bonds qualify as a Tier 2 capital instrument in accordance with the provisions of the CRR and Bank of Italy Circular no. 285 of 17 December 2013. The subordinated bonds, which were dematerialised and centralised at Euronext Securities Milan (Monte Titoli S.p.A.), were traded on the professional segment of the multilateral trading system Euronext Access Milan organised and managed by Borsa Italiana S.p.A..

Orado Investments S.à r.l., a related party given that it is part of the Elliott Group, subscribed bonds for €13.8 million while other related parties (linked to directors of the parent) subscribed €0.7 million.

On 1 February 2025, the parent completed its acquisition of a business unit from Be TC S.r.l., a company belonging to the Be Finance Group. As detailed in the "Business combinations" section, the consideration for the acquisition was determined at €320,000. The group has recognised a financial liability measured at fair value with Be TC S.r.l. of €1.8 million for the deferred purchase price ("DPP") relating to the tax assets purchased by Crediti Fiscali+.

As detailed in the "Legacy portfolio" section of the Directors' report, in 2025, the parent signed a financial guarantee contract ("APS") with two counterparties belonging to the group headed by the key shareholder. The contract has a term of 10 years and is intended to mitigate the possible effects on profit or loss of any impairment losses on the legacy portfolio. It establishes the guarantors' obligation to make - at the parent's request and in the case of specific contractually foreseen circumstances ("notes event") - a payment under the guarantee to cover any loss incurred by it.The portion of the upfront premium paid by the parent that pertains to the period amounts to €2 million and has been recognised under fee and commission expense, while the portion relating to future years has been deferred under other assets. For this contract, the parent claimed and received compensation of €10.6 million, which has been recognised under other operating income.

In 2025, commission expense of €1.9 million was paid to the doValue Group for the servicing activities that the parent outsourced to it, as well as for its roles in the consolidated SPVs' securitisations.

As described in the "Development of the new group's business lines - Guaranteed finance" paragraph of the "Operations and key events of 2025" section of the Directors' report, in December 2025, the parent formalised the non-recourse assignment of a portfolio of non-performing loans originated by it and backed by a direct guarantee provided by MCC and SACE, with a gross carrying amount of €88 million, against the subscription of units, worth €64 million, of a newly established closed-end alternative investment fund ("Lounge Rises Fund" or the "fund") specialising in the management and enhancement of loans.

The Lounge Rises Fund is managed by Gardant Investor SGR, a doValue Group fund manager specialising in alternative investments in the Italian credit sector. Based on publicly available information, doValue S.p.A.'s shareholder base includes entities related to Elliott. In addition to Banca CF+, two other major Italian banks participated in the transaction organised by the Lounge Rises Fund, which was carried out at market terms, applied uniformly to all independent participants.

At the reporting date, there is a credit facility (of which €2.5 million has been drawn down) agreed in 2020 with Leviticus Reoco S.r.l., a subsidiary of European Investment Holding (a related party). The credit facility's original amount was €5 million which was decreased to €4.5 million in 2025.

MANAGEMENT AND COORDINATION ACTIVITIES PURSUANT TO ARTICLE 2497 AND FOLLOWING ARTICLES OF THE ITALIAN CIVIL CODE

At 31 December 2025, the group was not managed or coordinated by another company pursuant to article 2497 and following articles of the Italian Civil Code.

Fees for audit and non-audit services pursuant to article 2427.1.16-bis of the Italian Civil Code

Pursuant to article 2427.1.16-bis of the Italian Civil Code, the contractually-agreed fees for the statutory audit of the separate and consolidated financial statements and other services provided by the independent auditors in 2025 are set out below.

The amounts are net of VAT and out-of-pocket expenses.

(€'000)

Type of service	Provider: independent auditors or entity of their network	Fees
Audit services (parent)		
- Audit of the separate financial statements, including checks that the accounting records are kept correctly, and the consolidated financial statements	EY S.p.A.	208
- statements	EY S.p.A.	26
- Comfort letter as per art. 26.(2) of Regulation (EU) no. 575/2013	EY S.p.A.	8
- Attestation services on tax returns	EY S.p.A.	8
- Check of translation into English of the annual report	EY S.p.A.	5
Audit services (subsidiaries)		
- Voluntary audit of the SPVs' financial statements, including checks of their reporting packages	EY S.p.A.	210
Non-audit services (parent)		
- Issue of comfort letter for the purpose of the issue of "Additional Tier 1 Notes" by Banca CF+ S.p.A.	EY S.p.A.	60
Total		**525**

Part I: Share-based payments

Qualitative disclosure

1. Description of share-based payments

No new incentive plans had been approved at 31 December 2025.

2. Other information

None.

Quantitative disclosure

1. Changes

No options for the shares were exercised during the year.

Part L: Segment reporting

As required by IFRS 8 on operating segment reporting, this section presents the group's financial position and performance by business segment using the method described in the segment reporting policy approved by the parent's Board of Directors in August 2025. The policy provides for the allocation of the financial figures using standard criteria, which makes it possible to intercept revenue, cost and asset items specific to each segment. In this way, the parent is able to make plans for each of these items and, at the same time, to monitor the segments' performance against planned objectives.

The tables present the business lines and central functions separately. The first segment is the sum of the Financing, Factoring, Tax assets, Investments and Legacy segments, while the second consists of Corporate Centre and Treasury.

At this level, the cost base is allocated according to the methodology defined by the segment reporting policy: this provides for the separation of costs associated with business functions (directly or indirectly) from central costs. The cost of funding is determined by applying the FTP methodology.

Specifically, the business lines segment combines the following business lines:
– **Financing**: business activities related to MCC/SACE/FEI-backed financing products designed for Italian SMEs and distributed through a network of credit brokers;
– **Factoring**: business activities designed to meet the short-term liquidity and working capital optimisation needs of SMEs;
– **Tax assets**: the business activity related to the purchase of tax assets, including the results of the related securitisation vehicles. It has three products with different profitability characteristics and expected collection times: low yield, high yield and tax incentive assets;
– **Investments**: the proactive management of the government bond portfolio carried out independently by the treasury desk;
– **Legacy**: the portion of assets being run-off, such as the portfolio of securitised ABS with underlying non-performing exposures, non-performing exposures recognised directly in the statement of financial position or held by the consolidated SPVs, deriving from the pre-demerger period and held by the then Credito Fondiario S.p.A.. The segment's activity consists of optimising the recovery of exposures, managed by external servicers, until the complete extinction of the portfolio.

The assets included in the central functions segment mostly consist of liquidity which is managed on a centralised basis and some other immaterial assets. Revenue essentially includes the amounts estimated using the FTP methodology, which, in turn, represent the cost of funding the business lines segment.

Costs include those items that can be classified as central costs and therefore cannot be allocated either directly or indirectly to the business lines segment.

Breakdown by business segment: income statement

The income statement reclassified on a management accounting basis is presented below to provide a clearer and more functional view of the group's performance.

For illustrative purposes (without limitation), the main captions reclassified are: costs for funding transactions carried out through the Raisin platform (reclassified to other operating costs), DPP relating to tax assets purchased through SPVs (reclassified to other administrative expenses), certain expenses incurred in connection with the definition and set-up of the APS (reclassified to other administrative expenses) and the effects of the BP review process on the legacy portfolio (reclassified to net impairment losses on loans and receivables).

Key figures	CF+ Group		Business lines		Central functions	
	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025
Net interest income (expense)	59.6	62.9	62.9	64.7	(3.3)	(1.8)
Net fee and commission income (expense)	2.2	4.9	2.0	5.1	0.2	(0.2)
Other income (expense), net	2.9	7.5	2.9	8.0	(0.0)	(0.5)
Total income (expense)	**64.7**	**75.3**	**67.8**	**77.8**	**(3.1)**	**(2.5)**
Net impairment gains (losses)	(9.0)	(22.0)	(8.9)	(22.2)	(0.0)	0.2
Net financial income (expense)	**55.8**	**53.3**	**58.9**	**55.6**	**(3.1)**	**(2.4)**
Personnel expense	(27.1)	(29.5)	(19.5)	(21.5)	(7.5)	(8.0)
Other administrative expenses	(23.5)	(20.1)	(19.8)	(18.7)	(3.7)	(1.4)
Amortisation, depreciation and impairment losses	(5.1)	(4.9)	(4.9)	(4.8)	(0.2)	(0.1)
Other operating income (costs), net	1.8	(1.2)	1.7	(1.1)	0.1	(0.1)
Recurring operating costs	**(53.9)**	**(55.7)**	**(42.6)**	**(46.1)**	**(11.4)**	**(9.6)**
Project Augusto	**0.0**	**(1.8)**	**0.0**	**0.0**	**0.0**	**(1.8)**
Total operating costs	**(53.9)**	**(57.5)**	**(42.6)**	**(46.1)**	**(11.4)**	**(11.4)**
Legacy impairment and APS	**(13.0)**	**6.0**	**(13.0)**	**6.0**	**0.0**	**0.0**
Pre-tax profit (loss)	**(11.1)**	**1.7**	**3.4**	**15.5**	**(14.5)**	**(13.8)**

Breakdown by business segment: statement of financial position (€m)

Key figures	CF+ Group		Business lines		Central functions	
	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025
Total assets	**1,959**	**2,263**	**1,814**	**1,998**	**145**	**265**
Business loans	1,043	1,204	1,043	1,204	0	0
Government bonds	455	445	455	445	0	0
Other	462	614	317	349	145	265
RWA	**633**	**694**	**608**	**655**	**24**	**39**
Credit RWA	536	612	511	573	24	39
Operational RWA	97	82	97	82	0	0

Reference should be made to the "Financial performance by business segment" section of the Directors' report for further details on the above tables.

Part M - Leases

SECTION 1 - LEASES AS LESSEE

Qualitative information

Pursuant to IFRS 16.59/60, it is noted that, as a lessee, the group leases buildings for the residential use of employees and company cars used by employees of the parent. Moreover, during the year, the parent and the group companies were not exposed to: i) variable lease payments; ii) extension or termination options; iii) residual value guarantees; and iv) leases not yet commenced to which the lessee is committed. In addition, there are no restrictions or covenants imposed by leases and sale and leaseback transactions. As a lessee, the parent has not accounted for short-term leases or leases of low-value assets during the year.

Quantitative information

Reference should be made to:
– the information on right-of-use assets set out in Part B, Assets;
– the information on lease liabilities set out in Part B, Liabilities;
– the information on interest expense on lease liabilities and other expenses relating to right-of-use assets, gains or losses from sale and leaseback transactions and income from subleasing right-of-use assets set out in Part C.

The main figures relating to the group's leasing activities are summarised in the following table:

(€'000)

Lessee captions	Office premises	Buildings for residential use	Company cars	Printers	31/12/2025
a) depreciation of right-of-use assets	666	69	354	6	1,094
b) interest expense on lease liabilities	119	4	23	1	147
c) costs for short-term leases (IFRS 16.6)	-	-	-	-	-
d) costs for leases of low-value assets (IFRS 16.6)	-	-	-	-	-
e) variable lease payments not included in the measurement	-	-	-	-	-
f) income from subleasing right-of-use assets	-	-	-	-	-
g) total cash outflows for leases	1,291	109	359	6	1,765
h) additions to right-of-use assets	-	-	-	-	-
i) gains or losses from sale and leaseback transactions	-	-	-	-	-
j) closing balance of right-of-use assets	1,826	116	768	8	2,717

Depreciation, interest and cash outflows include those related to the leased offices in Rome and Milan, buildings for residential use, company cars and printers.

The group did not take on any commitments for short-term leases during the year.

SECTION 2 - LEASES AS A LESSOR

Qualitative information

The group recognised four lease portfolios in its consolidated financial statements, three of which meet the definition of POCI assets. It constantly monitors the related cash flows and manages the risk associated with the rights it retains in underlying assets though credit collection activities and/or by enforcing the residual value guarantees.

There are no operating leases.

Quantitative information

1. Statement of financial position and income statement

Reference should be made to the information on interest income on the net investment in the lease and other income relating to finance leases set out in Part C.

2.1 Finance leases

a. Breakdown of lease payments receivable by due date and reconciliation with the net investment in the lease recognised under assets

(€'000)

Time bands	31/12/2025 Lease payments receivable	31/12/2024 Lease payments receivable
Up to 1 year	6,403	4,866
From 1 to 2 years	3,085	7,425
From 2 to 3 years	2,280	2,947
From 3 to 4 years	515	2,195
From 4 to 5 years	2,349	527
After 5 years	-	2,349
Total lease payments receivable	14,632	20,310
RECONCILIATION WITH NET INVESTMENT IN LEASES	-	-
Unaccrued interest income (-)	(2,198)	(3,466)
Unguaranteed residual value (-)	-	-
Net investments in leases	12,434	16,843

2.2 Other disclosures

None.

3. Operating leases

3.1 Breakdown of lease payments receivable by due date

None.

3.2 Other disclosures

None.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS

(Translation from the Italian original which remains the definitive version)

BANCA CF+ CREDITO FONDIARIO S.p.A.

Dear shareholders,

Our duty is to report to the shareholders of Banca CF+ Credito Fondiario S.p.A. ("CF+" or the "parent") called to approve the parent's separate financial statements as at and for the year ended 31 December 2025 (the "separate financial statements") and examine the consolidated financial statements as at and for the year ended 31 December 2025 (the "consolidated financial statements") of the Banca CF+ Group (the "group"). We report on our supervisory activities and any omissions or objectionable actions identified. The consolidated financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows (prepared using the indirect method) and notes thereto, accompanied by the Directors' report[1]. The consolidated financial statements are presented in accordance with Legislative decree no. 38 of 28 February 2005 and are prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136 of 18 August 2015.

During the year, we held 22 meetings, participated in 25 Board of Directors' meetings and attended the shareholders' meeting of 18 April 2025. We performed our mandatory duties in accordance with the Italian Civil Code, Legislative decree no. 385 of 1 September 1993 (the Consolidated Banking Act) and related implementing measures, the parent's bylaws, other special legislative requirements and the provisions issued by the Italian and EU regulations. We carried out our supervisory duties and obtained pertinent information to allow us to perform our general supervisory and control activities by *(i)* analysing the parent's and the group's complex information system, *(ii)* participating in the Board of Directors' meetings and the parent's shareholders' meetings, *(iii)* meeting with the CEO and general manager, the internal control departments, the chief financial officer ("CFO"), the independent auditors, the chief lending officer ("CLO"), the chief operating officer ("COO"), the chief commercial officer ("COO") and the heads of the other business and back office departments and *(iv)* the other checks performed during our meetings, which are usually attended by the parent's internal audit manager.

We have been entrusted with the duties of the supervisory body set up as per Legislative decree no. 231/2001 to comply with the provisions about companies' administrative liability.

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[1] If not indicated otherwise, reference to the Directors' report and the notes herein refers to those related to the consolidated financial statements.

The consolidation scope includes the parent and the securitisation vehicles of which the parent holds all or the majority of the junior ABS issued and has de facto control as per IFRS 10 or joint control, in which case it recognises its investment in accordance with IFRS 11. These vehicles are set out in the list of consolidated companies in the directors' report ("Consolidation scope" section) and mainly engage in tax asset transactions and management of the legacy portfolio (see below). More information is available in Part A.1 Accounting policies, Section 3, 2 "Key judgements and assumptions to identify the consolidation scope" of the notes to the consolidated financial statements, to which reference is made.

1. Operations and main events of the year

The group's activities, as summarised by the directors (see the "Operations and key events of 2025" section in the Directors' report and "Part L - Segment reporting" in the notes), consist of: (i) the "new" business lines, factoring and financing, commenced after the demerger of the debt purchasing and debt servicing businesses in August 2021; (ii) the tax asset business, active since 2018; and (iii) finance and investments; in addition to these business lines, there is (iv) the legacy portfolio, represented by securitisation notes, partly consolidated, and the loans and receivables arising from the activities carried out prior to the demerger of the Gardant Group in 2021, managed through specialised servicers (including the Gardant Group, now doValue), which was intended to support the group's income statement in the first few years after the demerger, in order to finance the development of the new businesses.

As noted by the directors in their report, the group continued to implement its post-demerger business refocusing strategy in 2025.

The more traditional financing business (medium to long-term loans backed by SACE and the SME Guarantee Fund), launched in 2022 and distributed almost exclusively through brokers and agents, saw a contraction in disbursements and stock, together with a significant increase in the proportion of non-performing exposures, partly due to changes in the regulations on public guarantees. As a result of non-recurring transactions involving the sale of non-performing assets, the NPE ratio decreased to 6% from 8.7% at the end of the previous year. In December 2025, the parent sold NPE with a gross carrying amount of €87 million as part of a multi-originator transaction, after which it subscribed 49% of the units of a reserved alternative investment fund which, in turn, purchased the exposures sold by the parent. The transaction qualifies for derecognition according to the independent auditors.

Digital lending disbursements increased, partly thanks to a broadening of eligibility criteria for companies and transactions (as the minimum turnover threshold for eligible companies and the minimum amount of subsidies under state-backed schemes were reduced). The parent entered this segment in 2024 following the acquisition of the former Credimi S.p.A. business unit.

Factoring activities, which started in 2021 through recourse and non-recourse assignments of trade receivables, recorded an increase in advances granted, as well as a slight increase in the closing outstanding balance in 2025.

The tax asset business saw an increase in volumes, due mostly to a co-investment with a larger bank to purchase a low-yield IRES asset, as well as purchases of superbonus tax assets, partly for offsetting purposes and partly for resale to third parties.

The finance and investments business mostly consisted of the management of the banking book created to optimise the returns on assets. Disposals of securities belonging to the HTC/HTCS portfolios were also made during the year within the limits set by internal policies.

With respect to the legacy portfolio, given the results achieved in previous years (significantly slower-than-expected amortisation of the portfolio; losses on remeasurement to market return rates and lower collection forecasts), the parent signed a ten-year financial guarantee contract (asset protection scheme, “APS”) with two counterparties belonging to the group headed by the key shareholder (the guarantors) in March 2025. The contract was subsequently supplemented in June 2025 by the signing of a specific addendum to cover an additional part of the portfolio. The maximum guaranteed amount is €256.7 million (out of a total of €279 million of financial assets and ABS included in the portfolio). The guarantee fee, paid upfront, amounted to €28.5 million and is amortised on a straight-line basis over the term of the guarantee. In 2025, against net fair value losses and impairment losses on the legacy portfolio of €4.6 million (impairment losses of €10.9 million, impairment gains of €8.3 million and fair value losses of €2.0 million), the parent collected compensation of €10.6 million recognised under “Other operating income”. Amortisation of the premium paid, amounting to about €2 million, is recognised under fee and commission expense.

In this regard, the parent is still looking for a clear operating focus and a growth driver; growth remains below the potential offered by its current operating and organisational structure. Moreover, its underlying level of profitability remains insufficient to provide an adequate return on risk capital. To this end, with the support of its key shareholder, it launched a voluntary tender and exchange offer for all the shares of the listed Banca Sistema S.p.A. (“Banca Sistema”), announced to the market on 30 June 2025, aimed at maintaining its listing on the stock exchange - in order to facilitate any future market consolidation - and to be followed by a reverse merger of the parent into Banca Sistema. Following the obtaining of the required regulatory authorisations and the publication of the offer documents, the acceptance period for the offer took place on the trading days between 26 January and 27 February 2026. At the end of this first acceptance period, the parent had acquired 70.732% of Banca Sistema’s share capital (equivalent to 69.05% of the voting rights), with settlement taking place on 6 March 2026, the date from which the parent obtained de jure control of Banca Sistema. Pursuant to article 40-bis of the Issuers’ Regulation, the offer was reopened for the five trading days from 9 to 13 March 2026, at the end of which Banca Sistema shares amounting to 80.75% of the target's share capital had been tendered. The terms of the offer, as amended on 18 February 2026, provide for the initial payment of €1.432 per share and a deferred consideration, to be paid within six months of completion of the offer through the allocation of 23 shares of Kruso Kapital S.p.A. (a subsidiary of Banca Sistema and listed on Euronext Growth Milano), after their splitting, for each Banca Sistema share tendered. Reference is also made to Part G: Business combinations, section 2 "Combinations performed after the reporting date" in the notes to the consolidated financial statements for more information.

On 28 January 2026, the parent's Board of Directors approved the 2026 budget (without considering the possible outcome of the tender and exchange offer) and the 2027 and 2028 financial projections, which factor in more conservative estimates of growth volumes in financing activities against a steady and significant development of the other two businesses, with an expected large reduction in the cost of credit risk, significant growth in operational efficiency and sizeable revenue from the tax asset trading business.

Based on these projections, moreover, the parent's Board of Directors resolved to recognise deferred tax assets of €22.6 million on prior year tax losses, ACE and other temporary differences in the 2025 consolidated financial statements. The total deferred tax assets recognised in the consolidated financial statements in accordance with IAS 12 amount to €28.2 million (i.e., not discounted for the time value of money). They were tested for probability (which included a sensitivity analysis) based on the above-mentioned projections that consider a similarly favourable and linear evolution of the business over the next ten years. The independent auditors reviewed the test and the process, with the assistance of their specialists, and did not report any findings or observations. In this regard, we have no further matters to report, although we note that the tax assets may be used over a long period of time; however, the merger with Banca Sistema could accelerate their utilisation.

On 23 January 2026, the parent's capital increase of €16.6 million approved by the Board of Directors on 11 February 2025 and by the shareholders on 7 January 2026 was completed. It was fully subscribed. The key shareholder had already injected €15 million (equal to its share of the increase) in April 2025.

With respect to the tender and exchange offer for Banca Sistema, on 29 June 2025, the parent's Board of Directors approved a capital increase against payment to be offered with rights of first refusal to the shareholders pursuant to article 2441 of the Italian Civil Code. It subsequently increased this amount in March 2026 to account for greater future requirements.

Lastly, in November 2025, the parent completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million at an interest rate of 12%. They were subscribed by third-party investors and are fully eligible for inclusion in the parent's equity as additional tier 1 (pursuant to article 51 of Regulation (EU) no. 575/2013). The parent also issued subordinated bonds of

€25 million, traded on the MTF for professional investors of Euronext Milan, bearing a rate of 14.50%.

2. The group's financial position and performance

Net interest income for 2025 amounts to €62.0 million and increased by €2.0 million compared to 2024 thanks to lower interest expense. Net fee and commission income amounts to €1.0 million, substantially in line with the prior year figure. Thanks to net trading income of €5.1 million (almost entirely earned on the trading of superbonus tax assets), net gains of €2.7 million on the sale of HTC/HTCS securities and the fair value gains of €0.5 million on financial assets and liabilities measured at fair value (mainly notes in the legacy portfolio), total income comes to €71.2 million compared to €64.8 million in 2024.

The cost of credit risk (excluding the legacy portfolio) was 202 basis points, or €24.4 million, higher than in 2024, however given the net realised and unrealised gains, net financial income increased from €41.9 million in 2024 to €46.8 million in 2025.

Administrative expenses of €51.2 million (€50.6 million in 2024) consist of (i) personnel expenses of €29.5 million (€27.1 million in 2024), up due to the merger of the subsidiary BE TC S.r.l. in February 2025) including variable remuneration and the related social security contributions of €2.3 million and (ii) other administrative expenses of €21.7 million (€23.5 million in 2024). These expenses decreased due to the smaller contribution to the Interbank Deposit Protection Fund and advertising costs, partly offset by the cost of the tender and exchange offer for Banca Sistema's shares.

After depreciation and amortisation (€5.0 million), accruals to provisions for risks (€0.8 million) and other operating income, net (€11.9 million, largely related to compensation from the APS, as already described), the group recognised a pre-tax profit of €1.7 million, including non-recurring costs related to the tender and exchange offer of €1.8 million, compared to a pre-tax loss of €11.1 million in 2024, which was still affected by losses of €13.0 million for the legacy portfolio.

With respect to the group's financial position, total assets grew by €304 million to €2,263 million at 31 December 2025 from €1,959 million at 31 December 2024), mainly driven by the increase in financial assets at fair value (including the investment in the alternative investment fund described earlier) and other assets (co-investment in tax assets and recognition of deferred tax assets discussed earlier).

The group's funding of €2,004 million mainly consists of on-line retail deposits of €1,600 million (80% of the total).

Equity increased to €166.2 million at 31 December 2025 from €113.1 million at 31 December 2024, mostly due to (i) the capital injection of €15 million by the key shareholder (April 2025) and (ii) the AT1 issue of €40 million (November 2025). Following the increase in regulatory capital to €55.5 million at 31 December 2025 from €50.6 million at 31 December 2024, the CET 1 ratio is 14.35% (13.52% at 31 December 2024), while thanks to additional tier 1 capital, the total capital ratio is 23.94% against 17.9% at 31 December 2024. The increase in own funds made it possible to reduce the leverage ratio, while waiting to determine the effect of the acquisition of control of Banca Sistema and the related further capital strengthening transactions planned for the parent.

3. Compliance with the law and the by-laws

Based on our supervisory activities, as described above, and the procedures performed as the supervisory body, we monitored the compliance of the resolutions taken by the governing bodies with applicable legislation, regulations and by-laws. We did not identify any material non-compliance.

Based on the information available and obtained, we can reasonably believe that the key transactions carried out by the group were, in all material respects, in compliance with principles of proper administration, the law and the by-laws, were not manifestly imprudent, risky or contrary to the resolutions taken by the shareholders nor such as to jeopardise the group's assets. One of us attended the audit committee's meetings, improving the efficiency of our supervisory duties. We noted that the corporate bodies and departments carried out their activities, in all material respects, in accordance with the principles of proper administration and with a view to protecting the group's assets.

We obtained independent experts' analyses and valuations of the key aspects of the significant transactions, including the tender and exchange offer, identified and managed by management team with the support of the key shareholder.

The parent's directors have described the key events of the year (discussed in section 1 of this report) in the "Operations and key events of 2025" and "Other events that took place during the year" sections of their report to which reference is made.

We have no further comments to make on the above. We reiterate, however, the importance of providing us with complete information in a timely manner before our meetings, of the involvement of the entire board in assessing possible strategic projects and of the information provided by the delegated bodies.

4. Going concern, risks and uncertainties

The parent's directors have prepared the consolidated financial statements at 31 December 2025 on a going concern basis as there are no doubts about the group's ability to continue as a going concern in the foreseeable future and for beyond 12 months from the reporting date.

In the "Business opportunities and going concern" section of the Directors' report, the directors stated that: (i) the parent and the group continued the growth path undertaken following the demerger; (ii) equity was strengthened with the issue of AT1 bonds and the injection of €15 million by the key shareholder; (iii) the parent has achieved pre-tax profitability, thanks to the sterilisation of the negative effects of the fair value losses and impairment losses of the legacy portfolio, achieved with the agreement of the APS; (iv) their expectations are also supported by the prospects deriving from the positive outcome of the tender and exchange offer for Banca Sistema.

Part E of the notes (Information on risks and hedging policies) provides information about the main risks and uncertainties faced by the group. Section 10 of Part B - Liabilities of the notes (Provisions for risks and charges) discloses details of the liabilities and risks the group is exposed to.

We have no objections to make in this respect. However, we deem it appropriate to point out that the main risks to which the group is exposed include, inter alia:

- the high proportion of online retail funding, including foreign funding, with a short-term maturity profile, sensitive to customer preferences, market reputational events and general macroeconomic conditions, as well as the continued segmentation of the banking market by country;
- the strategic risk of the parent's core business, which is exposed to: (i) corporate customers' investment plans, which are, in turn, influenced by a highly uncertain macroeconomic and geopolitical context; (ii) the risk of renewed inflationary pressures and heightened tensions in international trade; (iii) disruptions in commodities and services markets linked to ongoing wars and regional disputes; (iv) the parent's customer profile (small and very small businesses for the digital lending business and SMEs with medium/low ratings for the factoring and financing businesses);
- the high leverage assumed;
- the execution risks relating to the merger with Banca Sistema;
- the credit risk associated with existing exposures and its evolution (in particular as regards the financing business).

5. Events after the reporting date and outlook

In the "Events after the reporting date" section, the directors stated that no adjusting events (as per the definition of IAS 10.8) took place in the period from the reporting date to the date of approval of the separate financial statements (18 March 2026) that would have required the parent to adjust the amounts recognised in the separate financial statements. Reference is made to other sections of their report for information on the outcome of the tender and exchange offer for Banca Sistema and the merger of the group's former ultimate parent, Tiber Investments 2 S.À R.L., into its parent European Investments Holding Company S.À R.L. (EIHC).

6. Suitability of the organisational structure and internal procedures

To the extent of our duties, we obtained information about and checked that the parent's organisational structure is suitable.

We also investigated, when appropriate or opportune, the proposed transactions and their effects not only on the group's financial position, financial performance but also on its organisation and operations by participating in Board of Directors' meetings and carrying out our procedures.

The "Developments and investments in technology" section of the Directors' report provides a description of the activities carried out by the parent with regard to its move towards the digitisation and automation of processes. During the year, the parent continued its technological evolution project connected to digital innovation and service automation in accordance with the guidelines defined in the 2025 ICT Plan and DORA. Given the launch of the tender and exchange offer for Banca Sistema, the project was revisited in the second half of the year, with several initiatives put on hold as they may hinder the merger with Banca Sistema.

Bank of Italy carried out an audit of the parent from 24 February to 9 May 2025 in accordance with articles 54 and 68 of Legislative decree no. 385 of 1 September 1993. On 17 July 2025, Bank of Italy notified the parent of its audit report which did not identify any critical elements. The parent developed a remediation plan, mainly consisting of formalising processes and introducing additional procedures and policies, and we constantly monitored its progress throughout the year.

7. Internal controls and risk management

We checked the adequacy of the internal controls by *(i)* meeting the parent's senior management to examine the internal control and risk management system and its planned development, *(ii)* meeting the control departments (internal audit, risk strategy & management, ICT risk & security, compliance & AML and DPO) to assess how they plan their work, based on the identification and valuation of the main risks inherent in the processes and departments and by checking the controls and regular reports prepared by the control departments and *(iii)* reviewing the monitoring activities and the implementation of identified remedial actions by the departments.

The parent has established internal rules for *(i)* policies for each internal control department and information flows and interaction with the internal controls, *(ii)* the internal control system, the roles and responsibilities of the corporate bodies and control departments and *(iii)* coordination among these departments in compliance with the model set out in Bank of Italy's Circular no. 285/2013.

In view of the central role played by the parent's technological platform and the significant risk posed by cyber security breaches, including threats to the protection of corporate data, the Board of Directors has focused on the management of ICT and security risks. In 2024, the second-level control department, ICT risk & security, was placed under the supervision of the chief risk officer, to whom the risk strategy & management department also reports. This change has been made to achieve a closer connection between ICT risk management and the risk appetite framework (RAF). The concentration on ICT governance aspects and the management of related risks is demonstrated by the creation of a specific unit within the COO's department which focuses on the governance and implementation of the IT strategy. The entry into force of the Digital Operational Resilience Act (DORA) has encouraged the group to define actions to strengthen the internal ICT regulatory framework and the definition of a digital resilience testing programme aimed at strengthening operational resilience and improving the management of IT and security risks and ultimately business continuity.

The outsourcing of important parts of the financing process (customer documentation due diligence, preparation of loan dossier investigations and improvement of relationships, as well as management of the life cycle of public guarantees) affecting the group's medium and large financing tickets (and partly digital lending) activities and online funding, exposes the group to risks that require ongoing, careful monitoring even if they are mitigated by the controls in place and the procedures to transfer risks. This is also true of its resort to third party distribution networks, which include mono-mandate agents and credit brokers and expose the group to the risk of changes in the quality and quantity of financing opportunities. Calibration of digital lending processes is also complicated and required several interventions during the year.

The overall picture that emerged from the system of internal controls indicates that internal processes and procedures are largely adequate, despite the need for a number of implementation actions, whose timely completion will further strengthen the control environment.

During the year, we continued to monitor the group's prompt response to the regulator's requests. We also checked the introduction of the measures implementing the general or specific recommendations made by the regulator. We have no comments to make in this respect.

Based on our assessments, we confirm our opinion on the self-assessment performed by the internal control departments with respect to the overall qualitative and quantitative adequacy of the parent's operating and control departments and the overall appropriateness (in terms of its size and working) of the internal control structure in a framework which requires however the introduction of some measures to fine-tune and strengthen the system, which have already been identified and planned, including the recent hire of a professional with prior ICT audit experience for the third level control department.

Specifically, the qualitative and quantitative systems of the internal control departments need to evolve concurrently with the growth in the business volumes and complexity and the risks faced by the parent. This implies that they need to be reassessed continuously.

We monitored the process to define *(i)* the risk appetite and related ceilings and indicators (RAF, RAS), *(ii)* the regulatory capital planning and liquidity (ICAAP/ILAAP), as well as *(iii)* the consistency of their indicators and parameters and their compliance with the supervisory limits.

We also checked compliance with the RAF and the supervisory requirements during the year. The group's reporting-date prudential total capital ratio (calculated at Tiber 2 Group level) was above the limits set by the supervisory regulations.

8. Administrative accounting system and financial reporting process

We checked the adequacy of the administrative and accounting system and its reliability in correctly presenting the group's operations by *(i)* obtaining information from the competent department heads, *(ii)* reviewing the more important internal documents and *(iii)* analysing the results of the work performed by the independent auditors, EY S.p.A., and the internal audit department.

Given our duties with respect to financial reporting, we worked closely with the CFO and the accounting, tax, regulatory reporting, planning & control and portfolio management departments as well as the independent auditors, with which we analysed the basis of preparation of the separate and consolidated financial statements, as well as especially the use of accounting estimates including:

- the analyses of the management and assessment of the legacy portfolio;
- the classification, measurement and monitoring of financial assets related to the business lines;
- the analysis of solutions for the partial mitigation of the possible effects on profit or loss of the legacy portfolio's performance and the working and accounting treatment of the financial guarantee agreement;
- the implementation of measurement policies as a result of the post-audit remediation plan;
- the impairment tests of intangible assets and the analyses of the recoverability of the deferred tax assets.

Management of the legacy portfolio is outsourced to specialised servicers that initially liaised with the chief lending officer but now work with a director, who has operating experience as they used to be a senior manager, while the chief risk officer carries out the second level controls. Supported by the information provided by the servicers, the parent revises the business plans used to measure the impaired loans and receivables/ABS every six months. The parent uses portfolio assessment procedures that take into account the different type of governance it has in relation to the notes held, which allows for greater servicer guidance and management in the case of exposures/notes included in the consolidated financial statements. We consider that the business plan and the fair value measurements require more frequent review, particularly in light of the parent's prospective stock exchange listing.

With respect to the recoverability of deferred tax assets and indefinite-life intangible assets, during preparation of the consolidated financial statements at 31 December 2025, the Board of Directors approved, respectively, the probability test as per IAS 12 and the impairment test of the factoring and tax assts CGUs as per IAS 36, considering the cash flows included in the 2026 budget and the revisited financial projections for the 2027-2028 two-year period. More information is available in sections 10 (impairment test) and 11 (probability test) of Part B - Assets of the notes.

Following the acquisition of the Be TC S.r.l. business unit in February 2025, which qualifies as a business combination under IFRS 3, the parent completed the allocation procedure for the price of €0.3 million, recognising goodwill of €0.5 million. More information is available in section 1 - Combinations performed during the year in Part G - Business combinations of the notes.

The parent integrated several subsystems used for accounting and administration purposes, as its applications, processes and systems designed specifically for its different business lines are obviously not wholly integrated nor are the various processes in order to contain the related operating risks.

We do not have any comments and/or remarks to make with respect to the administrative management of the parent nor does any other of the internal control bodies.

During the year, the parent refined a segment reporting process (core business lines, legacy and corporate centre) rolled out at the end of 2023, based on an internal transfer pricing system which contributes to its management reporting system. This will make it easier to analyse the group's business and take decisions based on timely and granular data, thus facilitating the group which operates in an extremely dynamic and complex market.

The independent auditors checked the administrative and accounting procedures and did not identify any issues with their reliability. They also checked the correctness of the accounting entries and the completeness of the information and accounting policies applied to prepare the separate and consolidated financial statements. They did not identify any issues to be brought to the parent's attention.

Although we are not required to perform the statutory audit as per Legislative decree no. 39/2010, as this is performed by the independent auditors, we note that, based on the information provided by the independent auditors, the CFO and the accounting, tax & regulatory department head, the administrative and accounting system as a whole is adequate and reliable and the group's operations are correctly recorded on a timely basis.

9. Atypical and/or unusual transactions with related parties and conflicts of interest

The parent has a group policy to manage related party transactions and transactions giving rise to conflicts of interest (which it refreshed during the year) to monitor the risk that the proximity of certain parties to its decision-makers could compromise the objectivity and impartiality of decisions about the granting of loans and other transactions with those parties. This could affect the allocation of resources, the parent's exposure to risks that are not sufficiently measured or monitored and potential damage to deposit holders and shareholders. The policy is also designed to ensure that the parent adopts all reasonable measures to avoid conflicts of interest that could harm its customers' interests.

We acknowledged the statements made in accordance with article 2391 of the Italian Civil Code and did not identify any irregularities.

Part H of the notes states that no atypical and/or unusual transactions with related parties took place during the year that would have affected the group's financial position and performance, given their materiality. All transactions with related parties took place on an arm's length basis and are part of the group's operations. Moreover, no atypical and/or unusual transactions with third parties or subsidiaries took place.

The same section of the notes provide extensive information about other transactions with related parties and their related parties. As far as we are aware, these transactions were performed in the group's interests and we do not have any comments about their suitability as they were part of the group's normal operations.

We have no further comments to make on the above.

10. Statutory audit

In accordance with article 19 of Legislative decree no. 39 of 27 January 2010, in our capacity as the "Audit committee", we carried out the required oversight of the independent auditors' work. We analysed and approved the audit plan, monitored its implementation and, as far as was relevant to our duties, supervised the financial reporting process, checked the efficiency of the internal controls over quality, the internal audit and risk management related to this information, the statutory audit of the separate and consolidated financial statements and the independence of the auditors, including as provided for in Regulation (EU) 537/2014.

We regularly met the independent auditors for the mutually-profitable exchange of information. In particular, we checked *(i)* the audit plan, *(ii)* the application of the accounting policies, *(ii)* the recognition and presentation of the main consolidated financial statements captions from a financial and equity point of view, *(iii)* the process used to assess the loans and receivables and legacy portfolios and the results thereof, *(v)* the accounting treatment of the financial guarantee agreement, *(iv)* the audits of the consolidated vehicles and *(vi)* the impact of the non-recurring transactions. Overall, we did not identify any irregularities, critical issues or omissions to be brought to the shareholders' attention based on our discussions with the independent auditors.

Pursuant to Legislative decree no. 39 of 27 January 2010 and Regulation (EU) 537/2014, the shareholders appointed Ernst & Young S.p.A. ("EY") as the parent's independent auditors for the statutory audit of its separate financial statements for the nine-year period from 2022 to 2030 at their meeting of 27 April 2022, based on the proposal of this board.

The audit fees are detailed in Part H of the notes. We authorised the non-audit services in accordance with Regulation (EU) 537/2014. Given their nature, these services did not affect the auditors' independence.

On 3 April 2026, EY issued its audit report on the consolidated financial statements pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014, which is unqualified and does not include any emphasis of matter paragraphs. The independent auditors stated that the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136 of 18 August 2015. They also stated that the Directors' report which accompanies the consolidated financial statements is consistent with the consolidated financial statements and has been prepared in compliance with the law. They did not identify any material misstatement in the Directors' report, based on their knowledge and understanding of the entity and its environment obtained through the audit.

In accordance with the applicable regulations, the audit report refers to the auditing standards applied, the audit procedures performed and sets out the key audit matters that were identified during the audit, i.e., (i) measurement of instruments related to the securitisations classified as other financial assets mandatorily measured at fair value and (ii) classification and measurement of loans and receivables with customers recognised under assets at amortised cost. The audit report specifies the audit procedures performed for these matters. The independent auditors also stated that, during the year, they did not provide any non-audit services that are prohibited pursuant to article 5.1 of Regulation (EU) no. 537/2014 and that they remained independent of the parent throughout the audit engagement. Finally, they stated that their audit opinion is consistent with the information provided in the additional report to us.

On 3 April 2026, EY provided us with its report as per article 11 of Regulation (EU) 537/2014, which did not mention any material deficiencies in the internal controls over financial reporting and/or the accounting system or other material issues related to actual or alleged non-compliance with laws, regulations or the parent's by-laws. No other significant matters were identified that needed to be brought to our attention.

We do not deem that critical issues exist with respect to EY's independence or incompatibility as per articles 10 and 17 of Legislative decree no. 39 of 27 January 2010 and articles 4 and 5 of Regulation (EU) 537/2014.

The parent is not required to prepare a sustainability statement for 2025 as per Legislative decree no. 125 of 6 September 2024 (which transposed Directive (EU) 2022/2464, the CSRD, as amended by Directive (EU) 2025/794, into Italian law).

11. Complaints, statements, reports and opinions

We did not receive any complaints as per article 2408 of the Italian Civil Code during the year or up until the date of this report. We did not receive any statements or other forms of complaints from the parent's shareholders, stakeholders or qualified creditors during the year as per the Italian Business Crisis and Insolvency Code.

With respect to the requirements of article 52-bis of the Consolidated Banking Act and Bank of Italy's related instructions, the parent has set up a whistleblowing system, which is also compliant with Legislative decree no. 24 of 10 March 2023 and the applicable regulations.

During 2025 and up to the date of this report, we expressed our opinion, where required by law, on the parent's by-laws, supervisory regulations and internal procedures. The opinions and comments made in compliance with supervisory requirements include the assessment of the ICAAP and ILAAP 2025 process, comments on the report on outsourced essential or important operating functions, comments on the planning of activities by the internal control bodies and the opinions required by Bank of Italy (for example, on the updating of the financial outlook for 2025 and 2026 and the related funding plan, on the quality of the customer due diligence phase and the monitoring and enforcement of guarantees relating to state-backed exposures).

12. Conclusions

Dear shareholders,

We confirm that we performed our activities with the full collaboration of the corporate bodies, management, the heads of the administration and operating departments, the control departments, the independent auditors, the department in charge of financial reporting and the other internal control departments.

We did not identify any omissions, objectionable actions, imprudent or other situations that would require your attention or that of the regulators or mention herein nor did we identify the need to make recommendations to the shareholders.

As stated in the Directors' report and in the notes, and considering that set out above about the completion of the capital increase in January 2026 and the positive outcome of the tender and purchase offer for Banca Sistema, no events have taken place after the reporting date that would have required changes to the approved data or the results or additional information to be provided. Specifically, no significant events have taken place in the period from the reporting date to the date of approval of the consolidated financial statements that would have affected the group's financial position, financial performance and cash flows.

Reference should be made to the Directors' report accompanying the consolidated financial statements, as well as the directors' report accompanying the separate financial statements and that set out in section 4 herein, for information on the main risks and uncertainties faced by the parent and the group, their ability to continue as going concerns and their outlook.

The consolidated financial statements show total assets of €2,262,959 thousand (€1,959,251 thousand at 31 December 2024), a profit for the year of €24,247 thousand (a loss of €10,983 thousand for 2024) and equity (including the profit for the year) of €176,908 thousand (€101,260 thousand at 31 December 2024).

Both the consolidated financial statements and the separate financial statements have been prepared on a going concern basis. The parent did not make any departures from the accounting policies and, as noted earlier, the independent auditors expressed unqualified opinions without emphasis of matters on both sets of financial statements. We have no issues to report in this respect.

At a stand-alone and consolidated level, the parent and the group have complied with the prudential requirements at year end.

In conclusion, we have no comments to make about the consolidated financial statements of the Banca CF+ Group as they stand.

Milan and Rome, 3 April 2026

Board of statutory auditors

Antonio Mele (chairman)

Giuseppina Pisanti (standing statutory auditor)

Franco Vezzani (standing statutory auditor)

Banca CF+

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010 AND AR TICLE 10 OF EU REGULA TION N. 537 / 2014

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(Translation from the original Italian text)

To the Shareholders of
Banca CF+ S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Banca CF+ Group (the "Group"), which comprise the consolidated balance sheet as at December 31, 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the related explanatory notes, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2025, 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 Consolidated Financial Statements* section of our report. We are independent of the Banca CF+ Group 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matters	Audit Response
Valuation of financial instruments related to securitization transactions classified as financial assets mandatorily measured at fair value	
The financial assets mandatorily measured at fair value which are reported in line item 20 c) of the Balance Sheet attributable to securitization transactions amount to approximately Euro 78 million and represent approximately 3% of total assets of the consolidated financial statements as at December 31, 2025. The related economic effects are reflected in line item 110 of the income statement. The financial assets mandatorily measured at fair value included in line item 20 c) of the balance sheet, based on the outcome of the SPPI test required by IFRS 9, refer exclusively to financial instruments related to securitization transactions for which there is no quoted price in an active market nor a quoted price for sufficiently comparable financial assets. For the valuation of these financial instruments, the Bank employs complex models that are consistent with market valuation practices (market multiples models or discounted cash flow models based on projected future cash flows derived from the relevant securitization business plans). These models are supplied with directly observable market data or, if unavailable, internally estimated based on qualitative and quantitative assumptions. The related disclosures are provided in Part A – Accounting policies, Part B - Information on the balance sheet, Part C - Information on the income statement and Part E – Information on risks and related hedging policies of the notes to the financial statements	In relation to this aspect, our audit procedures, also conducted with the assistance of our experts in financial instrument valuation techniques, included, among others: • understanding and analyzing the company's processes and internal controls regarding the operational methods employed for conducting SPPI tests and the monitoring activities aimed at reviewing the changes in estimates of expected cash flows related to financial instruments connected to securitization operations; • verifying the fair value through the analysis of valuation models, assessing the reasonableness of key qualitative and quantitative assumptions used, and evaluating input parameters; • performing comparative analysis procedures to identify the most significant deviations compared to the previous fiscal year; • analysis of the disclosures provided in the notes to the financial statements.

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Key Audit Matters	Audit Response

Classification and valuation of financial loans and receivables with customers measured at amortized cost
 	
Loans and receivables with customers represented by loans measured at amortized cost and financial instruments related to securitization transactions, which are reported in line item 40 b) of the balance sheet assets, amount to Euro 1,264 million. As at December 31, 2025 loans and receivables with customers represent 56% of total assets. The related economic effects are reflected in line item 130 of income statement.
 	
The classification and valuation of loans and receivables with customers are relevant for the audit due to the significance of the amount of the loans to the consolidated financial statements as a whole and in consideration of the fact that the recoverable amount is determined by the Directors through the use of estimates that have a high degree of complexity and subjectivity, that involve specific factors aimed at reflecting the current uncertainty over the evolution of the macro-economic scenario.
 	
Amongst the aspects that assume particular importance in the credit estimation processes for loans include:
• the identification and calibration of the parameters for determining the significant increase in credit risk compared to the date of initial recognition, for the purpose of allocating the non-defaulted loan exposures (Stage 1 and Stage 2);
• the definition of the models and valuation parameters regarding the Probability of Default, Loss Given Default (LGD) and Exposure at Default (EAD) used for the calculation of one year expected losses (ECL - Expected Credit Losses) for exposures classified in Stage 1 and lifetime for exposures classified in Stage 2 including forward looking information, such as macroeconomic factors;
• identification of evidence that may lead to assess that the carrying amount of the loan is not fully recoverable (impairment indicators), with related classification of the exposures in defaulted loans (Stage 3);
	In relation to this aspect, our audit procedures, also conducted with the assistance of our experts, primarily on the subject matter of risk management and information systems, included amongst others:
	• understanding and analyzing the company's processes and internal controls regarding:
	  ◦ the classification and valuation of financial loans and receivables with customers and performing tests over key controls, including those concerning IT systems for the purpose of verifying their operating effectiveness;
	  ◦ the monitoring and changes in the estimate of the expected cash flows also in connection with the financial instruments referring to securitization transactions;
	• with specific reference to financial loans:
	  ◦ the execution, on a sample basis, of substantive procedures aimed at verifying the correct classification and measurement of credit exposures;
	  ◦ understanding the methodologies used in relation to statistical valuations and the reasonableness of the assumptions used including the macroeconomic scenarios and their weightings;
	  ◦ performing compliance and testing procedures, which were aimed at verifying the appropriate determination of the valuation parameters *Probability of Default* (PD), *Loss Given Default* (LGD) and *Exposure at Default* (EAD) applied in calculating the Expected Credit Losses (ECL) for the purpose of determining the impairment provisions;
	• with specific reference to financial instruments qualified as POCI:
	  ◦ analysis of methodologies and valuation models adopted and the assessment of the reasonableness of the assumptions and parameters used by the Company;
	  ◦ analysis, for a sample of loans analytically evaluated, the reasonableness of the estimated expected cash flows by examining data

- for loans classified in Stage 3, the determination of the criteria for estimating the expected cash flows according to the recovery strategy;
- for the financial guarantee contract, the so-called Asset Protection Scheme, the correct accounting recognition and financial statement presentation of the neutralisation of net impairment losses on the securitized portfolio resulting from the intervention of this guarantee.

Furthermore, with particular reference to the valuation process of loans related to financial instruments referring to securitization transactions qualified as "Purchased o Originated Credit Impaired Asset" ("POCI"), the Directors conduct a periodic review of the expected cash flow estimates using the credit adjusted effective interest rate, and in identifying such it is necessary to include, in cash flows estimates, the initial expected losses.

The related disclosures are provided in Part A – Accounting policies, Part B - Information on the balance sheet, Part C - Information on the income statement and Part E – Information on risks and related hedging policies of the notes to the financial statements.

relating to collection flows, indicators of possible impairment losses, assessment of any guarantees as well as the related recovery times;

- performing comparative analysis procedures for the loan portfolio regarding the coverage levels with respect to the most significant differences compared to the closing balances of the preceding year end;
- assessment of the contract and understanding of the operating mechanisms of the financial guarantee, as well as verification of the correct recognition in the financial statements of the accounting impacts arising from the activation of the protection mechanism covering net impairment losses recognized on the securitized portfolio;
- analysis of the disclosures provided in the notes to the financial statements.

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

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

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by international standards on auditing (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.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/2014

The shareholders of Banca CF+ S.p.A., in the general meeting held on April 27, 2022, appointed us to perform the audits of the separate and consolidated financial statement for each of the years ending December 31, 2022 to December 31, 2030.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

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 Banca CF+ S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Banca CF+ Group as at December 31, 2025, including their consistency with the related consolidated financial statements and their 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 on with the consolidated financial statement;
- express an opinion of the compliance with the laws and regulations of the Report on Operations;
- issue a statement on any material misstatement in the Report on Operations.

In our opinion, the Report on Operations and the above-mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Banca CF+ Group as at December 31, 2025 and comply 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.

Milano, April 3, 2026

EY S.p.A.
Signed by: Davide Lisi, Auditor


Banca CF+

2025 SEPARATE ANNUAL REPORT

DIRECTORS' REPORT

Competitive position

Banca CF+ S.p.A. (formerly "Credito Fondiario S.p.A.", "Banca CF+" or the "bank") heads the Banca CF+ Group and came into being in August 2021 after completion of the "Reorganisation Project 3.0".

This project covered in particular the demerger of the debt purchasing and debt servicing businesses of the then Credito Fondiario to a separate non-banking entity.

As part of this reorganisation, Credito Fondiario kept the banking licence and began its transformation into a challenger bank while concurrently completing a renaming and rebranding journey that led it to also change its name to Banca CF+.

The bank operates through advanced operating and distribution models and believes in technology as a tool that facilitates and accelerates access to credit for businesses. Specialised in corporate finance solutions and working with performing and reperforming companies, the bank's products include factoring services, tax asset purchases and short and medium-term loans to companies with structural and liquidity requirements, including those secured by central guarantee funds.

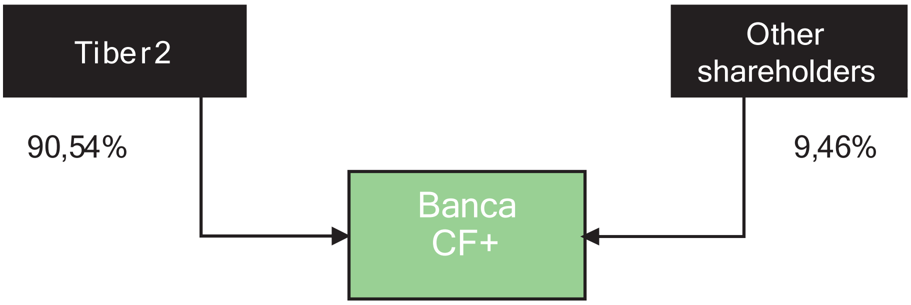
The reorganisation project led the bank to rewrite its mission to return to its origins as a corporate bank. Developing the full potential of its extensive experience achieved in over 125 years of operations, the bank has built a diversified product portfolio to meet the liquidity requirements of companies that need support to implement their development, consolidation or relaunch plans. This specialised offering is accompanied by an evolved technological platform, capable of making bank-business relations more efficient and rapid, especially in terms of response times and credit disbursement. This strategic repositioning represents the natural evolution of a bank that has always been characterised by a great ability to reinvent itself in order to meet the needs of the market.

Ownership structure

On 2 August 2021, as part of the group's reorganisation, Tiber Investments S.à r.l. transferred its 87.12% investment in Banca CF+ to another Luxembourg company of the Elliott Group, Tiber Investments 2 S.à r.l. ("Tiber 2"). Elliott, an institutional investor leading the US market for over 40 years, continues to be a key partner and investor in Banca CF+ through Tiber Investments 2 S.à r.l.

The shareholders have steadily supported the bank's transformation into a challenger bank, with capital strengthening initiatives to support the rapid start-up and growth of the new business lines, the most recent of which are described in the "Capitalisation" section later in this report.

The following table presents the bank's ownership structure at 31 December 2025:



Tiber 2's merger into European Investments Holding Company S.À R.L. (EIHC) became effective on 30 January 2026, after which, Tiber 2 ceased to exist while EIHC now directly holds the same controlling interest in the share capital of Banca CF+ Credito Fondiario S.p.A..

Key figures

The following table presents the bank's key figures at 31 December 2025:

(€m)

KEY FIGURES	31/12/2025	31/12/2024
Total assets	2,298.3	1,999.3
Guaranteed finance products (carrying amount)	692.4	761.2
Guaranteed finance products - 2025 disbursements	294.0	352.2
Factoring products (carrying amount)	197.2	170.6
2025 factoring turnover	793.0	637.7
Investments in ABS (carrying amount)	462.8	414.4
Investments in portfolios of POCI non-performing exposures (carrying amount)	3.1	4.2
Investments in portfolios of POCI non-performing exposures (gross carrying amount)	253	276
Net non-performing loans - business lines segment	2.1	12.6
Total funding	2,051.1	1,823.4
Retail savings (on-line deposits)	1,600.3	1,269.1
Equity	172.3	94.3
Own funds	163.6	107.7
Employees	215	204

Funding indicators	31/12/2025	31/12/2024
Net loans and receivables with customers at amortised cost/Total assets	64.5%	77.3%
Direct funding/Total liabilities	96.5%	95.7%
Equity/Total liabilities	8.1%	4.9%
Net loans and receivables with customers at amortised cost/Direct funding from customers	92.7%	116.0%
Profitability indicators		
ROE (profit/equity)	15.4%	-10.4%
ROA (profit/total assets)	1.2%	-0.5%
Capital indicators		
Cet 1 ratio	14.05%	12.8%
Tier 1 ratio	19.56%	12.8%
Total capital ratio	23.09%	16.6%
Liquidity indicators		
LCR - group	2,111.1%	1,722.3%
NSFR - group	160.1%	146.6%
Risk indicators - business lines segment		
Gross NPE ratio	6.0%	8.7%
Net NPE ratio	4.9%	7.3%

Macroeconomic scenario

Reference should be made to the directors' report in the group's 2025 annual report for information about the macroeconomic scenario.

Operations and key events of the year

Development of the new bank's business lines

During the year, the bank continued to develop its business lines: it recorded a three-digit annual growth rate (Compounded Average Growth Rate, "CAGR") for all major parameters in its early years of operations. In particular, loans and receivables with customers (financing, factoring and tax) increased from about €80 million at the time of the demerger to about €1 billion at 31 December 2025 (>10x). This section focuses on the characteristics of the products offered by the bank and the initiatives taken in 2025 to steer their development.

Guaranteed finance

The bank's products are mainly designed for Italian SMEs and large companies with turnover of more than €1 million. At public guarantee fund level, the main instruments supporting SMEs that the bank focuses on are those of the Central Guarantee Fund. Therefore, risks on the loans are mostly mitigated by state backing.

Starting from January 2022, the bank's guaranteed finance business line became fully operational after its set-up in December 2021 when the bank acquired 100% of Five Sixty S.r.l., a consultancy company with considerable experience in the guarantee fund market. The bank entered into an operating partnership with Garanzia Etica S.c., a financial intermediary as per article 106 of the Consolidated Banking Act specialised in servicing for access to guarantee funds and management of benefits.

Products are distributed through the direct channel, the network of agents and brokers and BancoPosta, with which the bank signed a strategic partnership agreement for the distribution of MCC/SACE-backed loans in 2023 (SACE is the financial and insurance group controlled by the Italian Ministry of Economy and Finance). In April 2024, the bank renewed its partnership with SACE by signing the "Futuro" and "Green" agreements, which allow Italian companies, especially SMEs, to access medium- and long-term guaranteed loans aimed at strategic level investments and ecological transition objectives, respectively.

In 2024, it launched the new "Digital Lending" financing product for the distribution of small loans guaranteed by the Central Guarantee Fund, i.e., up to €500 thousand. The project is part of the bank's plan to continuously refresh its commercial offering and services and is aimed at further strengthening and digitalising business processes, leveraging the technological assets acquired as part of the acquisition of the Instapartners (formerly Credimi S.p.A.) business unit.

Confirming its support for the world of entrepreneurship, as of April 2025, the bank has also extended access to the digital lending product to companies that have been established for at least three years with a minimum turnover of €150,000. It concurrently lowered the minimum funding request from €40,000 to €20,000.

It disbursed loans of €294 million, including €64 million through the digital lending channel, as part of its guaranteed finance business in 2025.

With reference to derisking activities relating to non-performing loans attributable to this business segment, in December 2025, the bank completed the non-recourse sale of a portfolio of non-performing loans originated by Banca CF+ and backed by a direct guarantee provided by MCC and SACE, with a gross carrying amount of €88 million, against the subscription of units, with a carrying amount of €64 million, of a newly established closed-end alternative investment fund ("Lounge Rises Fund" or the "fund") specialising in credit management and enhancement.

The transaction was structured by Gardant Investor SGR, which, on 9 December 2025, resolved to set up the closed-end reserved alternative investment fund under Italian law pursuant to article 14 of the Ministry of Economy and Finance's decree no. 30 of 5 March 2015. The fund received transfers not only from Banca CF+ but also from two other leading Italian banks. In particular, the three banks sold the loans to Altura SPV S.r.l., a securitisation vehicle established under Law no. 130/1999, under a sale agreement. The SPV financed the acquisition by issuing partly paid ABS, all of which were subscribed by the fund. The consideration for the sale was settled by the banks subscribing newly issued units in the fund.

Overall, as a result of the transaction, the three banks transferred assets to the fund with a gross carrying amount of €188 million against a net present value of €128.5 million, with the concurrent subscription of units issued in proportion to the value of the loans transferred.

The bank derecognised the portfolio on the basis of the analyses performed pursuant to IFRS 9 (paragraphs 3.2.1 - 3.2.23 and B3.2.1 - B3.2.17), as well as taking into account the Bank of Italy/Consob/IVASS Joint Document no. 8 containing specific clarifications in this regard.

The fund's units have been recognised as financial assets mandatorily measured at fair value on the basis of:
– the guidance provided by Circular no. 262;
– the nature of the interest and powers held in the fund (administrative/protective only);
– the absence of characteristics that would have allowed them to pass the SPPI test, even though the bank has the intention to hold them until maturity.

The transaction improved the bank's NPE ratio and resulted in a modest loss of €0.1 million.

At 31 December 2025, the carrying amount of loans guaranteed by the MCC and/or SACE was €692.4 million, net of impairment losses.

Factoring
During the year, the bank continued to develop its factoring business through the unit set up in 2021 and accelerating its development by acquiring a company already active in this sector. In December 2021, it acquired 100% of Fifty S.r.l., a credit broker which has developed a proprietary fintech platform to manage factoring products. The subsidiary was merged into the bank with statutory, accounting and tax effect from 1 January 2022, allowing it to independently manage the entire factoring value chain.

During the year, the bank provided companies with invoice financing in the form of recourse and non-recourse factoring for €793 million (+24% on 2024). At year end, factoring assets amounted to €197.2 million.

Tax assets
Banca CF+ continues to invest in tax assets from performing companies and companies in complicated situations, including insolvencies and voluntary winding-ups, through its subsidiary Crediti Fiscali+. This business line has been strengthened in recent years by the strategic partnership agreement with Be Finance, a market leader in the domestic tax asset sector, signed in November 2018. As part of its drive to build up the tax asset business, on 13 July 2022, the bank's shareholders approved the merger of the subsidiary Be Credit Management S.p.A., already wholly-owned, into it. The merger became effective on 1 October 2022. On 1 February 2025, the bank finalised the acquisition of a business unit from Be TC S.r.l. ("**BE TC**"), another company related to Be Finance and active in the financial and business management consulting sector and operating in the negotiation and signing of contracts for the purchase of tax assets or portfolios of tax assets. The business unit transferred with effect from 1 February 2025 mainly comprises a production unit, including 11 qualified resources, and the existing contract with Crediti Fiscali+ for brokerage activities related to the purchase of tax assets.

Investments made during the year mostly consisted of the bank's subscription of ABS of €219 million issued by the securitisation vehicle Crediti Fiscali+ S.r.l., which purchased tax assets of €213 million, and a co-investment transaction with another bank to purchase an IRES (corporate income tax) asset (with a nominal amount of €112 million) from a leading Italian energy sector operator for €90.9 million.

Starting from the second half of 2024, the bank also began purchasing portfolios of former 110% superbonus tax assets, not only for offsetting purposes but also for resale to third parties.

The separate financial statements at 31 December 2025 include asset-backed securities (ABS) issued by the consolidated SPVs Crediti Fiscali+ and Fairway (€217.5 million). They also include, under other assets, former 110% superbonus tax assets of €50 million purchased directly by the bank for offsetting purposes (carrying amount of €17.8 million and nominal amount of €19.6 million) or resale to third parties (carrying amount of €32.2 million and nominal amount of €38.1 million) as well as IRES tax assets of €90.9 million.

2026 budget and 2027-2028 projections
On 28 January 2026, the bank's Board of Directors approved the 2026 budget and the 2027-2028 financial projections (the "projections"). These documents were prepared with the following assumptions and aims:
– on a consolidated basis and do not include (as they are not yet known at the date) the possible effects of the outcome of the tender and exchange offer for the shares of Banca Sistema, described in the dedicated section in this report;
– forecasts were prepared in line with existing strategic guidelines; in particular, the 2027-2028 projections were developed assuming a substantially inertial business progression;
– the figures contained therein were used to carry out impairment tests on the bank's intangible assets and the probability test for the recognition of deferred tax assets required by the IFRS. Where necessary, individual entity-level contributions to the consolidated results were used to perform these tests.

On this basis, the main elements of the 2026 budget are as follows:
– growth in new volumes prudently considered in line with the current challenging market environment and the bank's historical business performance;
– growth in funding linked to the corresponding increase in business volumes and assets with a funding mix in the budget broadly in line with 2025, which factors in a higher proportion of repos in line with the increase in the stock of HTCS government bonds, and a lower proportion of retail funding;
– strengthening of total income mainly driven by growth in factoring products and tax assets and a reduction in the cost of funding;
– reduction in operating costs with greater cost-income efficiency;
– normalisation of the cost of risk (core) compared to the 2025 cost; capital ratios at the end of 2026 above the RAF threshold on all capital levels that factor in the increase in risk-weighted assets and profit margins in line with business trends.

Voluntary tender and exchange offer for all the shares of Banca Sistema
On 30 June 2025, by means of a communication pursuant to article 102.1 of the Consolidated Finance Act and article 37 of the Issuers' Regulation, the bank announced that it had launched a voluntary tender and exchange offer pursuant to article 102 and following articles of the Consolidated Finance Act for 80,421,052 ordinary shares of Banca Sistema, as resolved by its board of directors at the meeting held on 29 June 2025.

The offer covers the bank's acquisition of all the shares of Banca Sistema (the "shares") traded on Euronext Milan, Euronext STAR Milan segment, organised and managed by Borsa Italiana S.p.A.. It is not aimed at the delisting of Banca Sistema's shares. Banca CF+ will merge into Banca Sistema as soon as this is feasible. The bank will benefit from the full financial support of its key shareholder to pursue the growth and development plans resulting from the completion of the offer.

Terms of the offer
The initial terms established payment by the bank of a total consideration of €1.80 for each share tendered to the offer as follows: a. €1.382 in cash and b. €0.418 by allocating 21 shares of KK, a subsidiary of Banca Sistema whose shares are traded on the multilateral trading system Euronext Growth Milan, organised and managed by Borsa Italiana S.p.A.. The KK shares will be allocated after a share split has been carried out using a ratio of 1:98 for each share tendered.

Subsequently, on 18 February 2026, the bank, pursuant to articles 36 and 43 of the Issuers' Regulation, announced that its Board of Directors had resolved to increase the consideration from a maximum total of €1.80 to a maximum total of €1.89, corresponding to a maximum increase of €0.09 per Banca Sistema share (+5%), of which €0.05 in cash and a maximum of €0.04 in KK shares, with a total consideration of a maximum of €1.89 per share represented by the following components:
a) €1.432 in cash (the "initial consideration"), to be paid on the trading day agreed with Borsa Italiana (i.e., 6 March 2026), subject to any extensions or other changes to the offer that may occur in accordance with applicable laws or regulations (the "initial consideration payment date"); and
b) a maximum of €0.458 to be paid within six months of the initial consideration payment date (the "deferred consideration payment date") through the allocation of 23 KK shares, after the splitting of KK's outstanding shares on the basis of a ratio of 1:98, for each share tendered.

The bank will use the 17,371,795 KK shares held by Banca Sistema, representing 70.59% of the relevant share capital, to pay the deferred consideration. Therefore, if, on the basis of the number of shares tendered, it is not possible for the bank to pay the deferred consideration, in whole or in part, using the KK shares, the shareholders of the company accepting the offer will be paid €0.0199 in cash for each unassigned KK share, after splitting.

The bank's Board of Directors determined this increase in the consideration on the basis of assessments updated with the support of its financial advisors. In particular, it updated the assessments in a manner as consistent as possible with the valuation process carried out at the offer announcement date in order to take into account, inter alia: (i) Banca Sistema's updated financial position at 31 December 2025 and performance for the year then ended as reported in the press release published by Banca Sistema on 6 February 2026; and (ii) the overall capital requirements (SREP), effective as of 31 March 2026, set by Bank of Italy as reported in the press release published by Banca Sistema on 13 January 2026.

The offer's final results and effectiveness
Once all regulatory authorisations had been received from the competent authorities and the relevant documents had been published, the acceptance period for the offer started. Pursuant to article 40.2 of the Issuers' Regulation and as agreed with Borsa Italiana, the acceptance period was set to run from 8.30 a.m. (Italian time) on 26 January 2026 to 5.30 p.m. (Italian time) on 27 February 2026 (inclusive) (the "acceptance period").

On 4 March 2026, the final results of the offer were announced: in particular, 56,883,308 shares of Banca Sistema were tendered, representing approximately 70.732% of the shares subject to the offer and approximately 70.732% of the share capital of Banca Sistema, equal to approximately 69.047% of the relevant voting rights. On the basis of the offer's final results at the end of the acceptance period, the bank also confirmed, as announced in the press release on the provisional results of the offer issued on 27 February 2026, that the threshold condition to which, inter alia, completion of the offer was subject had been satisfied.

Payment of the initial consideration took place on 6 March 2026, i.e., on the fifth trading day following the end of the acceptance period, at the same time as the transfer of title to the shares to the bank.

Reopening of terms
On the basis of the above results of the offer, the reopening of the terms took place pursuant to article 40-bis.1a) of the Issuers' Regulation. Accordingly, the acceptance period was reopened for five trading days starting from the trading day following the initial consideration payment date and, therefore, for the trading days of 9, 10, 11, 12 and 13 March 2026. As a result, Banca Sistema's shareholders that had not accepted the offer during the acceptance period were able to accept it during the reopening of terms period. The bank will pay the initial consideration to the shareholders that tendered their shares on the payment date of the reopening of the terms (i.e., 20 March 2026).

It will pay the tendering shareholders the deferred consideration within six months from the initial consideration payment date at the terms and conditions and in the manner more fully described in the offer document.

Definitive results of the reopening of terms
Based on the definitive results communicated by the Milan branch of UniCredit Bank GmbH (as the coordinator of the tendered shares), during the reopening of terms period, which ended on 13 March 2026, 8,057,549 Banca Sistema shares were tendered, representing approximately 10.019% of the shares subject to the offer and approximately 10.019% of the share capital of Banca Sistema, equal to approximately 9.781% of the relevant voting rights.

Taking into account (i) the 56,883,308 Banca Sistema shares, representing approximately 70.732% of its share capital, already tendered during the acceptance period and (ii) that, between the date of the offer document and 18 March 2026, the bank did not acquire any Banca Sistema shares outside of the offer, as a result of the offer (including the reopening of terms period), on the initial consideration payment date, following the reopening of terms, the bank will hold a total of 64,940,857 Banca Sistema shares, representing approximately 80.751% of its share capital, corresponding to approximately 78.827% of the relevant voting rights.

Benefits to the bank
– The offer is a market transaction addressed to all Banca Sistema's shareholders, which is expected to: strengthen the post-combination bank's competitive position by growing to a scale that enables cost synergies and optimised

investments in future development;
– diversify revenue streams with business segments that are complementary to the bank's existing operations and the offering of products with high strategic value;
– consolidate relations with corporate customers by developing a lending platform offering short- and medium- to long-term products, enabling the bank to capture a greater share of customers' credit needs;
– rationalise the funding structure in terms of its composition and cost, stabilising funding and optimising the return on assets to support the bank's expansion, also leveraging the capital market as a source of funding;
– develop the ability to attract new talent with specific professional skills to support business development.

These objectives will be achieved by maintaining a solid capital position, creating value for shareholders through the distribution of sustainable dividend flows over time. Attainment of these assumptions hinges on the post-merger bank continuing to be listed on the stock exchange, as this will provide it with greater flexibility in seizing strategic opportunities and facilitate its potential role as aggregator of specialised entities in the market.

Banca CF+ will benefit from the full financial support of funds advised by Elliott Investment Management L.P., as a key shareholder, to support the growth and development plans resulting from the completion of the offer.

Capitalisation
The bank's capital increase, previously resolved by its Board of Directors on 11 February 2025, was completed on 23 January 2026. The capital increase was fully subscribed for a total amount of approximately €16.6 million. The controlling shareholder had already paid in its share of the future increase (€15 million) in April 2025. In January 2026, the shareholder paid in a further €1.6 million, completing the full subscription of the capital increase.

With respect to the capital strengthening initiatives that are part of the tender and exchange offer of Banca Sistema shares, it should be noted that:
– on 29 June 2025, the bank's Board of Directors approved a capital increase against payment to be offered with rights of first refusal to the ordinary shareholders pursuant to article 2441 of the Italian Civil Code;
– in November 2025, the bank completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million at an interest rate of 12%. The bonds, subscribed by third-party investors, can be classified as an equity instrument for accounting purposes and included in AT1 capital for prudential reporting purposes.

Legacy portfolio
As mentioned earlier in the "Competitive positioning" section, Banca CF+ was created in 2021 by the demerger of the debt servicing and debt purchasing businesses. At the demerger date, the assets represented by securitisation notes with underlying exposures (performing and non-performing) were transferred to the demerger beneficiary, with the exception of certain securitisation notes and credit exposures (the "legacy portfolio") retained by the bank. The operational management (definition of the collection strategy, collection management, cash flow estimation, etc.) of the exposures underlying the notes is performed by third-party servicers on the basis of specific agreements.

The legacy portfolio consists of notes of different seniority (senior, mezzanine and junior) issued by securitisation vehicles with underlying portfolios of non-performing exposures (bad and UTPs related to banking and leasing activities). It also includes some portfolios of credit exposures (performing and non-performing banking and leasing).

Subscription of a financial guarantee contract, the asset protection scheme
In March 2025, the bank signed a ten-year financial guarantee contract (asset protection scheme, "APS") with two counterparties belonging to the group headed by the key shareholder (the guarantors). The contract was subsequently supplemented in June 2025 by the signing of a specific addendum.

The main features of the APS are set out below:
– it covers the asset-backed notes held by the bank, as well as certain legacy portfolio assets recognised directly by the bank in its accounting records;
– the maximum guaranteed amount has been defined for each asset-backed note as €256.7 million;
– the bank paid an upfront premium (the "guarantee fee") of €28.5 million for the ten-year financial guarantee;
– the guarantee is triggered upon the occurrence of specific "note events" provided for in the contract;
– the guarantors are obliged - at the bank's request and upon the occurrence of a note event - to pay an amount

under the guarantee to cover any loss incurred by the bank, in accordance with the methods agreed in the contract;
– the maximum guaranteed amount may decrease over time as a result of, on the one hand, any payments actually received by the securitisation SPVs and, on the other, the amounts that the guarantors will pay under the guarantee from time to time;
– any gains associated with the positive performance of individual notes do not offset the negative performance of other notes; therefore, the bank retains the right to claim the relevant compensation from the guarantors.

During 2025, the bank claimed compensation of €10.6 million against the impairment losses recognised under the APS. The bank recognised this amount under "Other operating income" as it had fully collected it at the date of preparation of this report.

The annual portion of the guarantee fee paid up front is €2 million recognised under fee and commission expense.

Legacy portfolio management

In 2025, the bank continued to manage these assets through the servicers, to which their management is contractually entrusted, collecting €49 million on ABS held by it.

In June 2025, a securitisation was completed involving the ABS issued by the SPVs Liberio, Rienza and ICR and lease asset portfolios of EBC, Castore and Polluce, whereby the bank sold these assets to Lazzaro SPV (formerly Cassia SPV S.r.l.). The notes issued by Lazzaro SPV, fully subscribed by Banca CF+, were included in the APS scope. From an accounting viewpoint, the transaction qualifies as a self-securitisation as the bank's sale of the assets to Lazzaro SPV did not qualify for derecognition under IFRS 9 as the related risks and rewards were not transferred because the bank subscribed 100% of the notes.

The ABS held in the legacy portfolio totalled €278.6 million at 31 December 2025, net of impairment losses of €33.2 million (€273.3 million at 31 December 2024).

Funding strategy

The bank has adopted a funding strategy aimed at achieving the best possible cost-risk balance. Accordingly, it ensures it has access to a wide variety of sources of funds and can create the perfect funding mix to avail of the best medium to long-term market conditions.

This diversification is essential to ensure the sound and prudent management of liquidity risk.

Generally speaking, the bank's funding strategy is based on:
• financing source stability, in line with the planned conversion of maturities;
• optimised cost of funding while concurrently ensuring diversified sources of funding, reference markets and tools;
• a sufficient volume of high-quality liquid assets, that can also be sold to the markets in difficult times and that are eligible as collateral with central banks to meet any overnight funding requirements;
• financing the bank's growth through strategic fund-raising activities, consistently with its funding profile structure;
• compliance with the regulatory metrics provided for in the risk appetite statement;
• mitigation of liquidity risk by applying market best practices (maintaining an appropriate liquidity buffer in line with its assets) and complying with regulations. Specifically, this objective is achieved as a result of:
- the creation of capital cushions, which include marketable securities eligible for refinancing by central banks;
- a risk and operating limit system;
- diversified sources and channels of funding, counterparties and maturities.

The bank strategically aims to align sources of funding with its core lending business. In addition to funding from retail customer deposits, the bank also draws on a variety of institutional funding sources linked to the interbank market, the repos market and committed credit facilities. This allows it to diversify its funding by product, counterparty and maturity.

The bank's total funding amounts to €2,050.1 million at the reporting date. Specifically, it has the following sources of funds:
• repurchase agreements with banks of €228.5 million, including margins;

• interbank credit facilities of €32.1 million;
• corporate deposits of €110 million (including intragroup deposits of €46.1 million);
• refinancing operations with the central bank of €80 million;
• retail customers' deposits of €1,600.3 million.

The bank has joined Bank of Italy's Collateral Management System (ABACO) for the collateralisation of eligible exposures.

In 2025, it consolidated retail funding in the German, Dutch and Spanish markets via the Raisin platform and commenced the process to start funding in Ireland.

Developments and investments in technology
Although it does not carry out specific research projects, the bank continued its technological development path, confirming the importance of innovation and service automation as key enablers for achieving its business plan objectives. The year's activities were geared towards consolidating and making the ICT set-up more structured, while maintaining consistency with the bank's digital strategy and strengthening the operational resilience, security and governance of IT services.

In line with the guidelines set out in the 2025 ICT plan, projects were progressively realigned during the year to reflect strategic priorities with a selective and prudent approach. In particular, in the second half of the year, in order to avoid potentially redundant investments given the developments in the operating perimeter, the bank opted to continue projects that had already started and those necessary to comply with regulatory obligations and to guarantee operational continuity. Therefore, it rescheduled or suspended the start of other projects that were not strictly necessary.

During the same six months, the bank continued the process of achieving compliance with Regulation (EU) 2022/2554 (DORA) in a structured manner. This process consists of regulatory, organisational and technological interventions aimed at strengthening digital operational resilience and the management of ICT and security risks. Accordingly, the bank continued to strengthen the IT governance framework and operational processes, including by rationalising the tools supporting IT processes (e.g., ticketing tools, asset inventory tools, etc.).

During the year, the bank further strengthened its oversight and control activities on significant outsourcing, by consolidating a structured approach to the management of relations with key technology suppliers. In this context, it continued to monitor the required strengthening actions, with regular checks of the adequacy of these actions and the documentation produced. It also made significant progress in implementing these actions during the year, in line with the supervisory authority's guidance.

The ICT spending decisions for 2025 were based on sustainability and rationalisation criteria: the overall expenditure forecast for the year is lower than the initial budget, as a combined effect of optimisation actions and project remodelling, without impacting business continuity and the quality of services provided.

Finance & investments
The Finance & Investments Department set up in 2022, has the following objectives:
i) ensure a balanced and efficient management of liquidity and collateral;
ii) engage in the definition/structuring/management of secured and unsecured funding products;
iii) ensure proactive management of financial assets and the proprietary portfolio.

At 31 December 2025, the banking book is invested in Italian and European government bonds with a residual maturity of no more than 10 years, primarily aimed at optimising the bank's liquidity profile and contributing positively to the generation of net interest income. The carrying amount of securities is €445.1 million, including securities classified in the hold to collect (HTC) portfolio of €403.7 million and in the hold to collect and sell (HTCS) portfolio of €41.4 million.

During the year, the bank recognised gains of €2.3 million on the sale of government bonds classified in the HTC and HTCS portfolios with a nominal amount of €221 million, disposed of prior to their maturity date. This non-recurring and immaterial transaction, in the case of the HTC securities, was undertaken as part of the bank's specific business model assessment policy, aimed at supporting its capitalisation.

At 31 December 2025, the bank hedged fluctuations in the risk-free component used to calculate the discount rate (Ke) for ABS measured at fair value by entering into listed derivatives. In addition, in the first half of the year, it implemented a micro fair value hedge by entering into an interest rate swap, designating BTPs (Italian government bonds) classified in the HTC portfolio as the hedged instruments.

Workforce

Banca CF+ pays great attention to its human capital, a real strength and competitive advantage in delivering service excellence. It aims to ensure a fair gender balance and an inclusive culture within the work environment, allowing for fair and equal growth at all levels.

The bank's workforce numbers 215 resources, of which 85 are women and 130 are men, with an average age of 40.8 years in the year. The workforce increased by 5% (204 employees at 31 December 2024) during 2025, partly due to the entry of resources with the BE TC business unit acquisition.

99% of the bank's employees are on permanent, full-time contracts.

The following two tables show a breakdown of the bank's workforce by professional category and gender/age group:

Workforce by professional category and gender		
Professional category	31/12/2025	31/12/2024
Managers	**9%**	**10%**
Men	85%	80%
Women	15%	20%
Junior managers	**51%**	**49%**
Men	69%	68%
Women	31%	32%
White collars	**40%**	**41%**
Men	44%	43%
Women	56%	57%

Workforce by professional category and age group		
Professional category	**31/12/2025**	**31/12/2024**
<30 years	**8%**	**9%**
Managers	0%	0%
Junior managers	6%	5%
White collars	94%	95%
Between 30 and 50 years (inclusive)	**74%**	**74%**
Managers	8%	9%
Junior managers	52%	50%
White collars	40%	41%
>50 years	**18%**	**17%**
Managers	18%	21%
Junior managers	67%	68%
White collars	15%	12%

Attention to the wellbeing and safety of employees is one of the key principles of Banca CF+'s strategy, aware that its growth is closely linked to the satisfaction, enhancement and protection of its employees.

To this end, the bank has adopted a set of concrete initiatives aimed at improving the quality of its employees' working life and facilitating their work-life balance, differentiated according to the characteristics of their role and work organisation. In 2025, it strengthened this commitment through partnerships with Valore D and Fondazione Libellula, which made it possible to expand the training offer on inclusion, gender equality and harassment prevention, through specific dedicated courses.

Specifically:
- Time flexibility: possibility to choose their start times to facilitate the management of personal and family needs.
- Remote work: accessible to all employees, with an extension - from 2025 - of up to 12 days per month for all staff.
- Workplace wellbeing initiatives: a package of initiatives to promote health and safety, including health insurance policies that can be extended to the family unit, periodic medical check-ups and supplementary pension schemes.
- Training: targeted programmes for the various positions (workers, supervisors, managers, emergency workers, prevention and protection officers, safety officers, etc.), to ensure continuous updating on and expertise in safety and prevention matters, including courses developed with the above-mentioned partners to consolidate an inclusive and respectful culture.
- Ethics and inclusion: a set of tools and policies aimed at promoting a fair and respectful working environment, including the Code of Ethics, the Diversity & Inclusion Committee, D&I Policy, the Anti-harassment Policy, anonymous and secure whistleblowing channels and the psychological support service to ensure employees' wellbeing.

These actions testify to Bank CF+'s commitment to promoting a healthy, inclusive and sustainable working environment, where wellbeing, safety and respect for people represent fundamental and non-negotiable values.

Financial performance and position

Financial performance

(€m)

Reclassified income statement	31/12/2025	31/12/2024	Variation	Variation %
Net interest income	66.9	61.8	5.1	8.2%
Net fee and commission income	6.8	5.0	1.9	37.4%
Net trading income	5.1	0.7	4.5	>100%
Net hedging income (expense)	-	-	-	100%
Net gain from sales or repurchases of financial assets	2.7	1.3	1.4	>100%
Net gain on other financial assets and liabilities at fair value	(2.3)	(6.6)	4.2	(64.5)%
Total income	**79.2**	**62.1**	**17.1**	**27.5%**
Net impairment losses for credit risk	(30.1)	(19.6)	(10.6)	54.0%
Administrative expenses:	(50.5)	(49.8)	(0.7)	1.4%
a) personnel expense	*(29.5)*	*(27.0)*	*(2.5)*	*9.2%*
b) other administrative expenses	*(21.0)*	*(22.8)*	*1.8*	*(7.8)%*
Net reversals of provisions for risks and charges	(0.8)	-	(0.8)	<-100%
Depreciation and net reversals of impairment losses on property, equipment and investment property	(1.5)	(1.8)	0.3	-16.5%
Amortisation and net impairment losses on intangible assets	(3.4)	(3.3)	(0.1)	4.0%
Other operating income, net	12.2	3.0	9.2	>100%
Pre-tax profit (loss)	**5.0**	**(9.4)**	**14.4**	**(153.6)%**
Income taxes	21.6	(0.4)	22.0	<-100%
Post-tax profit (loss) from continuing operations	**26.6**	**(9.8)**	**36.4**	**<-100%**
Profit (loss) for the year	**26.6**	**(9.8)**	**36.4**	**<-100%**

The income statement shows a profit for the year of €26.6 million (loss of €9.8 million for 2024).

Compared to the group's profit for the year of €24.2 million, the bank's profit for the year includes:
- higher interest income (+€4 million) due to the difference between interest income accrued on the ABS issued by the consolidated SPVs (€30 million) and interest income on the related assets recognised in the consolidated financial statements (€26 million);
- higher interest income (+€0.6 million) due to application of equity accounting to the investments in the SPEs ICR and Restart in the consolidated financial statements;
- lower interest expense (-€0.4 million) reflecting interest expense to third parties incurred by the consolidated SPVs and the elimination of interest expense on intragroup deposits;

- higher net fee and commission income (+€5.8 million), due to intragroup fees and commissions the bank received from Crediti Fiscali+ (€3.9 million) as well as fees and commissions paid by the SPVs to third parties for their roles in the securitisations (€1.9 million). The latter expense is included in the consolidated financial statements but not in the separate financial statements;
- the net fair value losses on the ABS issued by the consolidated SPVs (€2.8 million), which were eliminated for consolidation purposes;
- greater impairment losses (€5.7 million), due to the net impairment gains on the SPVs' portfolios recognised in the consolidated financial statements;
- lower net operating costs (-€1 million), as the consolidated financial statements include the administrative costs recognised by the SPVs in addition to the bank's costs;
- lower income tax benefit (-€0.9 million), attributable to the release of deferred tax liabilities on consolidation differences recognised in the consolidated financial statements.

Financial position

(€m)

Reclassified statement of financial position	31/12/2025	31/12/2024	Variation	Variation %
Cash and cash equivalents	153.2	94.8	58.3	61%
Financial assets	1,897.0	1,837.5	59.5	3%
Financial assets held for trading	*0.0*	*0.8*	*-0.8*	*-98%*
Other financial assets mandatorily measured at fair value	*369.3*	*282.3*	*87.1*	*31%*
Financial assets at fair value through other comprehensive income	*44.0*	*9.3*	*34.6*	*>100%*
Loans and receivables with customers at amortised cost	*1,482.7*	*1,545.9*	*-63.2*	*-4%*
Hedging derivatives	*0.9*	*-*	*0.9*	*100%*
Loans and receivables with banks	12.4	11.4	1.0	9%
Property, equipment and investment property and intangible assets	12.4	17.4	-5.0	-29%
Tax assets (current and deferred)	40.1	15.2	24.9	>100%
Sundry assets	183.2	22.9	160.3	>100%
Total assets	**2,298.3**	**1,999.3**	**340.3**	**17%**
Funding and other financial liabilities	2,082.9	1,867.6	215.2	12%
Due to banks	*308.6*	*433.2*	*-124.7*	*-29%*
Due to customers	*1,745.9*	*1,405.5*	*340.4*	*24%*
Securities issued	*25.5*	*25.5*	*0.0*	*0%*
Financial liabilities held for trading	*0.0*	*0.0*	*0.0*	*27%*
Liabilities at fair value	*2.8*	*3.4*	*-0.6*	*-17%*
Tax liabilities	2.0	0.5	1.5	>100%
Sundry liabilities	39.6	36.0	3.5	10%
Post-employment benefits	0.4	0.4	0.1	15%
Provisions for risks and charges	1.2	0.5	0.7	>100%
Equity	**172.3**	**94.3**	**39.0**	**41%**
Share capital	39.2	39.2	-	0%
Equity instruments	39.0	-	39.0	100%
Reserves	67.4	64.9	2.6	4%
Profit (loss) for the year	26.6	-9.8	36.4	<-100%
Total liabilities and equity	**2,298.3**	**1,999.3**	**340.3**	**17%**

Total **assets** amount to €2,298.3 million compared to €1,999.3 million at 31 December 2024. In addition to those already described above, the bank's assets include the ABS issued by the consolidated SPVs, whereas the consolidated financial statements present the related assets. The ABS totalled €462.8 million at 31 December 2025, net of impairment losses (€414.4 million at 31 December 2024), of which securities of €217.5 million issued by the SPVs Crediti Fiscali+ and Fairway with tax assets as their underlying. In 2025, the bank collected €205.1 million, including €156.1 million from Crediti Fiscali+. It also subscribed ABS totalling €219.5 million, most of which were issued by Crediti Fiscali+.

The ABS are classified in two different statement of financial position captions:
– financial assets at fair value through profit or loss of €305.3 million, which include those HTC or HTCS assets that did not pass the SPPI test provided for by IFRS 9 (junior, mezzanine and certain senior/monotranche securities);
– financial assets at amortised cost of €157.5 million, which include those HTC senior and mezzanine 1 securities that passed the SPPI test.

Other events that took place during the year

Deferred tax assets
The amount of deferred tax assets that could be recognised in the separate and consolidated financial statements at 31 December 2025 was calculated using the probability test required by IAS 12. The test criteria and methods, which required the involvement of independent experts, are described in Part B - Section 10 - "Tax assets and liabilities – Caption 100 of assets and Caption 60 of liabilities" of the notes.

Based on the results of the probability test, approved by the bank's Board of Directors on 11 February 2026, the bank recognised net deferred tax assets of €22.6 million in its separate and consolidated financial statements, in addition to €5.6 million recognised in prior years.

Release of reserve as per Decree law no. 104/2023
Article 26 of Decree law no. 104/2023 introduced, only for 2023, a windfall tax on extra profits of Italian banks (or Italian permanent establishments of foreign banks) equal to 40% of the positive difference between the net interest income shown in their 2023 financial statements and that recognised in their 2021 financial statements, increased by 10%, subject to a cap of 0.26% of the total risk exposure amount on an individual basis, determined pursuant to article 92.3/4 of Regulation (EU) no. 575/2013 at the reporting date of the year prior to that in progress on 1 January 2023. When Decree law no. 104/2023 was converted into law, the Italian legislator added paragraph 5-bis, giving banks the option, in lieu of paying the tax, to allocate to a non-distributable reserve an amount equal to 2.5 times the windfall tax. Should the reserve subsequently be distributed, the bank would be required to pay the tax increased by interest accruing from the expiry of the ordinary payment deadline, at the ECB deposit facility rate.

When filing the tax return for 2023 and in line with the intention expressed by the shareholders at their meeting held to approve the separate financial statements at 31 December 2023, the bank placed a non-distributable restriction over the share premium (€0.9 million) and the legal reserve (€3.2 million) equal to 2.5 times the tax due (€1.6 million).

The recently approved 2026 Budget Law has introduced significant changes to the provisions of Decree law no. 104/2023. Specifically:
- starting with the annual reporting period commencing after 1 January 2028, should a bank distribute profits, including interim dividends, or reserves, regardless of any shareholders' resolution, the "restricted" reserve is presumed to be distributed first, thus triggering the obligation to pay the windfall tax;
- however, for years up to and including the one in progress on 31 December 2028, a bank may elect to pay a substitute tax on the "restricted" reserve at a rate of 27.5% of the reserve existing at the end of the year in progress on 31 December 2025 or 33% of the reserve existing at the end of the year in progress on 31 December 2026. Payment of this substitute tax therefore allows the bank to settle its tax liability, with an increased reduction if the payment is made (in June 2026) using the reserve existing at 31 December 2025.

Taking the above into account, the bank's Board of Directors resolved to release the restricted reserves recognised at 31 December 2025 (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75

equal to 27.5% of the restricted reserves), recognised through an equity reserve (caption 140 of liabilities). It also resolved to propose to the shareholders, at a meeting scheduled for April 2026, as a specific agenda item to be discussed before the approval of the separate financial statements at 31 December 2025, that they authorise the release and the consequent payment of the tax due in a single instalment by 30 June 2026.

Bank of Italy audit
On 24 February 2025, Bank of Italy commenced an audit of the bank and the group, pursuant to articles 54 and 68 of Legislative decree no. 385 of 1 September 1993. As a result of its work completed on 9 May 2025, Bank of Italy notified the bank of its audit report on 17 July 2025. The report did not identify any critical elements. The bank also implemented and informed the central bank of its remedial plans with respect to the aspects indicated in the audit report.

Events after the reporting date

No adjusting events (as per the definition of IAS 10.8) took place in the period from the reporting date to the date of approval of these separate financial statements that would have required the bank to adjust the amounts recognised in the separate financial statements.

Reference should be made to the "Ownership structure" section of this report for information on Tiber 2's merger into EIHC.

The "Voluntary tender and exchange offer for all the shares of Banca Sistema" section sets out the outcome of the offer.

Business opportunities and going concern

The directors have prepared the separate financial statements at 31 December 2025 on a going concern basis as there are no doubts about the bank's ability to continue as a going concern in the foreseeable future and for beyond 12 months from the reporting date.

During 2025, the bank continued the growth path undertaken following the demerger from the former Credito Fondiario.

Its financial position has been strengthened by:
- the injection of €15 million made in April 2025 by the key shareholder for the future capital increase, which was completed in January 2026 with the relevant shareholders' resolution and the injection of an additional €1.5 million by the non-controlling shareholders;
- the issue of AT1 bonds of €40 million, which was completed in November 2025. These bonds are recognised under liability caption 130, net of the transaction costs and the related tax effect.

The income statement shows a return to profitability before taxes (+€5 million), thanks to the bank's business performance and the activation of management levers to monitor the risk related to the Legacy portfolio, which, starting from March 2025, is mostly covered by the APS described in an earlier section of this report.

The outlook is strengthened by the positive outcome of the voluntary tender and exchange offer for all the shares of Banca Sistema made by the bank and illustrated in the "Voluntary tender and exchange offer for all the shares of Banca Sistema" section.

Management and coordination activities pursuant to article 2497 and following articles of the Italian Civil Code

At the reporting date, the bank was not managed or coordinated by another company pursuant to article 2497 and following articles of the Italian Civil Code.

Treasury shares and shares of parents

The bank does not hold treasury shares or shares of parents.

Related party transactions

Reference should be made to Part H of the notes to the separate financial statements (Related party transactions) for information about the bank's transactions with subsidiaries, parents and subsidiaries of parents.

Risks and uncertainties
The disclosures required by article 2428 of the Italian Civil Code on the bank's exposure to the main risks are provided in Part E of the notes to the separate financial statements (Information on risks and hedging policies).

Other information

The bank did not carry out research and development activities in 2025.

Proposal to the shareholders

As described in the section on the release of reserve as per Decree law no. 104/2023, with respect to the obligations imposed by this decree law about the windfall tax, the Board of Directors resolved to release the restricted reserves existing at 31 December 2025 (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75, equal to 27.5% of the restricted reserves), recognised through an equity reserve (caption 140 of liabilities).

It proposes that the shareholders, as a specific agenda item to be discussed before the approval of the separate financial statements at 31 December 2025, review and authorise the release and the consequent payment of the tax due in a single instalment by 30 June 2026.

With respect to the profit of €26,592,502 made by the bank in 2025, we propose it be allocated as follows:
– €7,922,807.75 to the legal reserve;
– €1,137,193.75 to the aforementioned reserve to cover the substitute tax due on the release of the restricted reserves pursuant to Decree law no. 104/2023;
– €17,532,500.50 to retained earnings.

Milan, 18 March 2026

BOARD OF DIRECTORS

Chairman

Panfilo Tarantelli

Separate financial statements

Statement of financial position

(Euros)

	Assets	31/12/2025	31/12/2024
10.	Cash and cash equivalents	153,150,429	94,830,521
20.	Financial assets at fair value through profit or loss	369,354,715	282,255,094
	a) held for trading	13,150	796,106
	c) mandatorily measured at fair value	369,341,565	281,458,988
30.	Financial assets at fair value through other comprehensive income	43,973,363	9,347,241
40.	Financial assets at amortised cost	1,495,140,011	1,557,318,137
	a) loans and receivables with banks	12,394,230	11,421,809
	b) loans and receivables with customers	1,482,745,781	1,545,896,328
50.	Hedging derivatives	937,792	-
70.	Equity investments	3	3
80.	Property, equipment and investment property	3,547,772	6,131,642
90.	Intangible assets including:	8,866,484	11,271,897
	- goodwill	2,678,075	2,178,075
100.	Tax assets	40,114,111	15,193,076
	a) current	11,878,242	9,550,776
	b) deferred	28,235,868	5,642,300
120.	Other assets	183,176,960	22,904,332
	Total assets	**2,298,261,639**	**1,999,251,942**

SEGUE: STATEMENT OF FINANCIAL POSITION

(Euros)

	Liabilit ies and equity	31/12/2025	31/12/2024
10.	Financial liabilities at amortised cost	2,080,034,431	1,864,221,971
	a) due to banks	308,591,659	433,247,040
	b) due to customers	1,745,942,453	1,405,511,132
	c) securities issued	25,500,320	25,463,798
20.	Financial liabilities held for trading	8,350	6,550
30.	Financial liabilities at fair value through profit or loss	2,817,709	3,396,134
60.	Tax liabilities	1,967,278	484,051
	a) current	*1,701,070*	*74,086*
	b) deferred	*266,208*	*409,965*
80.	Other liabilities	39,557,133	36,035,511
90.	Post-employment benefits	443,344	385,427
100.	Provisions for risks and charges:	1,175,751	458,898
	c) other provisions	*1,175,751*	*458,898*
110.	Valuation reserves	2,474,211	3,978,907
130.	Equity instruments	39,043,631	-
140.	Reserves	17,096,155	3,233,349
150.	Share premium	47,837,867	57,642,899
160.	Share capital	39,213,278	39,213,278
180.	Profit (loss) for the year (+/-)	26,592,502	(9,805,032)
	Total liabilities and equity	**2,298,261,639**	**1,999,251,942**

Income statement

(Euros)

	Captions	31/12/2025	31/12/2024
10.	Interest and similar income	125,221,662	125,427,777
20.	Interest and similar expense	(58,290,644)	(63,596,992)
30.	**Net interest income**	**66,931,018**	**61,830,785**
40.	Fee and commission income	12,472,831	7,587,218
50.	Fee and commission expense	(5,664,605)	(2,631,813)
60.	**Net fee and commission income**	**6,808,226**	**4,955,406**
70.	Dividends and similar income	11	-
80.	Net trading income	5,120,169	654,697
90.	Net hedging expense	(900)	-
100.	Net gain from sales or repurchases of:	2,674,971	1,253,226
	a) financial assets at amortised cost	*2,212,637*	*1,032,991*
	b) financial assets at fair value through other comprehensive income	*462,334*	*220,234*
110.	Net gain on other financial assets and liabilities at fair value through profit or loss	(2,329,566)	(6,553,241)
	a) financial assets and liabilities designated at fair value	*(951,665)*	*6,209,115*
	b) other financial assets mandatorily measured at fair value	*(1,377,900)*	*(12,762,356)*
120.	**Total income**	**79,203,928**	**62,140,872**
130.	Net impairment losses for credit risk associated with:	(30,133,823)	(19,568,001)
	a) financial assets at amortised cost	*(30,115,127)*	*(19,565,538)*
	b) financial assets at fair value through other comprehensive income	*(18,695)*	*(2,463)*
150.	**Net financial income**	**49,070,106**	**42,572,872**
160.	Administrative expenses:	(50,520,843)	(49,823,477)
	a) personnel expense	*(29,521,552)*	*(27,038,175)*
	b) other administrative expenses	*(20,999,291)*	*(22,785,303)*
170.	Net reversals of (accruals to) provisions for risks and charges	(782,931)	27,000
	b) other	*(782,931)*	*27,000*
180.	Depreciation and net reversals of impairment losses on property, equipment and investment property	(1,522,194)	(1,823,659)
190.	Amortisation and net impairment losses on intangible assets	(3,446,092)	(3,312,149)
200.	Other operating income, net	12,229,939	3,027,154
210.	**Operating costs**	**(44,042,119)**	**(51,905,132)**
220.	Net gains (losses) on equity investments	-	(56,000)
260.	**Pre-tax profit (loss) from continuing operations**	**5,027,987**	**(9,388,260)**
270.	Income taxes	21,564,515	(416,772)
280.	**Post-tax profit (loss) from continuing operations**	**26,592,502**	**(9,805,032)**
300.	**Profit (loss) for the year**	**26,592,502**	**(9,805,032)**

Statement of comprehensive income

(Euros)

	Captions	31/12/2025	31/12/2024
10.	**Profit (loss) for the year**	**26,592,502**	**(9,805,032)**
	Other comprehensive income (expense), net of tax, that will not be reclassified to profit or loss:	**(1,379,202)**	**1,712**
20.	Equity instruments at fair value through other comprehensive income	(1,400,000)	-
30.	Financial liabilities at fair value through profit or loss (changes in own credit rating)	-	-
40.	Hedges of equity instruments at fair value through other comprehensive income	-	-
50.	Property, equipment and investment property	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	20,798	1,712
80.	Non-current assets held for sale and disposal groups	-	-
90.	Share of valuation reserves of equity-accounted investees	-	-
	Other comprehensive income (expense), net of tax, that will be reclassified to profit or loss:	**(125,494)**	**162,728**
100.	Hedges of investments in foreign operations	-	-
110.	Exchange gains (losses)	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated items)	-	-
140.	Financial assets (other than equity instruments) at fair value through other comprehensive income	(125,494)	162,728
150.	Non-current assets held for sale and disposal groups	-	-
160.	Share of valuation reserves of equity-accounted investees	-	-
170.	**Total other comprehensive income (expense), net of tax**	**(1,504,696)**	**164,440**
180.	**Comprehensive income (expense) (captions 10 + 170)**	**25,087,806**	**(9,476,152)**

Statement of changes in equity for the year ended 31 December 2025

(Euros)

	Balance at 31.12.2024	Change to opening balances	Balance at 1.1.2025	Allocation of prior year loss		Changes of the year								Equity at 31.12.2025
							Equity transactions							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options	2025 comprehensive income	
Share capital:														
a) ordinary shares	39,213,278	-	39,213,278	-	-	-	-	-	-	-	-	-	-	39,213,278
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	57,642,899	-	57,642,899	(9,805,032)	-	-	-	-	-	-	-	-	-	47,837,867
Reserves:														
a) income-related	3,233,348	-	3,233,348	-	-	-	-	-	-	-	-	-	-	3,233,348
b) other	-	-	-	-	-	13,862,806	-	-	-	-	-	-	-	13,862,806
Valuation reserves	3,978,907	-	3,978,907	-	-	-	-	-	-	-	-	-	(1,504:696)	2,474,211
Equity instruments	-	-	-	-	-	-	-	-	-	39,043,631	-	-	-	39,043,631
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	(9,805,032)	-	(9,805,032)	9,805,032	-	-	-	-	-	-	-	-	26,592,505	26,592,501
Equity	**94,263,399**	**-**	**94,263,399**	**-**	**-**	**13,862,806**	**-**	**-**	**-**	**39,043,631**	**-**	**-**	**25,087,806**	**172,257,642**

See section F "Information on equity" of these notes for details of changes in reserves during the year.

Statement of changes in equity for the year ended 31 December 2024

(Euros)

	Balance at 31.12.2023	Change to opening balances	Balance at 1.1.2024	Allocation of prior year loss		Changes of the year								Equity at 31.12.2024
							Equity transactions							
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Repurchase of own shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options	2024 comprehensive expense	
Share capital:														
a) ordinary shares	19,066,549	-	19,066,549	-	-	-	20,146,729	-	-	-	-	-	-	39,213,278
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	88,059,658	-	88,059,658	(37,266,647)	-	-	6,849,888	-	-	-	-	-	-	57,642,899
Reserves:														
a) income-related	3,233,348	-	3,233,348	-	-	-	-	-	-	-	-	-	-	3,233,348
b) other	-	-	-	-	-	26,996,617	(26,996,617)	-	-	-	-	-	-	-
Valuation reserves	3,814,467	-	3,814,467	-	-	-	-	-	-	-	-	-	164,440	3,978,907
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss for the year	(37,266,647)	-	(37,266,647)	37,266,647	-	-	-	-	-	-	-	-	(9,805,032)	(9,805,032)
Equity	**76,907,374**	**-**	**76,907,374**	**-**	**-**	**26,966,617**	**-**	**-**	**-**	**-**	**-**	**-**	**(9,640,592)**	**94,263,400**

Statement of cash flows (indirect method)

(Euros)

A. OPERATING ACTIVITIES	Amount	
	31/12/2025	31/12/2024
1. Operations	**38,123,322**	**21,187,093**
- profit (loss) for the year (+/-)	26,592,502	(9,805,032)
- net gains/losses on financial assets held for trading and other financial assets/liabilities at fair	(2,790,603)	5,898,544
- gains/losses on hedging transactions (-/+)	900	-
- net impairment losses/gains for credit risk (+/-)	30,133,823	19,568,001
- amortisation, depreciation and net reversals of impairment losses on property, equipment and	4,968,286	5,135,808
- net accruals to/net reversals of provisions for risks and charges and other costs/revenue (+/-)	782,931	(27,000)
- unsettled taxes and tax assets (+/-)	(21,564,515)	416,772
- net impairment losses/reversals of impairment losses on non-current assets held for sale and	-	-
- other adjustments (+/-)	-	0
2. Cash flows used for financial assets	**(257,131,875)**	**(369,103,211)**
- financial assets held for trading	782,956	(279,132)
- financial assets at fair value through profit or loss	0	5,247,893
- other assets mandatorily measured at fair value	(89,260,477)	(13,290,198)
- financial assets at fair value through other comprehensive income	(34,644,817)	(5,349,387)
- financial assets at amortised cost	32,062,999	(355,000,631)
- other liabilities	(166,072,535)	(431,756)
3. Cash flows generated by financial liabilities	**224,401,026**	**324,619,765**
- financial liabilities at amortised cost	215,812,460	324,607,795
- financial liabilities held for trading	5,121,969	(138,343)
- financial liabilities at fair value through profit or loss	(1,530,090)	(987,381)
- other liabilities	4,996,687	1,137,694
Net cash flows generated by/used in operating activities	**5,392,474**	**(23,296,353)**

Continua - Statement of cash flows (indirect method)

(Euros)

B. INVESTING ACTIVITIES	31/12/2025	31/12/2024
1. Cash flows generated by	**-**	**-**
- sales of equity investments	-	-
- dividends from equity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of business units	-	-
2. Cash flows used to acquire	**20,997**	**(3,355,052)**
- equity investments	-	-
- property, equipment and investment property	1,061,676	(478,943)
- intangible assets	(1,040,679)	(2,876,109)
- business units	-	-
Net cash flows generated by/used in investing activities	**20,997**	**(3,355,052)**

C. FINANCING ACTIVITIES	31/12/2025	31/12/2024
- issue/repurchase of treasury shares	-	-
- issue/purchase of equity instruments	52,906,438	26,996,617
- dividend and other distributions	-	-
Net cash flows generated by financing activities	**52,906,438**	**26,996,617**
NET CASH FLOWS FOR THE YEAR	**58,319,908**	**345,212**

Key: *(+) Generated (-) Used*

RECONCILIAT ION

(importi in Euro)

Financial statements captions	31/12/2025	31/12/2024
Opening cash and cash equivalents	94,830,521	94,485,309
Total net cash flows for the year	58,319,908	345,212
Cash and cash equivalents: exchange gains (losses)	-	-
Closing cash and cash equivalents	**153,150,429**	**94,830,521**

Banca CF+

Notes to the separate financial statements

Part A - Accounting policies

Part B - Notes to the statement of financial position

Part C - Notes to the income statement

Part D - Comprehensive income

Part E - Information on risks and related hedging policies

Part F - Equity

Part G - Business combinations

Part H - Related party transactions

Part I - Share-based payments

Part L - Segment reporting

Part M - Leases

Part A: Accounting policies

A.1 – GENERAL PART

Section 1 – Statement of compliance with IFRS

As required by Legislative decree no. 38 of 28 February 2005, the separate financial statements as at and for the year ended 31 December 2025 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Union as per the procedure set out by article 6 of Regulation (EC) 1606 of 19 July 2002. They also comply with the layout and compilation requirements contained in Circular no. 262 of 22 December 2005 (eighth revision of 17 November 2022), issued by Bank of Italy as part of its powers granted by article 43 of Legislative decree no. 136/2015.

These separate financial statements set out an analysis of the main captions.

First application/recently adopted standards

In accordance with IAS 8, the new IFRS or amendments to existing standards and the related EU endorsement regulations, the application of which is mandatory for annual periods beginning on or after 1 January 2025, are set out below:
– *Commission Regulation (EU) 2024/2862 of 12 November 2024: Lack of exchangeability - Amendments to IAS 21*
Commission Regulation (EU) 2024/2862 of 12 November 2024 endorsed Lack of exchangeability - Amendments to IAS 21 which came into force on 1 January 2025. These amendments specify when a currency is exchangeable into another currency and, when it is not, how an entity determines the exchange rate to apply and the disclosures to provide.

The new standards and amendments effective as of 1 January 2025, where applicable, did not have a significant impact on the bank's financial position and financial performance.

Standards, amendments or interpretations endorsed by the competent bodies of the European Union

– *Commission Regulation (EU) 2025/1047 of 27 May 2025 - Amendments to the classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7*
For the issues of greatest interest to Banca CF+, the amendments clarify the classification of financial assets with ESG-linked or similar features and require disclosures to increase transparency about financial instruments whose cash flows may vary on the occurrence of contingent events. These amendments:
• clarify that an entity derecognises a financial liability when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled or expires, or when the liability otherwise meets the criteria for derecognition. The amendments also introduce an accounting policy choice permitting an entity to derecognise a financial liability settled through an electronic payment system before settlement, provided specified conditions are met;
• clarify how to assess the contractual cash flow characteristics of financial assets that contain ESG-linked or other similar contingent features;
• specify the accounting treatment for financial assets with non-recourse features and for contractually linked instruments;
• introduce additional IFRS 7 disclosure requirements for financial assets and financial liabilities whose contractual cash flows can change in response to contingent events (including ESG-linked features) and for equity instruments designated at fair value through other comprehensive income (FVOCI).

For the issues of greatest interest to the bank, namely, the SPPI test of ESG-linked financial assets and the related disclosures, the implementation approach will be defined through a dedicated project involving the relevant departments. Based on a high-level assessment, no significant impact is expected on initial application.

– Commission Regulation (EU) 2025/1266 of 30 June 2025 - Contracts referencing nature-dependent electricity - Amendments to IFRS 9 and IFRS 7
These amendments apply solely to nature-dependent electricity contracts. These contracts expose an entity to variability in the quantity of electricity delivered because the generation depends on uncontrollable natural conditions, typically associated with renewable sources such as solar and wind.

Given the bank's business, these amendments are not expected to be relevant to it.

– Commission Regulation (EU) 2025/1331 of 9 July 2025 - Annual improvements to IFRS Accounting Standards - Volume 11
Published in the EU Official Journal on 10 July 2025, Commission Regulation (EU) 2025/1331 endorses the amendments issued by the IASB on 18 July 2024 in the Annual improvements to IFRS Accounting Standards - Volume 11, as part of the IASB's annual improvement process. The annual improvements introduce narrow-scope, non-urgent amendments to remove inconsistencies and clarify terminology.

The regulatory developments described above are not expected to have a material impact on the bank.

Standards, amendments or interpretations not yet endorsed at 31 December 2025

– IFRS 18 - Presentation and disclosure in financial statements
On 9 April 2024, the IASB published IFRS 18 - Presentation and disclosure in financial statements, which will be mandatorily effective from 1 January 2027, with earlier application permitted, subject to the completion of the European endorsement process. The presentation of comparative information is required.

The main requirements introduced by IFRS 18 are:
1. <u>New defined subtotals in the statement of profit or loss</u>
An entity is required to classify all items of income and expenses into one of five categories: operating, investing and financing, which have a new definition under IFRS 18, and income taxes and discontinued operations.

In addition, IFRS 18 requires an entity to present the following subtotals and a total:
- operating profit or loss;
- profit or loss before financing and income taxes;
- profit or loss.

2. <u>Main business activities</u>
To classify income and expenses into the IFRS 18 categories, an entity assesses whether it: i) invests in assets as a main business activity or ii) provides financing to customers as a main business activity.

If either condition is met, specific classification requirements apply.

3. <u>Management-defined performance measures (MPMs)</u>
IFRS 18 introduces management-defined performance measures (MPMs), defined as subtotals of income and expenses that:
- management uses in public communications outside the financial statements,
- communicate management's view of an aspect of the entity's financial performance.

4. <u>Aggregation of financial information</u>
IFRS 18 provides guidance on how entities should aggregate and disaggregate financial information, both in the primary financial statements and in the notes.

– IFRS 19 - Subsidiaries without public accountability: Disclosures
In May 2024, the IASB issued IFRS 19 - Subsidiaries without public accountability: Disclosures, which permits eligible subsidiaries to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other IFRS Accounting Standards.

Unless otherwise specified, an eligible subsidiary that elects to apply IFRS 19 is not required to provide the disclosures required by other IFRS Accounting Standards.

IFRS 19 is not applicable to the bank.

– IFRS 19 Subsidiaries without public accountability: *Disclosures*
On 21 August 2025, the IASB issued amendments to IFRS 19 introducing reduced disclosures for IFRS Accounting Standards issued or amended between February 2021 and May 2024. This avoids requiring subsidiaries that apply IFRS 19 to provide the full disclosures required of entities that do not apply IFRS 19.

These amendments, as well as IFRS 19 itself, do not apply to the bank.

– *Translation to a hyperinflationary presentation currency - Amendments to IAS 21*
On 13 November 2025, the IASB published Translation to a hyperinflationary presentation currency - Amendments to IAS 21. The amendments require amounts to be translated at the closing rate when translating from a non-hyperinflationary functional currency into a hyperinflationary presentation currency.

These amendments are not applicable to the bank's separate financial statements, which are presented in Euro.

Section 2 – Basis of preparation

The separate financial statements consist of a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows (prepared using the indirect method) and these notes, drawn up in accordance with the formats and technical layouts defined by Bank of Italy. They are accompanied by a directors' report in which the directors comment on the bank's performance and financial position, as required by the IFRS.

Pursuant to article 5 of Legislative decree no. 38/2005, the reporting currency used to prepare the separate financial statements is the Euro. The amounts in the separate financial statements are presented in Euros while the amounts in the notes are in thousands of Euros, unless specified otherwise. As required by the Circular, the separate financial statements present the prior year corresponding figures for comparative purposes.

The bank prepared the separate financial statements in line with the general principles set out in IAS 1:
a) Going concern: assets, liabilities and off-statement of financial position items are measured on a going concern basis as management is reasonably certain that the bank will continue to operate for least 12 months after the reporting date. Management's considerations are set out in the "Business opportunities and going concern" section of the Directors' report, to which reference is made.
b) Accruals basis of accounting: expenses and revenue are recognised on an accruals and matching basis.
c) Consistency of presentation: the presentation and classification criteria of the captions are consistent from one period to another to ensure comparable information, unless their modification is required by a standard or an interpretation or an improvement in the materiality and reliability of the caption's presentation becomes necessary. Captions are presented and classified in line with Bank of Italy's instructions for banks' financial statements in Circular no. 262 of 22 December 2005 and subsequent amendments.
d) Materiality and aggregation: In line with Bank of Italy's instructions for banks' financial statements, the various classes of similar items are presented separately, if material. Different items, if material, are presented separately.
e) Offsetting: Except when required or allowed by the IFRS or Bank of Italy's instructions for banks' financial statements, assets and liabilities and expenses and revenue are not offset.
f) Comparative information: comparative information from the previous year for all amounts reported in the current year's consolidated financial statements is disclosed, including qualitative when deemed useful for understanding, except when the IFRS permit or require otherwise. The information is analysed and illustrated and all the additional disclosures deemed necessary to provide a true and fair view of the bank's financial position, financial performance and cash flows are presented. The different national and international regulations are considered, when possible, as are the Bank of Italy instructions about financial statements when preparing the schedules.

g) Departures: if, in exceptional cases, application of the requirements of the IFRS is not compatible with a true and fair view of the bank's financial position, financial performance and cash flows, it is not applied. The notes explain the reasons for the departure from the standards and its effect on the bank's financial position, financial performance and cash flows. No departures were made in these separate financial statements.

Section 3 – Events after the reporting date

No adjusting events (as per the definition of IAS 10.8) took place in the period from the reporting date to the date of approval of these separate financial statements that would have required the bank to adjust the amounts recognised in the separate financial statements. This considers the prudent management of risks, the qualitative and quantitative aspects of which are detailed in Part E of these notes and capital adequacy in Part F.

Reference should be made to the "Ownership structure" section of the Directors' report for information on Tiber 2's merger into European Investments Holding Company S.À R.L. (EIHC).

The Directors' report includes a section titled "Voluntary tender and exchange offer for all the shares of Banca Sistema" that sets out the outcome of the offer.

Section 4 – Other issues

Use of accounting estimates

Application of the IFRS to financial reporting requires management to make accounting estimates for some asset and liability captions that are considered reasonable and realistic based on the information available when the estimate is made. The estimates affect the carrying amount of the assets and liabilities and the disclosure about contingent assets and liabilities at the reporting date as well as the revenue and costs for the reporting period.

Changes in the conditions underlying the judgements, assumptions and estimates may affect subsequent period results.

The main areas for which judgements are required by management are:
• calculation of impairment losses or gains on financial assets at amortised cost, which include the ABS and POCI securities held by the bank;
• use of valuation models to calculate the fair value of financial instruments not quoted on active markets and measure liabilities at fair value;
• calculation of employee benefits and provisions for risks and charges;
• estimates and assumptions about the recoverability of deferred tax assets;
• estimates and assumptions about the recoverability of intangible assets with finite and indefinite useful lives;
• estimates and assumptions about the recoverability of other assets tested for impairment in accordance with IAS 36.

With reference to the estimates and assumptions about the recoverability of deferred tax assets, when preparing its separate financial statements at 31 December 2025, the bank designed a specific probability test in accordance with IAS 12, which was approved by the Board of Directors. The cash flows underlying the quantification of taxable profits are based on the most recent strategic projections for the 2026-2028 three-year period approved by the bank's Board of Directors (the "projections"). They are described in the "2026 budget and 2027-2028 projections" section of the Directors' report.

The projections show the bank's ability to generate taxable profits over the reference time horizon. Based on the results of the probability test, the bank recognised net deferred tax assets of €22.6 million in its separate and consolidated financial statements, in addition to €5.6 million recognised in prior years.

Management used the same projections to estimate the cash flows used for the impairment test, aimed at verifying the recoverability of intangible assets. The impairment test, approved by the bank's Board of Directors, was prepared to test the factoring, financing and tax assets CGUs for impairment by calculating their value in use based on the dividend discount model considering excess capital rather than the minimum regulatory capital allocated thereto.

In March 2025, the bank signed a financial guarantee contract (asset protection scheme, "APS") with two funds (the "guarantors") belonging to the group headed by the key shareholder (Elliot). Under this scheme, the bank pledged €174.6 million of ABS and certain loans from its legacy portfolio as collateral. In June 2025, the bank completed a securitisation by selling Lazzaro SPV a pool comprising ABS issued by the securitisation vehicles Liberio, Rienza and ICR, together with loan portfolios originated by EBC, Castore and Polluce. The notes issued by Lazzaro SPV, fully subscribed by Banca CF+, were included in the APS scope through the signing of the addendum to the original agreement. Following the inclusion of these notes (€82.1 million) in the APS scope, the initial guaranteed portfolio amounted to €256.7 million ("guaranteed amount"). Given the APS's ten-year term, the premium has been recognised in "Other assets" and is amortised on a straight-line basis over the contractual term, reflecting the uncertainty regarding the run-off of the underlying portfolio. Notwithstanding the absence of indicators of impairment, the bank tested the carrying amount of the premium (€26.5 million) for impairment in accordance with IAS 36. Based on the test, the carrying amount was assessed as recoverable and retained in the bank's separate financial statements and the group's consolidated financial statements at 31 December 2025.

In the statement of financial position as at 31 December 2025, asset caption 20 c) includes units in the Lounge Rises Fund, subscribed in December 2025, with a carrying amount of €64 million.

The bank subscribed for the units in connection with the sale of a pool of non-performing loans (the "loans") originated from lending to customers and secured by central guarantee funds. In particular, Banca CF+ sold the loans (gross carrying amount: €87.7 million) to Altura SPV S.r.l., a securitisation vehicle established under Law no. 130/1999 (the "purchaser"), under a sale agreement (the "sale agreement"). The purchaser financed the acquisition by issuing partly paid ABS, all of which were subscribed by the fund (the "notes"). The consideration for the sale was subsequently settled by the bank subscribing newly issued units in the fund (the "units"). The transaction had no significant effect on profit or loss (net loss of €0.12 million).

The Lounge Rises Fund is managed by Gardant Investor SGR, a doValue Group fund manager specialising in alternative investments in the Italian credit sector. Based on publicly available information, doValue S.p.A.'s shareholder base includes entities related to Elliott. In addition to Banca CF+, two other major Italian banks participated in the transaction organised by the Lounge Rises Fund, which was carried out at market terms, applied uniformly to all independent participants.

Since the derecognition conditions were met, the loans were derecognised on the transaction's effective date in both the bank's separate financial statement and group's consolidated financial statements. In the statement of financial position, the fund units have been recognised in asset caption 20 c), in accordance with Bank of Italy's Circular no. 262 and the nature of the interest and powers held (administrative/protective only).

Given the involvement of other independent market participants and the proximity of the closing date to the reporting date, the subscription price of the fund units was considered representative of their fair value as at that date.

The descriptions of the accounting policies applied to the main financial statements captions provide the information necessary to identify the main assumptions and judgements adopted by management to prepare the separate financial statements.

Geopolitical context

In preparing these separate financial statements, the bank has considered relevant publications issued by the European Securities and Markets Authority (ESMA) in 2024 and 2025.

Specifically, in October 2025, ESMA issued its ***European Common Enforcement Priorities for 2025 corporate reporting***, outlining key areas of focus, mostly related to the ongoing conflicts in Ukraine and the Middle East, the resulting increase in trade tensions which have led to continued volatility in energy and commodity prices and complex changes in global trade patterns. ESMA therefore recommends that entities provide specific disclosures on the effects of geopolitical uncertainties, update, where appropriate, sensitivity analyses of the carrying amounts of assets and liabilities, assess whether additional disclosures are needed to explain the effects of geopolitical risks on the entity's financial position, performance and cash flows and ensure consistency between assumptions and disclosures across the financial statements. ESMA also emphasises the importance of disclosing significant changes in financial risks (credit, liquidity, currency and price) and their implications for IFRS 9 measurement (counterparty risk). With specific reference to changes in interest rates and the impact on financing and refinancing, ESMA expects entities to include references and cross-references to the sensitivity analyses in the notes, showing how reasonably possible changes in interest rates would affect profit or loss and equity.

In its October 2024 communication, ESMA reiterated that its climate-related enforcement priorities, first set out in 2021, remain relevant to annual financial statements, and it emphasised the need for consistency and connectivity between climate-related information in the financial statements and in the sustainability statements.

The bank is performing in-depth analyses of risks and uncertainties arising from the geopolitical and macroeconomic environment and from climate-related matters, to assess their direct and indirect effects on its business, financial position, performance and cash flows, based on currently available evidence and reasonably supportable scenarios. The bank considered the results of these analyses in preparing these separate financial statements on a going concern basis and reflected them in its significant accounting estimates, particularly in measuring expected credit losses.

Independent auditors

EY S.p.A. performed the statutory audit of the bank's separate financial statements as per the shareholders' resolution of 27 April 2022.

Pursuant to article 17.1 of Decree no. 39/2010, the audit engagement has a nine-year term (from 31 December 2022 to 31 December 2030).

Preparation of consolidated financial statements

Banca CF+ has prepared consolidated financial statements in accordance with Legislative decree no. 136/2015 and IFRS 10. At the reporting date, it has de facto control of the vehicles used for investment transactions.

Approval of the separate financial statements

On 18 March 2026, the directors approved the separate financial statements and their presentation to the shareholders within the terms provided for by article 2429 of the Italian Civil Code. The shareholders will be asked to approve the separate financial statements in their meeting of 21 April 2026 and the separate financial statements will be filed within the legal term as per article 2435 of the Italian Civil Code. For the purposes of IAS 10.17, the preparation date of the separate financial statements is 18 March 2026, i.e., when the Board of Directors approved them.

A.2 - MAIN FINANCIAL STATEMENTS CAPTIONS

The accounting policies adopted to prepare the separate financial statements are set out below.

1 - Financial assets at fair value through profit or loss (FVTPL)

Recognition

Debt and equity instruments are initially recognised at the settlement date, loans at the disbursement date and derivatives at the date they are entered into.

Upon initial recognition, financial assets at fair value through profit or loss are measured at fair value without considering transaction costs or income directly attributable to the transaction.

Classification

This category includes financial assets other than those classified at fair value through other comprehensive income or at amortised cost. Specifically, this caption includes:
- financial assets held for trading, which are mainly derivatives held for trading with positive fair values;
- financial assets designated at fair value, relating to the contractual earn-out components of the consideration for the sale of ABS;
- those assets that are mandatorily measured at fair value, because they do not meet the requirements for their measurement at amortised cost or at fair value through other comprehensive income. The contractual terms of these financial assets give rise to cash flows that are not solely payments of principal and interest on the principal amount outstanding (i.e., they did not pass the SPPI test) or the asset is not held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (hold to collect model) or whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell model). The latter category includes the ABS in which the bank invested under a hold to collect business model and which are measured at fair value since they did not pass the SPPI test.

Under the IFRS 9 general reclassification rules for financial assets (except for equity instruments, whose reclassification is not allowed), an entity is required to reclassify financial assets if it changes its business model for managing those financial assets. Such changes are expected to be very infrequent. In these cases, an entity reclassifies a financial asset out of the fair value through profit or loss measurement category and into one of the other two categories provided for by IFRS 9 (financial assets at amortised cost or financial assets at fair value through other comprehensive income). The transferred asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from the reclassification date. The effective interest rate is determined on the basis of the fair value of the reclassified financial asset at the reclassification date.

Measurement

After initial recognition, financial assets at fair value through profit or loss are measured at fair value and the resulting gain or loss is recognised in profit or loss.

Derecognition

These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards. If a significant part of the risks and rewards of the transferred financial asset is retained, they continue to be recognised even when title has legally been transferred.

If it is not possible to ascertain the substantial transfer of risks and rewards of title, the bank derecognises the financial assets if it no longer has control thereover. If the bank has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Transferred financial assets are derecognised when the bank retains the contractual right to receive the cash flows but assumes a concurrent obligation to pay the cash flows without material delay to one or more recipients.

Recognition of costs and revenue

Interest income, calculated using the IRR for, in particular, ABS, is recognised as "Interest and similar income" in the income statement.

Gains and losses and fair value gains and losses compared to the instruments' acquisition cost are recognised under income statement caption "110. Net gain (loss) on other financial assets and liabilities at fair value through profit or loss".

2 - Financial assets at fair value through other comprehensive income (FVOCI)

Recognition

Debt and equity instruments are initially recognised at the settlement date and loans at the disbursement date.

Upon initial recognition, the assets are measured at fair value, including transaction costs or income directly attributable to the transaction.

Classification

A financial asset shall be classified in this category if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed).

This category also includes equity instruments other than those held for trading which the bank has designated as measured at fair value through other comprehensive income upon initial recognition.

Under the IFRS 9 general reclassification rules for financial assets (except for equity instruments, whose reclassification is not allowed), an entity is required to reclassify financial assets if it changes its business model for managing those financial assets.

Such changes are expected to be very infrequent. In these cases, an entity reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into one of the other two categories provided for by IFRS 9 (financial assets at amortised cost or financial assets at fair value through profit or loss). The transferred asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from the reclassification date. If an asset is reclassified out of this category and into the amortised cost measurement category, the cumulative gain or loss previously recognised in the fair value reserve is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. If an asset is reclassified out of this category and into the fair value through profit or loss measurement category, the cumulative gain or loss previously recognised in the fair value reserve is reclassified from equity to profit or loss.

Measurement

After initial recognition, a gain or loss on a financial asset measured at fair value through other comprehensive income other than equity instruments is recognised in a specific equity reserve, except for those arising from the application of amortised cost, impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised. When the financial asset is derecognised, in part or in its entirety, the cumulative gain or loss previously recognised in the fair value reserve is reclassified, in part or in its entirety, from equity to profit or loss.

The equity instruments that the bank has elected to classify in this category are measured at fair value and any cumulative gain or loss recognised in OCI (statement of comprehensive income) cannot be subsequently transferred to profit or loss, even when the instrument is disposed of. Only dividends on such investments are recognised in profit or loss.

Like for assets measured at amortised cost, the bank assesses whether the credit risk of its financial assets measured at fair value through other comprehensive income (either debt instruments or loan assets) has increased significantly, in accordance with the impairment requirements of IFRS 9. If this is the case, the group recognises the expected credit loss accordingly. Specifically, it recognises a 12-month expected credit loss on its financial instruments classified at stage 1 (i.e., financial assets that are not originated credit-impaired and financial assets whose credit risk has not increased significantly since initial recognition) upon initial recognition and at each subsequent reporting date. It recognises a lifetime expected credit loss on its financial instruments classified at stage 2 (performing financial assets, whose credit risk increased significantly since initial recognition) and stage 3 (credit-impaired financial assets). Conversely, equity instruments are not subject to impairment testing.

Derecognition

These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards. If a significant part of the risks and rewards of the transferred financial asset is retained, they continue to be recognised even when title has legally been transferred.

If it is not possible to ascertain the substantial transfer of risks and rewards of title, the bank derecognises the financial assets if it no longer has control thereover. If the bank has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Transferred financial assets are derecognised when the bank retains the contractual right to receive the cash flows but assumes a concurrent obligation to pay the cash flows without material delay to one or more recipients. If it is not possible to ascertain the substantial transfer of risks and rewards of title, the bank derecognises the financial assets if it no longer has control thereover. If the bank has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Recognition of costs and revenue

Gains and losses on the assets' sale are recognised in caption "100. Net gain (loss) from sales or repurchases of: b) financial assets at fair value through other comprehensive income" in the income statement. Fair value gains and losses are recognised directly in equity (caption "110. Valuation reserves") and reclassified to the income statement (caption "100. Net gain (loss) from sales or repurchases of: b) financial assets at fair value through other comprehensive income") when realised due to their sale or when impairment losses are recognised. In this case, they are recognised in caption "130. Net impairment losses/gains for credit risk associated with: b) financial assets at fair value through other comprehensive income". This caption shows the net impairment gains or losses solely for debt instruments as impairment gains or losses on quoted equity instruments are recognised directly in equity (fair value reserve) while impairment gains cannot be recognised for unquoted equity instruments.

3 - Financial assets at amortised cost

Recognition

Debt instruments are initially recognised at the settlement date, while loans are recognised at the disbursement date. Upon initial recognition, the assets are measured at fair value, including transaction costs or income directly attributable to the transaction.

The disbursement date of loans is usually the agreement signing date. If they are not the same, when signing the agreement, the bank recognises a commitment to grant funds which is extinguished when the loan is disbursed. They are recognised at their fair value, which equals the amount disbursed, or their subscription price including transaction costs or revenue attributable to the individual loan and determinable from the transaction start date, even when they are disbursed subsequently.

The initially recognised amount does not include costs that, despite having the above characteristics, are to be reimbursed by the counterparty or are administrative costs.

Classification

A financial asset (in particular, loans and debt instruments) is classified in this category if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows (hold to collect model), and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test passed).

Specifically, this caption mostly includes:
- loans and receivables with banks that meet the requirements set out above;
- loans and receivables with customers that meet the requirements set out above;
- debt instruments that meet the requirements set out above.

This caption also includes trade receivables arising from the provision of financial services, as defined by the Italian Consolidated Banking Act and the Italian Consolidated Finance Act.

Under the IFRS 9 general reclassification rules for financial assets, an entity is required to reclassify financial assets if it changes its business model for managing those financial assets. Such changes are expected to be very infrequent. In these cases, an entity reclassifies a financial asset out of the fair value at amortised cost measurement category and into one of the other two categories provided for by IFRS 9 (financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss). The transferred asset is measured at its fair value at the reclassification date and the entity shall apply the reclassification prospectively from the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in profit or loss, if the asset is reclassified out of this category and into the fair value through profit or loss measurement category, whereas it is recognised in the fair value reserve in equity if the asset is reclassified into the fair value through other comprehensive income category.

Measurement

After initial recognition, these financial assets are subsequently measured at amortised cost using the effective interest method. Under this method, the asset is recognised at its initial carrying amount decreased by principal repayments and adjusted by accumulated amortisation (calculated using the effective interest method) of the difference between the carrying amount at initial recognition and at maturity (generally due to the cost/revenue directly allocated to the individual asset) and by the loss allowance, if any. The effective interest rate is the rate that exactly discounts estimated future cash flows (principal and interest) to the disbursed amount, including directly attributable costs and revenue. This accounting method allows the distribution of the costs and revenue directly attributable to a financial asset over its expected residual life.

The amortised cost method is not used for assets measured at historical cost as discounting these loans has no material impact considering their short term, and assets without a set maturity or on demand.

Impairment is strictly related to the exposures' credit staging, i.e., their classification in one of the three stages provided for by IFRS 9, the last of which (stage 3) includes credit-impaired financial assets and the other two (stages 1 and 2) include performing financial assets.

The expected credit losses on these assets are recognised in profit or loss as follows:
- upon initial recognition, the 12-month expected credit losses;
- upon subsequent measurements, if the credit risk has not increased significantly since initial recognition, the 12-month expected credit losses;
- upon subsequent measurements, if the credit risk has increased significantly since initial recognition, the lifetime expected credit losses;
- upon subsequent measurements, if, after the credit risk increased significantly since initial recognition, the increase is no longer significant, the amount that accounts for the change from a lifetime expected credit loss to a 12-month expected credit loss.

If they are performing, these financial assets are subject to an individual impairment assessment according to their risk parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in credit risk, there is also objective evidence of impairment, the amount of the loss is measured as the difference between the carrying amount of the asset – classified as "credit-impaired", like all the other relationships with the same counterparty – and the present value of the estimated future cash flows, discounted using the original effective interest rate. The amount of the loss to be recognised in profit or loss is calculated based on an individual measurement or a collective measurement by group of similar assets and, then, individually allocated to each position, considering forward-looking information and possible alternative recovery scenarios as detailed in the "Impairment of financial assets" section.

Credit-impaired assets include financial assets classified as bad, unlikely to pay or overdrawn/past due by over ninety days according to the rules issued by Bank of Italy, in line with the IFRS and EU supervisory regulations.

The expected cash flows take into account the expected recovery times and the estimated realisable value of any guarantees.

The original effective rate of each asset remains unchanged over time even when it is restructured with a variation of the contractual interest rate and when the asset, in practice, no longer bears contractual interest.

When the reasons for the impairment loss are no longer valid due to an event that took place subsequently to its recognition, the impairment loss is reversed through profit or loss. The reversal cannot exceed the amortised cost the asset would have had if it had not been impaired.

Reversals resulting from the unwinding of the discount are recognised in net interest income.

In some cases, during the lifetime of these financial assets, and of loans in particular, the original contractual terms may be subsequently modified by the parties to the contract. When the contractual terms are modified during the lifetime of an instrument, the bank assesses whether the original asset should continue to be recognised in the statement of financial position or whether, instead, it should be derecognised and a new financial asset needs to be recognised.

In general, modifications to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The assessment of the "substantial nature" of the modification is made using both qualitative and quantitative information. In some cases, without resorting to complex analyses, it is clear that the characteristics and/or contractual cash flows of a particular asset are substantially modified while, in other cases, further analyses (including quantitative analyses) are necessary to assess the effects of the modifications and check whether or not to derecognise the asset and recognise a new financial instrument.

The qualitative and quantitative analyses aimed at defining the "substantial nature" of contractual changes made to a financial asset must, therefore, consider:
- the purposes for which the modifications were made: e.g., (a) renegotiations for commercial reasons and (b) forbearance measures due to financial difficulties of the counterparty:
• the former, aimed at "retaining" the customer, involve a borrower that does not have financial difficulties. This category includes all renegotiations aimed at aligning the cost of the debt to market conditions. These transactions

involve a change in the original terms of the contract, usually requested by the borrower and relating to aspects concerning the cost of the debt, with a consequent economic benefit for the borrower. In general, whenever the bank carries out a renegotiation to avoid losing its customer, that renegotiation should be considered as substantial because, if it were not carried out, the customer could borrow from another intermediary and the bank would incur a decrease in expected future revenue;
• the latter, carried out for "reasons of credit risk" (forbearance measures), relate to the bank's attempt to maximise the recovery of the cash flows of the original loan. The underlying risks and rewards, following the modifications, are not normally substantially transferred and, consequently, the accounting treatment that provides the most relevant information for the separate financial statements users (apart from the triggers discussed below) is "modification accounting" – which involves the recognition through profit or loss of the difference between the carrying amount and the present value of the modified cash flows discounted at the original interest rate – rather than derecognition;
- the existence of specific triggers that affect the contractual characteristics and/or cash flows of the financial instrument (such as, for example, a change in currency or a modification of the type of risk the financial instrument is exposed to, when correlated to equity and commodity parameters), which are expected to lead to derecognition due to their impact (expected to be significant) on the original contractual cash flows.

Derecognition

These financial assets are derecognised only if their sale has entailed the substantial transfer of all the related risks and rewards. If a significant part of the risks and rewards of the transferred financial asset is retained, they continue to be recognised even when title has legally been transferred.

If it is not possible to ascertain the substantial transfer of risks and rewards of title, the bank derecognises the financial assets if it no longer has control thereover. If the bank has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, measured as its exposure to changes in the fair value of the assets sold and variability in their future cash flows.

Transferred financial assets are derecognised when the bank retains the contractual right to receive the cash flows but assumes a concurrent obligation to pay the cash flows without material delay to one or more recipients.

Recognition of costs and revenue

Interest income, calculated using the nominal interest rate or the IRR for ABS, is recognised as "Interest and similar income" in the income statement. Default interest is recognised in profit or loss when collected.

Impairment gains are recognised in caption "130. Net impairment losses/gains for credit risk associated with: a) financial assets at amortised cost".

If the amount of the impairment loss decreases in subsequent years and the decrease is objectively related to an event that took place after recognition of the impairment loss, the impairment loss is reversed directly or through the release of the allowance to profit or loss.

If the assets are derecognised, any resulting losses are recognised in profit or loss, net of the related allowance.

4 – Hedging derivatives

Recognition

Like all derivatives, hedging derivatives are initially recognised and subsequently measured at fair value.

Classification: type of hedge

Hedging transactions are intended to offset potential losses arising from exposure to a specific risk, where such losses are identifiable in relation to a specific item or group of items, in the event that the risk materialises.

The types of hedges used are as follows:
• fair value hedge: the objective is to hedge exposure to changes in the fair value of recognised assets, liabilities or portions thereof, groups of assets or liabilities, firm commitments and portfolios of financial assets and liabilities (including core deposits), attributable to one or more identified risks, as permitted under IAS 39 as endorsed by the European Commission. The objective of macro hedging is to reduce fluctuations in the fair value attributable to interest rate risk associated with a monetary amount arising from a portfolio of financial assets or liabilities. Net exposures arising from mismatches between assets and liabilities cannot be designated for macro hedging;
• cash flow hedge: the objective is to hedge exposure to variability in future cash flows attributable to specific risks associated with recognised items. This type of hedge is primarily employed to stabilise the interest cash flows of floating-rate funding to the extent that such funding finances fixed-rate lending. In certain circumstances, similar hedging transactions are undertaken in relation to specific types of floating-rate lending;
• hedge of a net investment in a foreign operation: this relates to hedging the risks associated with an investment in a foreign entity that is denominated in a foreign currency.

The bank's hedge accounting framework is primarily aimed at managing interest rate risk arising from its banking book. At the date of preparation of these separate financial statements, the applicable hedging strategies are limited to a micro fair value hedge relating to government bonds held to collect.

Measurement

Hedging derivatives are measured at fair value. Specifically:
• in the case of fair value hedges, changes in the fair value of the hedged item are offset against corresponding changes in the fair value of the hedging instrument. Offsetting is achieved by recognising changes in fair value in profit or loss for both the hedged item (limited to the portion attributable to the designated risk factor) and the hedging instrument. Any resulting difference, which reflects the partial ineffectiveness of the hedging relationship, is recognised in profit or loss. In the case of macro hedging, changes in the fair value of the hedged assets and liabilities - limited to the portion attributable to the hedged risk - are recognised in the statement of financial position under caption 60 "Macro-hedged financial assets" or caption 50 "Macro-hedged financial liabilities";
• in the case of cash flow hedges, changes in the fair value of the derivative are recognised in equity, to the extent of the effective portion of the hedge. Amounts are reclassified to profit or loss when, in relation to the hedged item, the hedged cash flows occur or if the hedge becomes ineffective;
• hedges of a net investment in a foreign operation are accounted for in the same manner as cash flow hedges.

A derivative instrument is designated as a hedging instrument when there is formal documentation of the hedging relationship between the hedged item and the hedging instrument and the hedge is effective both at inception and on a prospective basis throughout its duration. The effectiveness of a hedge is determined by the extent to which changes in the fair value or expected cash flows of the hedged item are offset by corresponding changes in the fair value of the hedging instrument. Therefore, hedge effectiveness is assessed by comparing the changes in fair value or expected cash flows of the hedged item and the hedging instrument, taking into account the hedging objective established by the entity at the inception of the hedge. A hedge is considered effective when changes in the fair value (or cash flows) of the hedging instrument almost entirely offset the corresponding changes in the hedged item, that is, when the offset falls within the range of 80% to 125% for the hedged risk component.
The assessment of effectiveness is carried out at each annual or interim reporting date using:
• prospective tests, which justify the application of hedge accounting by demonstrating the hedge's expected effectiveness;
• retrospective tests, which assess the degree of hedge effectiveness achieved during the reporting period, i.e., the extent to which actual results have deviated from perfect hedging.

If the tests do not confirm hedge effectiveness, hedge accounting is discontinued, the hedging derivative is reclassified as a trading instrument and the hedged item reverts to being measured in accordance with its original classification for financial reporting purposes. If a macro hedging relationship is discontinued, any fair value gains or losses accumulated in the statement of financial position under caption 60 "Macro-hedged financial assets" or caption 50 "Macro-hedged financial liabilities" are reclassified to profit or loss as interest income or expense over the residual life of the original hedging relationships, provided that the relevant requirements are met.

Derecognition

If the tests do not confirm hedge effectiveness, either retrospectively or prospectively, hedge accounting is discontinued. In this circumstance, the hedging derivative is reclassified to "Financial assets at fair value through profit or loss", specifically to financial assets held for trading.

Moreover, the hedging relationship ceases when:
- a derivative expires, is extinguished or exercised;
- the hedged item is sold, expires or is repaid;
- it is no longer highly probable that the future hedged transaction will occur.

5 – Equity investments

Recognition, classification and measurement

This caption includes investments in subsidiaries, associates and jointly-controlled entities.

Subsidiaries are entities, including structured entities, that the bank directly or indirectly controls. Control exists when the investor has:
• power over the relevant activities;
• exposure, or rights, to variable returns from involvement with the investee;
• the ability to use its power over the investee to affect the amount of the investor's returns.
The bank considers the following factors to check whether control exists:
• the purpose and design of the investee, in order to identify its objectives, its relevant activities and how these activities are directed;
• power, in order to understand whether the bank has contractual rights that give it the current ability to direct the relevant activities; it only considers substantive rights that give it the practical ability to direct;
• exposure to the investee, to assess whether it is exposed to variable returns, which vary as a result of the performance of an investee, from its involvement with the investee;
• the existence of potential principal - agent relationships.

When the relevant activities are directed through voting rights, the existence of control is checked considering the voting rights, including potential voting rights held and any shareholder agreements that give the right to control the majority of the voting rights, to appoint the majority of the governing body or the power to determine the investee's operating and financing policies.

Structured entities may qualify as subsidiaries even when the voting rights are not substantive in order to determine control. They include special purpose entities and investment funds.

The existence of control of structured entities is assessed considering contractual rights that give the bank the right to direct the entity's relevant activities (those that contribute the most to its results) and the bank's exposure to the variable returns of those activities.

An entity is jointly controlled when control is shared by the bank and one or more parties based on an agreement or when decisions about significant matters have to be taken by all the parties holding control.

An entity is an associate, i.e., subject to significant influence, when the bank has at least 20% of its voting rights (including "potential" voting rights) or, if it has a smaller percentage of voting rights, when the bank has the power to participate in deciding operating and financing policies due to special legal relationships such as shareholder agreements. The bank has investments of more than 20% in entities that are not considered to be subject to significant influence, as it solely has equity rights to a portion of the return on investments, does not participate in operating decisions and can only exercise limited governance rights to protect its interest.

Investments in subsidiaries, associates and jointly-controlled entities are measured at cost less any impairment losses.

If there is an indication that an equity investment is impaired, its recoverable amount is estimated, considering the present value of the future cash flows that the equity investment may generate, including its sales price.

If the recoverable amount is lower than its carrying amount, the difference is recognised in profit or loss.

When the reasons for the impairment loss are no longer valid due to an event that took place subsequently to its recognition, the impairment loss is reversed through profit or loss.

Derecognition

Equity investments are derecognised when the bank's contractual rights to cash flows therefrom expire or when they are sold, transferring substantially all the related risks and rewards.

6 - Property, equipment and investment property

Recognition

Property, equipment and investment property are initially recognised at cost, which comprises the asset's purchase price, trade discounts and rebates, non-refundable purchase taxes (e.g., non-deductible VAT and registration taxes) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Right-of-use assets are initially recognised as the sum of the lease liability (present value of the future lease payments over the lease term), any lease payments made at or before the commencement date, any initial direct costs and any costs to be incurred in dismantling or restoring the underlying asset.

Classification

Property, equipment, machinery and other assets used in operations are covered by IAS 16 while investment property (land and buildings) fall under the scope of IAS 40. The category comprises assets under finance lease (for the lessees) and operating lease (for the lessors) as well as leasehold improvement costs. Reference is made to IFRS 16 to determine whether an arrangement contains a lease. Property, equipment and machinery are recognised as assets when:

- it is probable that future economic benefits associated with the item will flow to the bank;
- the cost of the item can be measured reliably.

Measurement

Subsequent costs, related to an asset already recognised, are added to its carrying amount when it is probable that they will increase the future economic benefits in excess of the normal output of the asset as originally estimated. All other costs are expensed when incurred.

After recognition as an asset, an item of property, equipment and investment property is recognised at its cost less any accumulated depreciation and any accumulated impairment losses. Impairment tests are performed once a year.

Derecognition

Property, equipment and investment property are derecognised on disposal or retirement and no future economic benefits are expected from their use or disposal.

Recognition of costs and revenue

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The useful life of an asset is defined considering its use to the bank. When expectations differ significantly from previous estimates, the depreciation charge for the current and subsequent periods is adjusted.

Impairment losses are recognised if an item of property and equipment or investment property has undergone impairment pursuant to IAS 36. The impairment loss is fully or partially reversed if the reasons therefor are no longer valid in subsequent periods and the reversal is recognised under non-recurring income.

7 - Intangible assets

Recognition

Intangible assets are recognised at cost, adjusted for any transaction costs, only if it is probable that the future economic benefits associated with the asset will flow to the bank and the asset's cost may be determined reliably. If these conditions are not met, the cost of the asset is recognised in profit or loss when incurred.

Classification

Intangible assets include goodwill and other intangible assets which fall under the scope of IAS 38.

An intangible asset is recognised as such solely when it is a resource that is:
• non-monetary;
• identifiable;
• without physical substance;
• held for use in the production or supply of goods or services, lease to third parties or for administrative purposes;
• controlled by the bank;
• from which future economic benefits are expected to flow to the bank.

Measurement

The cost of assets with finite useful lives is amortised on a straight-line or diminishing balance basis depending on how the economic benefits are expected to flow to the bank. Assets with indefinite useful lives are not amortised, but are regularly tested for impairment.

If there is any indication that an asset may be impaired, the asset's recoverable amount is estimated. The impairment loss, which is recognised in profit or loss, is equal to the difference between the asset's carrying amount and recoverable amount.

In particular, intangible assets include:
a) technology-based intangible assets, such as software, which are amortised on the basis of their expected technological obsolescence and over a maximum period of seven years. In particular, the costs incurred internally for the development of software projects are recognised under intangible assets only when all the following conditions are met: i) the cost attributable to the intangible asset during its development stage can be measured reliably, ii) there is the intention, the availability of financial resources and the technical ability to make the intangible asset available for use or sale, iii) the future economic benefits to be generated by the asset can be demonstrated. Capitalised software development costs include only the costs directly attributable to the development stage. They are amortised systematically over the estimated useful life of the relevant product/service so as to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the bank from the beginning of production over the product's estimated life.
b) goodwill, which may be recognised as part of business combinations when the positive difference between the consideration transferred plus the fair value of any non-controlling interests and the fair value of the acquired assets and liabilities represents the acquiree's future income-generating potential.

If this difference is negative (gain from a bargain purchase) or if the positive difference is not justified by the acquiree's future income-generating potential, it is immediately recognised in profit or loss.

Once a year (or whenever there is an impairment indicator), goodwill is tested for impairment. This requires the identification of the cash-generating unit to which goodwill is allocated. Any impairment losses are determined on the basis of the difference between the carrying amount of goodwill and its recoverable amount, if lower. The recoverable amount is the higher of the fair value less costs to sell of the cash-generating unit and its value in use. Any resulting impairment losses are recognised in profit or loss.

Derecognition

Intangible assets are derecognised on disposal and if no future economic benefits are expected therefrom.

Recognition of costs and revenue

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. The useful life of an asset is defined considering its use to the bank. When expectations differ significantly from previous estimates, the depreciation charge for the current and subsequent periods is adjusted.

Impairment losses are recognised if an intangible asset has undergone impairment pursuant to IAS 36. The impairment loss is fully or partially reversed if the reasons therefor are no longer valid in subsequent periods and the reversal is recognised under non-recurring income.

8 - Current and deferred taxes

Recognition

Current and deferred taxes, calculated in accordance with the Italian tax legislation, are recognised as an expense on an accruals basis, in line with the costs and revenue generating them. They show the tax benefit (expense) for the reporting period. Under the liability method, they include:
a) current tax assets, the amount of income taxes recoverable in respect of the taxable profit (tax loss) for the period;
b) current tax liabilities, the amount of income taxes payable in respect of the taxable profit (tax loss) for the period;
c) deferred tax assets, the amount of income taxes recoverable in future periods in respect of deductible temporary differences (mainly expenses deductible in the future from taxable profit (tax loss) under the ruling tax laws);
d) deferred tax liabilities, the amount of income taxes payable in future periods in respect of taxable temporary differences (mainly deferred tax on revenue or advance deductions of expenses when determining taxable profit (tax loss) of future periods under the ruling tax laws).

Classification

Current tax assets and liabilities show the bank's tax position vis-à-vis the tax authorities. Current tax liabilities include the tax liability for the reporting period while the current tax assets comprise payments on account and other tax assets for withholdings or other prior year tax assets which the bank intends to use for offsetting purposes in subsequent periods.

Deferred tax assets and liabilities are classified as non-current assets and liabilities pursuant to IAS 1.56.

Therefore, deferred taxes are presented under non-current liabilities as "Deferred tax liabilities" when they are liabilities, i.e., are related to items that will become taxable in future periods, otherwise they are recognised as "Deferred tax assets" under non-current assets when they relate to items that will be deductible in future periods.

Deferred taxes are recognised under equity if they relate to transactions that affect equity.

Measurement

Corporate income tax (IRES) and the regional tax on production activities (IRAP) are calculated using a realistic estimate of the positive and negative items of the reporting period using the enacted tax rates.

Deferred tax assets are only recognised when it is probable that the bank will have sufficient taxable profit in the same period as the reversal of the deductible temporary differences. Deferred tax liabilities are always recognised.

Current and deferred taxes are offset only when the bank has the legally enforceable right to set off the recognised amount and intends to do so.

Recognition of costs and revenue

The balancing entry of tax assets and liabilities (current and deferred) is the caption "Income taxes" in the income statement. When the current or deferred taxes to be recognised relate to transactions, the results of which are recognised directly in equity, the related tax assets and liabilities are also recognised in equity.

9 - Financial liabilities at amortised cost

Recognition

The bank commences recognising these financial liabilities at the contract's execution date, which normally coincides with when the cash is received or the debt instruments are issued.

The financial liabilities are initially recognised at their fair value, which usually equals the cash received or the issue price, increased by any transaction costs that are directly attributable to the acquisition or issue of the financial liabilities. Internal administrative costs are excluded.

Classification

Due to banks and to customers and securities issued may comprise the various forms of the bank's funding (interbank and with customers), repurchase agreements and certificates of deposit, bonds and other securities issued (including the subordinated bonds which qualify as a Tier 2 capital instrument issued by the bank), net of any portions redeemed.

This caption also includes the bank's lease liabilities recognised as a lessee in finance leases.

Measurement

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Current liabilities, where the time value of money is immaterial, are recognised at the amount received.

Derecognition

Financial liabilities are derecognised when they expire or are extinguished. They are derecognised even when the bank has repurchased a portion of previously issued bonds. The difference between the financial liability's carrying amount and the consideration paid is recognised in profit or loss.

Replacements on the market of repurchased securities issued by the bank are considered new issues and recognised at the new placing price.

Recognition of costs and revenue

Interest expense, calculated using the nominal interest rate, is recognised as "Interest and similar expense" in the income statement.

10 - Financial liabilities held for trading

Recognition

Financial liabilities held for trading are initially recognised at the settlement date, except for derivatives that are recognised at the date they are entered into.

These financial liabilities are initially recognised at their fair value, which usually equals the cash received, without considering any transaction costs or income directly attributable to the financial liability and which are recognised in profit or loss.

Classification

This caption mainly includes derivatives with a negative fair value that are not designated as hedging instruments.

Measurement and recognition of costs and revenue

Financial liabilities held for trading are measured at fair value through profit or loss. Gains and losses arising from changes in fair value and/or from the sale of these liabilities are recognised in profit or loss.

When the fair value of a derivative liability becomes positive, it is recognised in "Financial assets at fair value through profit or loss: a) financial assets held for trading".

Trading gains and losses and fair value gains and losses are recognised in caption "80. Net trading income (expense)" in the income statement.

Derecognition

Financial liabilities held for trading are derecognised when the contractual rights to the related cash flows expire or when the financial liabilities are transferred with the transfer of substantially all risks and rewards of ownership.

11 - Financial liabilities at fair value through profit or loss

Recognition

These financial liabilities are measured at fair value since their initial recognition. Any fair value gains or losses are immediately recognised in profit or loss.

Classification

At initial recognition, the bank designates a financial liability as measured at fair value through profit or loss if:
• it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
• a group of financial assets or liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
• there is a hybrid contract that contains one or more embedded derivatives, which may significantly modify the cash flows that otherwise would be required by the contract.

The election to designate a financial liability as measured at fair value through profit or loss is irrevocable, is made on an instrument-by-instrument basis and is not necessarily applied to all instruments with similar characteristics. However, such election cannot be applied to an individual component of a financial instrument, attributable to just one risk component to which the instrument is exposed. This caption includes certain liabilities whose settlement is deferred and linked to the performance of certain assets.

Measurement and recognition of costs and revenue

After initial recognition, the liabilities are measured at fair value and any fair value gain or loss is recognised in profit or loss.

12 - Post-employment benefits

The Italian post-employment benefits are classified as:
- defined contribution plans for the benefits accrued after 1 January 2007 (when the pension reform implemented by Legislative decree no. 252 of 5 December 2005 was enacted) when the employee has opted to transfer them to a supplementary pension fund or to the INPS (the Italian social security institution) treasury fund. The bank's liability is recognised under personnel expense and is calculated considering the benefits due without applying actuarial methods;
- defined benefit plans for the benefits vested up to 31 December 2006. They are recognised at their actuarial value using the projected unit credit method, without considering the pro rata past service cost as the benefits related to the current service cost have mostly vested and its revaluation is not expected to give rise to significant employee benefits in the future.

The discount rate used is determined by reference to market yields at the reporting date on high quality corporate bonds consistent with the term of the post-employment benefit obligations, weighted to reflect the percentage of the amount paid and advanced, for each due date, compared to the total amount to be paid and advanced before final settlement of the entire obligation. The plan servicing costs are recognised as personnel expense while the actuarial gains and losses are recognised in other comprehensive income (expense) as required by IAS 19.

13 - Provisions for risks and charges

Provisions for risks and charges include accruals for legal or labour obligations or for disputes (including tax) arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is recognised when and only when:
• the bank has a present obligation (legal or constructive) as a result of a past event;
• it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
• a reliable estimate can be made of the amount of the obligation.

Classification

If the recognition criteria are met, the bank recognises the provision under "Provisions for risks and charges" (caption 120).

The provisions include accruals made to cover:
• the bank's legal disputes, especially risks related to claw-back claims, operational risks on services provided on behalf of third parties and all other operational risks arising in conjunction with complaints received from customers;
• all other accruals for specific expense and/or risks for which the bank has voluntarily or under contract agreed to cover even though they have not yet been specifically formalised at the reporting date.

Measurement

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and that takes risks and uncertainties that inevitably surround many events and circumstances into account.

Provisions for liabilities expected to be settled after one year are recognised at their present value.

Derecognition

A provision is reversed to profit or loss if it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or at the time of its settlement.

Recognition of costs and revenue

When the effect of the time value of money is material, the provision is discounted using current market rates. The provision and increase in the provision due to the passage of time are recognised in profit or loss.

The accrual to the restructuring provision covers significant reorganisations that have a material effect on the bank's nature and strategies. It mainly covers the related consultancy fees.

Accruals made to the provisions for risks and charges are recognised in the income statement caption "Net reversals of (accruals to) provisions for risks and charges".

14 - Other information

Treasury shares

The bank does not have treasury shares.

Equity instruments

Equity instruments represent a residual interest in the bank's assets after deducting all of its liabilities. An issued instrument is classified as equity only if it contains no contractual obligation to make payments in the form of principal repayment, interest or other forms of return.

Instruments that meet these equity criteria (other than ordinary or savings shares) are presented under caption "140. Equity instruments" at the amount of proceeds received, net of directly attributable transaction costs and any related income tax benefit.

Any coupons paid, net of related taxes, are deducted from caption "150. Reserves", if and to the extent paid.

Prepayments and accrued income, deferred income and accrued expenses

These captions, which include income and expense related to the reporting period accrued on assets and liabilities, are recognised as an adjustment to the assets and liabilities to which they refer. On a residual basis and where appropriate, these components are recorded under other assets and other liabilities.

Other assets

Other assets comprise tax assets directly acquired by the bank from third parties that originated as a result of tax incentive measures granted in the form of tax credits or deductions (the 110% superbonus). Their recognition, classification and measurement are based on the guidelines of document no. 9 on the application of the IFRS jointly issued by Bank of Italy, Consob and IVASS. This document clarified that the above tax assets are in substance more similar to a financial asset and, therefore, a model based on IFRS 9 is the most appropriate accounting policy to provide relevant and reliable disclosure.

The tax assets acquired by the bank are managed under:
- the hold to collect business model and measured at amortised cost if, at the acquisition date, the amount is consistent with the current and prospective capacity of its liabilities with the tax authorities and if the assets were acquired for offsetting purposes;
- the hold to collect and sell business model and measured at fair value through other comprehensive income if, at the acquisition date, the amount is consistent with the current and prospective capacity of its liabilities with the tax authorities and if the assets were acquired for the purposes of both offsetting and sale to third parties;
- the trading business model and measured at fair value through profit or loss if the assets were acquired solely to be resold to third parties and make a profit and their amount exceeds the estimated ceiling for the relevant offsetting.

These assets are recognised when the bank formally accepts them through its online tax account. They are derecognised when sold to third parties on the date of their acceptance through their online tax account or at the sale date, depending on the contractual terms.

The fair value of these tax assets is measured by discounting the expected offsets or, in the case of a planned sale to third parties, the expected proceeds, using a discount rate that reflects the time value of money and a risk premium. Specifically, the discount rate is benchmarked to a risk-free interest rate, updated at each measurement date, plus the risk premium determined at the time of investment.

Classification of financial assets

The classification of the financial assets into the three categories established by the standard depends on two classification drivers: the business model used to manage the financial instruments and the contractual cash flow characteristics of the financial assets (or SPPI test).

The classification of the financial assets derives from the combined effect of the two drivers mentioned above, as described below:
- financial assets at amortised cost: assets that pass the SPPI test and come under the hold to collect (HTC) business model;
- financial assets at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and come under the hold to collect and sell (HTCS) business model;
- financial assets at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model assessment or the test of the contractual cash flow characteristics (SPPI test not passed).

SPPI test

In addition to the analysis of the business model, a financial asset may be classified as at amortised cost or at FVOCI if its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test). Loans and debt instruments, in particular, should be subjected to this test.

The SPPI test should be carried out on each financial instrument upon initial recognition.

After initial recognition, and as long as it is maintained in the statement of financial position, the asset is no longer subjected to the SPPI test. If a financial asset is derecognised and a new financial asset is recognised, the SPPI test must be performed on the new asset.

For the application of the SPPI test, IFRS 9 provides the following definitions:
- principal: the fair value of the financial asset at initial recognition. This may change over the life of the financial asset, for example if there are repayments of part of the principal;
- interest: the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic lending risks and costs and a profit margin.

In assessing whether the contractual flows of a financial asset qualify as SPPI, IFRS 9 refers to the general concept of a "basic lending arrangement", which is independent of the legal form of the asset. When contract terms introduce exposure to risks or volatility in the contractual cash flows that is inconsistent with the definition of a basic lending arrangement, such as exposure to changes in share or commodity prices, the contractual cash flows do not meet the definition of SPPI. The application of the classification driver based on contractual cash flows sometimes requires judgement and, consequently, the establishment of internal application policies.

When assessing a modified time value of money element – for example, when the interest rate of the financial asset is reset periodically, but the frequency of the reset or the frequency of payment of the coupons does not reflect the nature of the interest rate (such as when the interest rate is reset monthly on the basis of a one-year rate) or when the interest rate is reset regularly on the basis of an average of particularly short or medium-to-long term rates – an entity should assess, using both quantitative and qualitative information, whether the contractual cash flows still meet the definition of SPPI (benchmark cash flows test). If the test shows that the (undiscounted) contractual cash flows are "significantly different" from the (also undiscounted) cash flows of a benchmark instrument (i.e., without the modified time value element), the contractual cash flows cannot be considered to meet the definition of SPPI.

The standard requires specific analyses ("look through tests") to be performed and these are therefore also conducted on multiple contractually linked instruments (CLIs) that create concentrations of credit risk for debt repayment and on non-recourse assets, for example when a loan can only be enforced on specified assets of the debtor or on the cash flows from specified assets.

The presence of contractual clauses that may change the frequency or amount of the contractual cash flows must also be considered to determine whether those cash flows meet the SPPI requirements (e.g., prepayment options, the possibility of deferring contractually agreed cash flows, embedded derivative instruments, subordinated instruments, etc.).

However, as envisaged by IFRS 9, a contractual cash flow characteristic does not affect the classification of the financial asset if it could have only a de minimis effect on the contractual cash flows of the financial asset (in each reporting period and cumulatively). Similarly, if a cash flow characteristic is not genuine, i.e., if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur, it does not affect the classification of the financial asset.

Business model

IFRS 9 identifies three cases relating to the way in which cash flows and sales of financial assets are managed:
- hold to collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the portfolios associated to it. The inclusion of the portfolio of financial assets in this business model does not necessarily result in the inability to sell the instruments, but the frequency, value and timing of sales in prior periods, the reasons for the sales, and the expectations about future sales, need to be considered;
- hold to collect and sell (HTCS): this is a mixed business model whose objective is achieved by collecting the contractual cash flows of the financial assets in portfolio and (also) through the sale of the financial assets, which is an integral part of the strategy. Both activities (collection of contract flows and sales) are indispensable to achieve the business model's objective. Accordingly, sales are more frequent and significant than for an HTC business model and are an integral part of the strategies pursued;
- others/trading: this is a residual category that includes both financial assets held for trading and financial assets managed with a business model that does not come under the previous categories (hold to collect and hold to collect and sell). In general, this classification applies to a portfolio of financial assets whose management and performance are measured based on fair value.

The business model reflects the way in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by senior management with the appropriate involvement of the business structures.

It is defined by considering the way in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual flows, from the sale of the financial assets, or from both. This assessment is not performed on the basis of scenarios that the entity does not reasonably expect to occur, such as the so-called "worst case" or "stress case" scenarios. For example, if an entity expects that it will sell a particular portfolio of financial assets only in a stress case scenario, that scenario does not affect the entity's assessment of the business model for those assets if the entity reasonably expects that such a scenario will not occur.

The business model does not depend on management's intentions regarding an individual financial instrument, but refers to the way in which groups of financial assets are managed in order to achieve a specific business objective.

In short, the business model:
- reflects the way in which financial assets are managed to generate cash flows;
- is defined by senior management, with the appropriate involvement of the business structures;
- must be observable by considering the way the financial assets are managed.

In operational terms, the assessment of the business model is carried out in line with the bank's organisation, the specialisation of the business functions, the risk cascading model and the assignment of delegated powers (limits).

All relevant factors available at the date of the assessment are used in the assessment of the business model. The above information includes the strategy, the risks and their management, the remuneration policies, the reporting and the amount of the sales. In the analysis of the business model, the elements investigated must be consistent with each other and, in particular, with the strategy pursued. Evidence of activities not in line with the strategy must be analysed and duly justified.

In this regard, and in relation to the business models under which the financial assets are held, a specific business model assessment policy – approved by the competent governance levels – defines and sets out the components of the business model in relation to the financial assets included in the portfolios managed as part of the operations of the bank's business structures.

For the HTC portfolios, the bank has set limits for frequent but not significant sales to be considered eligible (individually or in aggregate, or for infrequent sales even if their amount is significant) and the parameters have also been established for identifying sales as being consistent with that business model because they relate to an increase in credit risk.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition decreased by principal repayments and adjusted by accumulated amortisation (calculated using the effective interest method) of the difference between the carrying amount at initial recognition and at maturity and by the loss allowance, if any.

The effective interest rate is the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument or through the subsequent date for recalculation of the price to the present value of the financial asset or financial liability. In the calculation of the present value, the effective interest rate is applied to the flow of future cash receipts or payments through the entire useful life of the financial asset or liability or for a shorter period when certain conditions are met (for example, reviews of market interest rates).

After initial recognition, amortised cost enables allocation of revenue and costs directly by decreasing or increasing the instrument's carrying amount over its entire expected life via the amortisation process. Amortised cost is calculated differently depending on whether the financial assets/liabilities have fixed or floating rates and – in this last case – whether the rate volatility is known beforehand.

Amortised cost measurement is applied to financial assets at amortised cost and at fair value through other comprehensive income or profit or loss, as well as financial liabilities at amortised cost.

Financial assets and liabilities traded at market conditions are initially recognised at fair value, which is normally equal to the amount disbursed or paid including, for instruments measured at amortised cost, transaction costs and any directly attributable fees.

As specified by IFRS 9, in some cases, a financial asset is considered credit-impaired at initial recognition because the credit risk is very high and, in the case of a purchase, it is purchased at a deep discount (with respect to the initial disbursement amount). If these financial assets, based on the application of the classification drivers (SPPI test and business model), are classified as assets measured at amortised cost or at fair value through other comprehensive income, they are classified as purchased or originated credit-impaired (POCI) assets and are subject to special impairment requirements. In addition, a credit-adjusted effective interest rate is calculated at the initial recognition of POCI assets, which requires the inclusion of the initial expected credit losses in the cash flow estimates. This credit-adjusted effective interest rate is used for the application of the amortised cost and the consequent calculation of interest.

The amortised cost method is not used for financial assets and liabilities with a short term, without a set maturity and on demand as discounting these loans has no material impact.

Impairment

Impairment of financial assets

Pursuant to IFRS 9, at each reporting date, financial assets other than those measured at fair value through profit or loss are tested for impairment to assess whether there is any evidence that their carrying amount may not be fully recoverable. A similar analysis is performed, where applicable, for commitments to disburse funds and guarantees issued that must be tested for impairment under IFRS 9.

If there is indication of impairment, these financial assets - as well as any other assets pertaining to the same counterparty - are considered credit-impaired and are included in stage 3. For these exposures, which are classified – in accordance with Bank of Italy Circular no. 262/2005 – as bad, unlikely to pay and overdrawn/past due by more than ninety days, the bank recognises a loss allowance equal to their lifetime expected credit losses.

Impairment of performing financial assets

When there is no indication of impairment (performing financial instruments), the bank checks whether there is evidence that the credit risk of the individual exposures has increased significantly since initial recognition. This check, in terms of classification (or, more precisely, staging) and measurement, has the following consequences:
- where this evidence does exist, the financial assets are included in stage 2. In this case, in compliance with the IFRS and despite the absence of indication of impairment, the bank recognises a loss allowance equal to their lifetime expected credit losses. At each subsequent reporting date, the bank reviews the loss allowance, both to periodically check its adequacy with the continuously updated loss estimates and to take account – if the evidence of "significantly increased" credit risk is no longer present – of the change in the forecast period for the calculation of the expected credit loss;
- where this evidence does not exist, the financial assets are included in stage 1. In this case, in compliance with the IFRS and despite the absence of indication of impairment, the bank recognises a loss allowance equal to their 12-month expected credit losses. At each subsequent reporting date, the bank reviews the loss allowance, both to periodically check its adequacy with the continuously updated loss estimates and to take account – if the evidence of "significantly increased" credit risk emerges – of the change in the forecast period for the calculation of the expected credit loss.

In accordance with IFRS 9 and effective implementation by the bank, the following factors constitute the key elements to be taken into account for the measurement of financial assets and, in particular, the identification of the "significant increase" in credit risk (a necessary and sufficient condition for the classification of the asset as stage 2):
• ABS not measured at fair value through profit or loss:
- net collections since inception of the securitisation 20% lower than those forecast in the business plan;
- a 3-notch decrease in the external rating of listed securities, if this decrease does not directly lead to classification as stage 3 (junk grade);
- business plan reviewed downward by over 20% of "net recoveries", if the new business plan does not lead to the write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3;
- business plan reviewed by extending the recovery timing by over three years, if the new business plan does not lead to the write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3.

• In the case of government bonds, the trigger events are:
- application of the low credit risk exemption, i.e., as long as the bond qualifies as investment grade[10] (from AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notches); if the bond is downgraded to speculative grade (i.e., from BB+ to B-), it may be classified at stage 2, only if it is downgraded by at least 3 notches from the origination rate;
- reclassification to stage 3 follows the general rule of IFRS 9 according to which stage 3 includes financial instruments with objective evidence of impairment at the reporting date, i.e., from when they are graded CCC+ or lower.

• Financial instruments other than loans and receivables and government bonds:
- application of the low credit risk exemption, i.e., as long as the bond qualifies as investment grade (from AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notches);
- after reclassification, a 3-notch decrease from an external rating at origination of BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, leads to classification at stage 2 as long as the downgrading does not directly lead to classification as stage 3;

• Loans and receivables with customers (loans, personal loans granted to employees, subsidies, leases, factoring assets and guaranteed finance products):
- a past due amount that - subject to the materiality thresholds identified by the regulations - has been as such for at least 30 days. In this case, the credit risk is presumed to have "significantly increased" and the exposure is, therefore, transferred to stage 2 (if it was previously included in stage 1);
- forbearance measures, which lead to the rebuttable presumption that credit risk has "significantly increased" since initial recognition and to the exposure's reclassification;
- increased credit risk identified during monitoring and assessment (e.g., covenant breaches deemed symptomatic of a significant increase in credit risk, moratorium applications, etc.).

In addition to the above criteria, for guaranteed finance (both medium/large financing and digital lending), a quantitative SICR criterion is also applied. It captures the increase in credit risk from origination to the reporting date, measured by the rating-notch delta (assessed by comparing quantitative parameters) and, where applicable, by the PD delta. For migration to stage 2, the delta notch thresholds are differentiated by rating class at the date of origination (in line with IFRS 9.B5.5.9) and are scaled according to the initial rating. Where a rating exists at origination but is unavailable at the reporting date, the position is classified as stage 2.

• Loans and receivables with banks:
- a 3-notch decrease if the counterparty's external rating at origination or, where not available, of the counterparty's country, is equal to BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, as long as the downgrading does not directly lead to classification as stage 3 (junk grade).

Once the allocation to the various credit risk stages has been established, the expected credit losses (ECL) are determined at individual transaction or securities tranche level, based on the PD, LGD and EAD parameters.

Impairment of credit-impaired financial assets

All credit-impaired exposures are classified as stage 3, including those past due by over 90 days, regardless of the amount. Moreover, stage 3 includes all tranches associated with securities in default.

CF+ only reclassifies assets from stage 1 directly to stage 3 in exceptional cases, i.e., when their credit standing deteriorates dramatically and default is evident before receiving an interim report on credit rating. The bank's legacy portfolio, coming from its pre-demerger structure, envisages investments in POCI assets, which are therefore directly classified as stage 3 upon initial recognition. The bank assesses its credit-impaired exposures analytically using specific models depending on the nature of the assessed asset.

In particular, its POCI assets have specific impairment characteristics. Since initial recognition and over their entire life, the bank recognises a loss allowance equal to their lifetime ECL. Therefore, at each reporting date, the bank recognises any impairment gains or losses as may be necessary to adjust their lifetime ECL in profit or loss. Based on the above, the POCI assets are initially classified as stage 3, although they may be subsequently reclassified as performing exposures, nonetheless adjusted by a loss allowance equal to their lifetime ECL.

Business combinations

Business combinations are governed by IFRS 3.

(10) In general, the Fitch rating is used as the external public rating. Where this is not available, the S&P rating and the Moody's rating are used (in that order).

The transfer of control over an entity (or an integrated set of activities and assets that is capable of being conducted and managed as a single business) is considered a business combination.

To this end, control is deemed to have been transferred when the investor is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 3 requires that an acquirer be identified in any business combination. The acquirer is identified as the combining entity that obtains control of the other combining entities or businesses. If a controlling entity cannot be identified, following the definition of control described above, as, for example, in the case of the exchange of equity investments, the identification of the acquirer considers other factors such as: the entity which has a significantly higher fair value, the entity which pays a cash consideration or the entity which issues new shares.

The acquisition, and therefore the initial consolidation of the acquiree, is recognised on the date on which the acquirer effectively obtains control over the acquired entity or businesses. When the combination occurs in a single exchange, the date of the exchange usually coincides with the acquisition date, provided that there are no agreements stipulating the transfer of control prior to the date of the exchange.

The consideration transferred as part of a business combination is equal to the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed and the equity instruments issued by the acquirer in return for control.

In transactions which entail cash consideration (or when payment occurs via cash-equivalent financial instruments), the transaction price is the agreed consideration. When settlement does not occur in the short-term, the fair value of any deferred component is calculated by discounting the amounts payable to their present value; when payment occurs via an instrument other than cash, therefore via the issue of financial instruments, the price is equal to the fair value of such instruments net of the costs directly attributable to their issue. The "Fair value" section provides information on the fair value measurement of financial instruments. In the case of shares listed on active markets, the fair value is the acquisition-date quoted market price or, should that not be available, the latest price available.

The acquisition-date consideration transferred includes any contingent consideration based on future events, if provided for by the combination agreement and only if it is probable, it can be measured reliably and realised within one year of acquisition of control. Instead, any compensation for impairment losses on the assets used as consideration is not included in the purchase price since it is already considered either in the fair value of equity instruments or as a reduction in the premium or an increase in the discount on the initial issue of debt instruments.

Acquisition-related costs are those incurred by the acquirer to carry out the business combination, including, for example, professional fees paid to independent auditors, experts, legal advisors, costs for appraisals and audits of financial statements, preparation of information documents required by the law, as well as advisory fees incurred to identify potential targets, if the contract provides for the payment of success fees, as well as debt or equity securities' registration and issue costs.

The acquirer must account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, with one exception. The costs to issue debt or equity securities are recognised in accordance with IAS 32 and IFRS 9.

Business combinations are recognised using the "acquisition method" whereby identifiable assets acquired (including any intangible assets which had not been previously recognised by the acquiree) or liabilities assumed (including contingent liabilities) are recognised at their acquisition-date fair value.

Any excess between the consideration transferred (being the fair value of transferred assets, liabilities incurred and equity instruments issued by the acquirer), increased by any non-controlling interests (determined as above) as well as the fair value of any equity interest already held by the acquirer, and the fair value of acquired assets and liabilities is recognised as goodwill. Conversely, when the fair value of acquired assets and liabilities exceeds the sum of the consideration transferred, non-controlling interests and the fair value of any equity interest already held, the difference is recognised in profit or loss.

Business combinations may be recognised provisionally by the end of the reporting period in which the combination occurs, to be finalised within one year of the acquisition date.

Revenue and cost recognition

Revenue is the gross flow of economic benefits generated by an entity's ordinary operations. It is recognised when control of the goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled. Specifically, revenue is recognised using the model that can:
• identify the contract, defined as an agreement that creates enforceable obligations;
• identify the performance obligations in the contract;
• determine the transaction price, i.e., the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods and/or services to a customer;
• allocate the transaction price to the performance obligations on the basis of the relative stand-alone selling prices of each distinct good or service;
• recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue can be recognised at a point in time when the entity satisfies a performance obligation by transferring the promised good or service to a customer, or over time as the entity satisfies the performance obligation by transferring the promised good or service. Specifically:
a) interest is recognised on a pro rata basis, using the contractual interest rate or the effective interest rate when the amortised cost model is applied;
b) any contractually provided for default interest is recognised only when actually collected;
c) dividends are recognised in profit or loss when their distribution is approved;
d) commissions on revenue from services contractually provided for are recognised when the services are rendered. Commissions included in amortised cost to calculate the effective interest rate are recognised as interest;
e) income and expense from the trading of financial instruments are recognised when the sale is executed and are the difference between the transaction price paid or collected and the instrument's carrying amount;
f) gains on the sale of non-financial assets are recognised when the sale is executed, unless the bank has substantially retained the risks and rewards of ownership.

Costs are recognised in profit or loss on an accruals basis. Costs to obtain and fulfil a contract with a customer are recognised in profit or loss in the period in which the related revenue is recognised.

A.3 - TRANSFERS AMONG FINANCIAL ASSET PORTFOLIOS

None.

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

None.

A.3.2 Reclassified financial assets: change in business model, fair value and impact on OCI

None.

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

None.

A.4 – FAIR VALUE

This section includes the disclosures on fair value required by IFRS 13.

Qualitative information

A.4.1. Levels 2 and 3: valuation techniques and inputs used

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The transaction is a normal transaction between independent parties that have a reasonable understanding of the market conditions and significant facts about the asset or liability. Fundamental to the definition of fair value is the assumption that the entity is able to operate normally and does not need to urgently liquidate or significantly decrease a position. The fair value of an instrument reflects its credit quality as it includes the counterparty or issuer default risk among other things.

The fair value of financial instruments is determined using a hierarchy based on the origin, type and quality of the information used. This hierarchy gives maximum priority to quoted prices (unadjusted) in active markets and less priority to unobservable inputs. There are three different levels:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: inputs for the asset or liability that are not based on observable market data.

These valuation approaches are applied hierarchically. Therefore, if a quoted price on an active market is available, the Level 1 approach must be applied. In addition, the valuation technique applied must maximise the use of factors observable on the market and, therefore, rely as little as possible on subjective parameters or "private information".

In the case of financial instruments that are not quoted on active markets, the level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The valuation techniques used to determine fair value are calibrated regularly and validated using variable inputs observable on the market to ensure that they represent the actual market conditions and to identify any weaknesses.

The fair value hierarchy was included in IFRS 7 solely for disclosure purposes and not for measurement purposes. Therefore, the financial assets and liabilities are measured in accordance with IFRS 13.

Level 1
A financial instrument is quoted on an active market when its price is:
- readily and promptly available from stock exchanges, brokers, intermediaries, information providers, etc.;
- significant, i.e., representative of effective market transactions that take place regularly in normal trading.

In order to be considered as Level 1, the price shall be unadjusted, that is not adjusted by applying a valuation adjustment. Otherwise, the fair value measurement of the financial instrument will fall into Level 2.

Level 2
A financial instrument is included in Level 2 when all the significant inputs (other than quoted prices included in Level 1) used to measure it are observable directly or indirectly on the market.

The Level 2 inputs are:
- quoted prices for similar assets or liabilities in active markets;

- quoted prices for identical or similar assets or liabilities in markets that are not active;
- inputs other than quoted prices that are observable for the financial asset or liability (risk free rate curve, credit spread, volatility, etc.);
- inputs that mainly derive from or are corroborated (through correlation or other techniques) by observable market data (market-corroborated inputs).

An input is observable when it reflects the assumptions that a market participant would use when pricing a financial asset or liability using market data provided by independent sources.

If a fair value measurement uses observable data, which require significant adjustment using unobservable inputs, the measurement is categorised within Level 3 of the fair value hierarchy.

<u>Level 3</u>
Level 3 includes financial instruments, whose fair value is estimated using a valuation technique that uses inputs that are not observable on the market, not even indirectly. Specifically, inclusion in Level 3 takes place when at least one of the significant inputs used to measure the instrument is unobservable.

This categorisation takes place when the inputs used reflect the entity's assumptions, developed on the basis of the available information.

Levels 2 and 3: valuation techniques and inputs used

The fair value of financial instruments is determined using prices on financial markets for instruments quoted on active markets or internal valuation models for other financial instruments.

If a quoted price on an active market is unavailable or the market is not operating regularly, fair value is measured using valuation techniques to establish a price for a hypothetical independent transaction, driven by normal market considerations. These techniques include:
- reference to market values that are indirectly related to the instruments being valued and inferred from products with a similar risk profile and return;
- valuations made using, including partially, non-market inputs calculated using estimates and assumptions.

A.4.2. Valuation processes and sensitivity

Valuation processes and sensitivity

Assets other than short-term exposures classified as Level 3 chiefly include the ABS at fair value through profit or loss and participating financial instruments at fair value through other comprehensive income.

The bank measures the ABS using the discounted cash flow model (DCF), estimating the future cash flows and a suitable discount rate that reflects the time value of money and the risk premium. The cash flows are estimated considering the securitisations' business plans. The discount rate is identified as the cost of capital ("Ke"), calculated using the capital asset pricing model ("CAPM") method, and is estimated to be equal to the rate of return on the risk-free assets ("Rf"), increased by the sector-specific risk premium. This premium is calculated by considering the β coefficient, which measures a specific entity's risk, in relation to the variability of its return compared to the market risk and multiplying it by the equity risk premium ("ERP"). A specific risk coefficient is added to the output to account for the riskiness of the relevant securities compared to that of the market (small size premium or "SSP").

From 31 December 2025 and only when the ABS' underlying items are tax assets, the bank estimates the Ke differentiating between the high yield and low yield portfolios, determining the discount rate to be applied to the flows based on each portfolio's percentage of the ABS' total underlying tax assets. Specifically:
• the high yield portfolios' discount rate is estimated in a similar manner to that described above for other ABS ("KeHY");
• the low yield portfolios' discount rate is estimated by adding the Rf rate to the small size premium, as the β coefficient is assumed to be zero ("Ke^{LY}").

The models used to measure ABS whose underlying items are tax assets have been calibrated to better capture the qualitative split of the underlying portfolio between high-yield and low-yield segments.

The methodological refinement has had no impact on the group's consolidated financial statements, since the Crediti Fiscali+ vehicle is consolidated on a line-by-line basis; accordingly, the notes subscribed by the bank are eliminated on consolidation and replaced with the vehicle's underlying assets. In the separate financial statements, however, it resulted in an overall reduction in the securitisation discount rate of approximately 4%.

Assisted by independent experts, the bank regularly measures financial assets at fair value through other comprehensive income using market multiple or discounted cash flow models.

A.4.3. Fair value hierarchy

The bank did not transfer any financial assets or liabilities from one level to another during the year.

A.4.4. Other information

The bank did not apply the exception provided for by IFRS 13.48 (fair value based on the net exposure) for financial assets and liabilities that offset the market or counterparty risk.

Release of reserve as per Decree law no. 104/2023

Article 26 of Decree law no. 104/2023 introduced, only for 2023, a windfall tax on extra profits of Italian banks (or Italian permanent establishments of foreign banks) equal to 40% of the positive difference between the net interest income shown in their 2023 financial statements and that recognised in their 2021 financial statements, increased by 10%, subject to a cap of 0.26% of the total risk exposure amount on an individual basis, determined pursuant to article 92.3/4 of Regulation (EU) no. 575/2013 at the reporting date of the year prior to that in progress on 1 January 2023. When Decree law no. 104/2023 was converted into law, the Italian legislator added paragraph 5-bis, giving banks the option, in lieu of paying the tax, to allocate to a non-distributable reserve an amount equal to 2.5 times the windfall tax. Should the reserve subsequently be distributed, the bank would be required to pay the tax increased by interest accruing from the expiry of the ordinary payment deadline, at the ECB deposit facility rate.

When filing the tax return for 2023 and in line with the intention expressed by the shareholders at their meeting held to approve the separate financial statements at 31 December 2022, the bank placed a non-distributable restriction over the share premium (€0.9 million) and the legal reserve (€3.2 million) equal to 2.5 times the tax due (€1.6 million).

The recently approved 2026 Budget Law has introduced significant changes to the provisions of Decree law no. 104/2023. Specifically:
- starting with the annual reporting period commencing after 1 January 2028, should a bank distribute profits, including interim dividends, or reserves, regardless of any shareholders' resolution, the "restricted" reserve is presumed to be distributed first, thus triggering the obligation to pay the windfall tax;
- however, for years up to and including the one in progress on 31 December 2028, a bank may elect to pay a substitute tax on the "restricted" reserve at a rate of 27.5% of the reserve existing at the end of the year in progress on 31 December 2025 or 33% of the reserve existing at the end of the year in progress on 31 December 2026. Payment of this substitute tax therefore allows the bank to settle its tax liability, with an increased reduction if the payment is made (in June 2026) using the reserve existing at 31 December 2025.

Taking the above into account, the bank's Board of Directors resolved to release the restricted reserves recognised at 31 December 2025 (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75 equal to 27.5% of the restricted reserves), recognised through an equity reserve (caption 140 of liabilities). It also resolved to propose to the shareholders, at a meeting scheduled for April 2026, as a specific agenda item to be discussed before the approval of the separate financial statements at 31 December 2025, that they authorise the release and the consequent payment of the tax due in a single instalment by 30 June 2026.

Quantitative disclosure

A.4.5. Fair value hierarchy

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

(€'000)

Financial assets/ liabilities at fair value	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Financial assets at fair value through profit or loss	-	-	-	-	-	-
a) held for trading	13	-	-	288	-	508
b) designated at fair value	-	-	-	-	-	-
c) mandatorily measured at fair value	-	-	369,342	-	-	281,459
2. Financial assets at fair value through other comprehensive income	41,373	-	2,600	5,347	-	4,000
3. Hedging derivatives	-	938	-	-	-	-
4. Property, equipment and investment property	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	**41,386**	**937**	**371,942**	**5,635**	**-**	**285,967**
1. Financial liabilities held for trading	8	-	-	7	-	-
2. Financial liabilities at fair value through profit or loss	-	-	2,818	-	-	3,396
3. Hedging derivatives	-	-	-	-	-	-
Total	**8**	**-**	**2,818**	**7**	**-**	**3,396**

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

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

	Financial assets at fair value through profit or loss				Financial assets at fair value through other comprehensive income	Hedging derivatives	Property, equipment and investment property	Intangible assets
	Total	Including: a) held for trading	Including: b) designated at fair value	Including: c) mandatorily measured at fair value				
1. Opening balance	**285.967**	**508**	**-**	**281.459**	**4.000**	**-**	**-**	**-**
2. Increases	-	-		-				
2.1 Purchases	108.064	-	-	108.064	-	-	-	-
2.2 Gains recognised in:	36.571	-	-	36.571	-	-	-	-
2.2.1 Profit or loss	36.571	-	-	36.571	-	-	-	-
- including: gains	-	-	-	-	-	-	-	-
2.2.2 Equity	-	X	X	X	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-	-	-
3. Decreases	-			-	-			
3.1 Sales	-	-	-	-	-	-	-	-
3.2 Repayments	(55.374)	-	-	(55.374)	-	-	-	-
3.3 Losses recognised in:	-	-	-	-	-	-	-	-
3.3.1 Profit or loss	(1.885)	(508)	-	(1.378)	-	-	-	-
- including losses	(1.885)	(508)	-	(1.378)	-	-	-	-
3.3.2 Equity	(1.400)	X	X	X	(1.400)	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-	-	-
3.5 Other decreases	-	-	-	-	-	-	-	-
4. Closing balance	**371.942**	**0**	**-**	**369.342**	**2.600**	**-**	**-**	**-**

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

(€'000)

	Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1. Opening balance	-	3,396	-
2. Increases	-	-	-
2.1 Issues	-	-	-
2.2 Losses recognised in:	-	1,272	-
2.2.1 Profit or loss	-	1,272	-
- including losses	-	1,272	-
2.2.2 Equity	X	-	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	-	-	-
3.1 Repayments	-	(1,501)	-
3.2 Repurchases	-	-	-
3.3 Gains recognised in:	-	-	-
3.3.1 Profit or loss	-	-	-
- including gains	-	-	-
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	(349)	-
4. Closing balance	-	2,818	-

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

(€'000)

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2025				31/12/2024			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets at amortised cost	1,495,140	400,761	-	1,095,052	1,557,318	447,811	-	1,119,128
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets held for sale and disposal groups	-	-	-	-	-	-	-	-
Total	**1,495,140**	**400,761**	**-**	**1,095,052**	**1,557,318**	**447,811**	**-**	**1,119,128**
1. Financial liabilities at amortised cost	2,080,034	-	-	2,080,034	1,864,222	-	-	1,864,222
2. Liabilities associated with disposal groups	-	-	-	-	-	-	-	-
Total	**2,080,034**	**-**	**-**	**2,080,034**	**1,864,222**	**-**	**-**	**1,864,222**

Key:
CA = Carrying amount
L1= Level 1
L2= Level 2
L3= Level 3

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

The carrying amount of financial instruments equals their fair value at the reporting date. With respect to financial instruments not measured at fair value through profit or loss, their fair value is considered to equal their price collected or paid at the recognition date.

Any difference between the amount collected or paid for financial instruments measured at fair value through profit or loss and classified as Level 3 may be recognised in the relevant income statement caption, generating a day one profit/loss (DOP). The difference is recognised in profit or loss only if it is due to changes in factors on which the market participants based their assumptions when setting the price (including the time effect). When the instrument has a set maturity date and a model that monitors changes in the factors is not immediately available, the bank may recognise the DOP in profit or loss over the financial instrument's term.

The bank has not recognised a day one profit/loss on financial instruments as set out in IFRS 7.28 and the sections in the other related standards.

Part B: Notes to the statement of financial position

Assets

Section 1

Cash and cash equivalents – Caption 10

1.1 Cash and cash equivalents: breakdown

(€'000)

	31/12/2025	31/12/2024
a) Cash	1	1
b) Current accounts and demand deposits with central banks	147,455	88,503
c) Current accounts and demand deposits with banks	5,694	6,326
Total	**153,150**	**94,831**

As well as the bank's demand bank current accounts and deposits, an overnight deposit with Bank of Italy and cash-in-hand, this caption includes the payment module ("PM") account it holds as a participant in the European real-time gross settlement system.

Section 2

Financial assets at fair value through profit or loss – Caption 20

2.1 Financial assets held for trading: breakdown by type

(€'000)

Captions/Amounts	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
A Assets						
1. Debt instruments						
1.1 Structured	-	-	-	-	-	-
1.2 Other	-	-	-	-	-	-
2. Equity instruments	-	-	-	-	-	-
3. OEIC units	-	-	-	-	-	-
4. Financing						
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**-**	**-**	**-**	**-**	**-**	**-**
B Derivatives						
1. Financial derivatives						
1.1 trading	13	-	-	289	-	508
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Derivati creditizi						
2.1 trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**13**	**-**	**-**	**289**	**-**	**508**
Total (A+B)	**13**	**-**	**-**	**289**	**-**	**508**

The caption "Financial derivatives: 1.1 trading" shows the fair value of the futures used to hedge interest rate variations in the ABS. At 31 December 2024, the caption included a call option for 100% of BE TC S.r.l., recognised in 2018. As described in Part G - Business combinations, the option was settled in 2025 with the bank's acquisition of the company's business unit.

2.2 Financial assets held for trading: breakdown by debtor issuer/counterparty

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
A. Assets	**-**	**-**
1. Debt instruments	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. OEIC units	**-**	**-**
4. Financing	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	--	--
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total A	**-**	**-**
B. Derivatives	**-**	**-**
a) Central counterparties	-	-
b) Other	13	796
Total B	**13**	**796**
Total (A+B)	**13**	**796**

2.3 Financial assets at fair value through profit or loss: breakdown by type

None.

2.4 Financial assets at fair value through profit or loss: breakdown by debtor/issuer

None.

2.5 Other financial assets mandatorily measured at fair value: breakdown by type

(€'000)

Captions/Amounts	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Debt instruments						
1.1 Structured	-	-	-	-	-	-
1.2 Other	-	-	305,335	-	-	281,459
2. Equity instruments	-	-	-	-	-	-
3. OEIC units	-	-	64,007	-	-	-
4. Financing	-	-		-	-	
4.1 Reverse repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**369,342**	**-**	**-**	**281,459**

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

The caption includes:
• ABS that did not pass the SPPI test (their business model is HTC):
- senior ABS of €1,122 thousand;
- mezzanine ABS of €10,922 thousand;
- junior and mono tranche ABS of €293,290 thousand.

• OEIC units of €64,007 thousand subscribed in connection with the sale, completed in December 2025, of the portfolio of guaranteed non-performing exposures with a substantially similar carrying amount to the Lounge Rises Fund.

2.6 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
1. Equity instruments	**-**	**-**
of which: banks	-	-
of which: other financial companies	-	-
of which: non-financial companies	-	-
2. Debt instruments	**305,335**	**281,459**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	305,335	281,459
of which: insurance companies	-	-
e) Non-financial companies	-	-
3. OEIC units	**64,007**	**-**
4. Financing	**-**	**-**
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**369,342**	**281,459**

Section 3

Financial assets at fair value through other comprehensive income – Caption 30

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

(€'000)

Captions/Amounts	31/12/2025			31/12/2024		
	L1	L2	L3	L1	L2	L3
1. Debt instruments						
1.1 Structured	-	-	-	-	-	-
1.2 Other	41,373	-	-	5,347	-	-
2. Equity instruments	-	-	2,600	-	-	4,000
3. Financing	-	-	-	-	-	-
Total	**41,373**	**-**	**2,600**	**5,347**	**-**	**4,000**

At the reporting date, financial assets at fair value through other comprehensive income relate to government bonds (level 1) and a participating financial instrument. The Level 3 fair value of the latter has been measured considering the best information available at the preparation date of this report, with the assistance of independent experts. The bank recognised fair value losses of €1,400 thousand on this instrument in 2025.

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

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
1. Debt instruments	**41,373**	**5,347**
a) Central banks	-	-
b) Public administrations	41,373	5,347
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity instruments	**2,600**	**4,000**
a) Banks	-	-
b) Other issuers:	2,600	4,000
- Other financial companies	-	-
of which: insurance companies	-	-
- Non-financial companies	2,600	4,000
- Other	-	-
3. Financing		
a) Central banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**43,973**	**9,347**

3.3 Financial assets at fair value through other comprehensive income: gross carrying amount and total impairment losses

(€'000)

	Gross carrying amount					Total impairment losses				
	Stage 1	of which:	Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	Partial/ full write-offs (*)
Debt instruments	41,394	41,394	-	-		21	-	-		-
Financing	-	-	-	-		-	-	-		-
Total 31.12.2025	**41,394**	**41,394**	**-**	**-**		**21**	**-**	**-**		**-**
Total 31.12.2024	**5,349**	**5,349**	**-**	**-**		**2**	**-**	**-**		**-**

**To be shown for disclosure purposes*

Section 4

Financial assets at amortised cost – Caption 40

4.1 Financial assets at amortised cost: loans and receivables with banks broken down by type

(€'000)

Transaction type/Amount	31/12/2025						31/12/2024					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
A. Loans and receivables with central banks	**11,118**	**-**	**-**	**-**	**-**	**-**	**10,177**	**-**	**-**	**-**	**-**	**-**
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Minimum reserve	11,118	-	-	X	X	X	10,177	-	-	X	X	X
3. Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans and receivables with banks	**1,277**	**-**	**-**	**-**	**-**	**-**	**1,245**	**-**	**-**	**-**	**-**	**-**
1. Financing												
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Other financing:	-	-	-	X	X	X	-	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Net investments in leases	-	-	-	X	X	X	-	-	-	X	X	X
- Other	1,277	-	-	X	X	X	1,245	-	-	X	X	X
2. Debt instruments												
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-	-	-	-	-	-	-
Total	**12,394**	**-**	**-**	**-**	**-**	**-**	**11,422**	**-**	**-**	**-**	**-**	**-**

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

This caption includes the minimum reserve held with Bank of Italy and margins of €1,277 thousand for future positions and repos with bank counterparties.

4.2 Financial assets at amortised cost: loans and receivables with customers broken down by type

(€'000)

Transaction type/Amount	31/12/2025						31/12/2024					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	L1	L2	L3
Financing												
1.1. Current accounts	-	-	-	X	X	X	-	-	180	X	X	X
1.2. Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
1.3. Loans	644,290	50,217	2,189	X	X	X	690,185	73,392	2,547	X	X	X
1.4. Credit cards, personal loans and salary-backed loans	40	2	-	X	X	X	66	3	-	X	X	X
1.5. Net investments in leases	2,297	4,578	947	X	X	X	2,527	4,871	1,431	X	X	X
1.6. Factoring	188,764	8,417	-	X	X	X	168,510	1,804	-	X	X	X
1.7. Other financing	19,823	-	-	X	X	X	18,106	-	-	X	X	X
Debt instruments												
1.1. Structured	-	-	-	-	-	-	-	-	-	-	-	-
1.2. Other	561,180	-	-	400,761	-	158,699	582,273	-	-	447,811	-	133,534
Total	**1,416,396**	**63,214**	**3,136**	**400,761**		**158,699**	**1,461,668**	**80,070**	**4,158**	**447,811**		**133,534**

Loans and receivables with customers amount to €1,482,746 thousand, net of impairment losses.

The carrying amount of credit-impaired portfolios purchased at a discount shown in the table and recognised in the statement of financial position does not reflect the gross amount due from the customer as it is the purchase price plus accrued interest, net of collections.

They decreased by €63,151 thousand from €1,545,896 thousand at 31 December 2024, mainly due to slow-down of the guaranteed finance business line (guaranteed finance products amounted to €692,440 thousand at the reporting date, down €68,723 thousand on 31 December 2024) and smaller investments in government bonds (down €45,646 thousand on the previous year end), partly offset by the rise in factoring loans (up €26,868 thousand to €197,181 thousand at the reporting date). The caption is net of loss allowances of €68 million.

Specifically, the caption consists of:
- loans and financing disbursed of €713,689 thousand, including the financing of €19,071 thousand given to the REOCOs and guaranteed finance products of €692,440 thousand;
- Gimli portfolio of €2,189 thousand at 31 December 2025, which the bank purchased for investment purposes in 2018, together with the ABS issued by the SPVs Ponente and New Levante, whose underlying assets consist of non-performing bank loans and leases, respectively;
- net investments in leases of €7,823 thousand, equal to the present value of the lease payments at the reporting date;
- factoring assets of €197,181 thousand;
- other assets of €682 thousand, which mainly include trade receivables.

The caption comprises government bonds of €403,699 thousand and senior and mezzanine ABS of €157,482 thousand that passed the SPPI test.

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

(€'000)

Transaction type/Amount	31/12/2025			31/12/2024		
	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired	Stages 1 and 2	Stage 3	Purchased or originated credit-impaired
1. Debt instruments						
a) Public administrations	403,699	-	-	449,345	-	-
b) Other financial companies	157,482	-	-	132,929	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
2. Financing to:						
a) Public administrations	-	-	-	-	-	-
b) Other financial companies	22,538	1,040	1	19,649	-	1
of which: insurance companies	1,040	-	-	1,380	-	-
c) Non-financial companies	831,916	61,928	2,878	858,844	79,879	3,831
d) Households	760	246	258	901	190	327
Total	**1,416,395**	**63,214**	**3,136**	**1,461,669**	**80,070**	**4,158**

4.4 Financial assets at amortised cost: gross carrying amount and total impairment losses

(€'000)

	Gross carrying amount					Total impairment losses				Partial total write-offs (*)
	Stage 1		Stage 2	Stage 3	Purchased or originated credit-impaired	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired	
		of which: instruments with a low credit risk								
Debt instruments	480,070	404,014	114,859	-	-	(532)	(33,217)	-	-	-
Financing	688,727	-	182,609	78,025	18,662	(2,231)	(1,499)	(14,808)	(15,525)	-
Total 31.12.2025	**1,168,796**	**404,014**	**297,468**	**78,025**	**18,662**	**(2,762)**	**(34,715)**	**(14,808)**	**(15,525)**	**-**
Total 31.12.2024	**1,336,961**	**449,552**	**165,013**	**95,199**	**25,121**	**(3,327)**	**(25,557)**	**(15,129)**	**(20,963)**	**-**

Section 5

Hedging derivatives - Caption 50

5.1 Hedging derivatives: breakdown by type of hedge and level

	Fair value 31/12/2025			Nominal amount 31/12/2025	Fair value 31/12/2024			Nominal amount 31/12/2024
	L1	L2	L3		L1	L2	L3	
A) Financial derivatives								
1) Fair value	-	938	-	40,000	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign	-	-	-	-	-	-	-	-
B) Derivati creditizi	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**938**	**-**	**40,000**	**-**	**-**	**-**	**-**

The caption includes interest rate swaps with a positive fair value, entered into as part of the micro fair value hedging strategy launched in the second quarter of 2025. The hedged items are BTPs classified in the HTC portfolio.

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transaction/ Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Micro-hedged						Macrohedged	Microhedged	Macrohedged	
	debt instruments and interest rates	equity instruments and share indexes	currencies and gold	loans and receivables	commodities	other				
1. Financial assets at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	938	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	-	X	-	X
4. Other	-	-	-	-	-	-	X	-	X	-
Total assets	**938**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Forecast transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of finan-cial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Section 6

Macro-hedged financial assets - Caption 60

6.1 Macro-hedged financial assets: breakdown by hedged portfolio

None.

Section 7

Equity investments – Caption 70

7.1 Equity investments: details

This caption includes the investments in the following companies at the reporting date (€3).

Company	Registered office	Head office	Investment %	Voting rights %
A. Subsidiaries				
1. Crediti fiscali+ S.r.l.	Via Piemonte 38 - Rome	Via Piemonte 38 - Rome	60%	60%
2. Lazzaro SPV S.r.l.	Corso Europa 15 - 20122 Milan	Corso Europa 15 - 20122 Milan	60%	60%
3. Aircraft Purchase Fleet Limited	29 Earlsfort Terrace - Dublin 2	29 Earlsfort Terrace - Dublin 2	100%	100%
B. Jointly controlled entities				
None	-	-	-	-
C. Associates				
None	-	-	-	-

7.2 Significant equity investments: carrying amount, fair value and dividends received

Since the bank prepares consolidated financial statements pursuant to Bank of Italy's Circular no. 262/2005, this disclosure is not required.

7.3 Significant equity investments: breakdown

Since the bank prepares consolidated financial statements pursuant to Bank of Italy's Circular no. 262/2005, this disclosure is not required.

7.4 Insignificant equity investments: breakdown

None.

7.5 Equity investments: changes

(€'000)

	31/12/2025	31/12/2024
A. Opening balance	**-**	**-**
B. Increases	**-**	**56**
B.1 Purchases	-	56
B.2 Impairment gains	-	-
B.3 Fair value gains	-	-
B.4 Other increases	-	-
C. Decreases	**-**	**(56)**
C.1 Sales	-	-
C.2 Impairment losses	-	(56)
C.3 Fair value losses	-	-
C.4 Other decreases	-	-
D. Closing balance	**-**	**-**
E. Total fair value gains	**-**	**-**
F. Total impairment losses	**-**	**-**

7.6 Commitments relating to jointly controlled entities

None.

7.7 Commitments relating to associates

None.

7.8 Significant restrictions

None.

7.9 Other disclosures

As required by IFRS 12.3/22.b)/c), it is noted that the bank has not entered into joint control arrangements.

Section 8

Property, equipment and investment property – Caption 80

8.1 Property and equipment: assets measured at cost

(€'000)

Assets/Amounts	31/12/2025	31/12/2024
1. Owned	**830**	**1,356**
a) land	-	-
b) buildings	-	-
c) furniture	352	571
d) electronic systems	-	-
e) other	478	785
2. Right-of-use	**2,717**	**4,776**
a) land	-	-
b) buildings	1,942	4,114
c) furniture	-	-
d) electronic systems	-	-
e) other	776	662
Total	**3,548**	**6,132**
of which: obtained through enforcement of guarantees received	-	-

This caption comprises the right-of-use assets of €2,717 thousand recognised in accordance with the requirements of IFRS 16. The assets falling within the scope of the standard refer to the leased offices in Rome and Milan, buildings for residential use granted as a benefit to certain employees, company cars and printers.

8.2 Investment property: assets measured at cost

None.

8.3 Property and equipment: revalued assets

None.

8.4 Investment property: assets measured at fair value

None.

8.5 Property held for resale governed by IAS 2: breakdown

None.

8.6 Property and equipment: changes

(€'000)

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Gross opening balance	**-**	**4,114**	**934**	**-**	**2,295**	**7,343**
A.1 Accumulated depreciation and net impairment losses	-	-	(363)	-	(849)	(1,212)
A.2 Net opening balance	**-**	**4,114**	**571**	**-**	**1,446**	**6,132**
B. Increases:	**-**	**47**	**9**	**-**	**603**	**659**
B.1 Purchases	-	-	9	-	41	51
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Reversals of impairment losses	-	-	1	-	-	-
B.4 Fair value gains through	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	x	x	x	-
B.7 Other increases	-	47	-	-	561	608
C. Decreases:	**-**	**(2,219)**	**(228)**	**-**	**(795)**	**(3,243)**
C.1 Sales	-	-	(104)	-	(49)	(153)
C.2 Depreciation	-	(1,043)	(124)	-	(664)	(1,830)
C.3 Impairment losses through	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.4 Fair value losses through	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) profit or loss	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment property	-	-	x	x	x	-
b) non-current assets held for sale and disposal groups	-	-	-	-	-	-
C.7 Other decreases	-	(1,177)	0	-	(82)	(1,259)
D. Net closing balance	**-**	**1,942**	**352**	**-**	**1,253**	**3,548**
D.1 Accumulated depreciation and net impairment losses	-	-	(395)	-	(1,083)	(1,477)
D.2 Gross closing balance	**-**	**1,942**	**747**	**-**	**2,336**	**5,024**
E. Measurement at cost	-	-	-	-	-	-

The bank does not have any investment property at the reporting date or other property held for resale governed by IAS 2. It has not committed its property and equipment in any way.

As required by IFRS 16.53.h), it is noted that the bank did not make any significant additions to its right-of-use assets as a lessee.

8.7 Investment property: changes

None.

8.8 Property held for resale governed by IAS 2: changes

None.

8.9 Commitments to purchase property and equipment

None.

Section 9

Intangible assets – Caption 90

9.1 Intangible assets: breakdown by asset

(€'000)

Assets/Amounts	31/12/2025		31/12/2024	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**x**	**2,678**	**x**	**2,178**
A.2 Other intangible assets	**6,188**	**-**	**9,094**	**-**
including: software	6,188	-	9,094	-
A.2.1 Assets measured at cost:	-	-	-	-
a) internally developed assets	606	-	1,211	-
b) other	5,583	-	7,882	-
A.2.2 Assets measured at fair value:	-	-	-	-
a) internally developed assets	-	-	-	-
b) other	-	-	-	-
Total	**6,188**	**2,678**	**9,094**	**2,178**

Intangible assets comprise the cost of software net of accumulated amortisation (€1,376 thousand), goodwill arising on the acquisition of Fifty (€1,272 thousand) and BECM (€906 thousand), the Credimi technological platform (€4,207 thousand) and the unamortised amount of the intangible asset also related to the Fifty merger (€606 thousand).

With the completion of the acquisition of the business unit of BE TC S.r.l., goodwill of €500 thousand was also recognised in this caption.

The bank checked the recoverability of its intangible assets with an indefinite useful life through a dedicated impairment test, which was approved by its Board of Directors. The test confirmed the accuracy of their carrying amount.

For the purposes of the impairment test, the bank allocated the above intangible assets to the relevant cash-generating units ("CGUs"), namely, the factoring, tax assets and financing CGUs.

Specifically, the bank tested its factoring and tax assets CGUs for impairment by calculating their value in use based on the dividend discount model considering excess capital rather than the minimum regulatory capital allocated thereto.

The cash flows underlying the quantification of taxable profits are based on the most recent strategic projections for the 2026-2028 three-year period approved by the bank's Board of Directors on 28 January 2026.

The main parameters used were cost of equity (Ke) 10.7% and long-term growth rate 2%.

The bank also carried out sensitivity analyses of the parameters used to determine the cost of equity (Ke) and the long-term growth rate (g), which confirmed the assets' recoverability.

9.2 Intangible assets: changes

(€'000)

	Goodwill	Other intangible assets: internally-generated		Other intangible assets: other		Total
		FINITE	INDEFINITE	FINITE	INDEFINITE	
A. Opening balance	**2,178**	**3,029**	**-**	**12,799**	**-**	**18,006**
A.1 Accumulated amortisation and net impairment losses	-	(1,817)	-	(4,917)	-	(6,734)
A.2 Net opening balance	**2,178**	**1,212**	**-**	**7,882**	**-**	**11,272**
B. Increases	**500**	**-**	**-**	**541**	**-**	**1,041**
B.1 Purchases	-	-	-	541	-	541
B.2 Increase in internally-generated assets	x	-	-	-	-	-
B.3 Reversals of impairment losses	x	-	-	-	-	-
B.4 Fair value gains:						
- through equity	x	-	-	-	-	-
- through profit or loss	x	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other increases	500	-	-	-	-	500
C. Decreases	**-**	**(606)**	**-**	**(2,840)**	**-**	**(3,446)**
C.1 Sales	-	-	-	-	-	-
C.2 Impairment losses	-	-	-	-	-	-
- Amortisation	x	(606)	-	(2,840)	-	(3,446)
- Impairment losses:	-	-	-	-	-	-
+ equity	x	-	-	-	-	-
+ profit or loss	-	-	-	-	-	-
C.3 Fair value losses:	-	-	-	-	-	-
- through equity	x	-	-	-	-	-
- through profit or loss	x	-	-	-	-	-
C.4 Transfers to disposal groups	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other decreases	0	-	-	-	-	-
D. Net closing balance	**2,678**	**606**	**-**	**5,583**	**-**	**8,867**
D.1 Accumulated amortisation and net impairment losses	-	(2,423)	-	(7,757)	-	(10,180)
E. Gross closing balance	**2,678**	**3,029**	**-**	**13,340**	**-**	**19,047**
F. Measurement at cost	-	-	-	-	-	-

Key
FINITE: finite life
INDEFINITE: indefinite life

Internally-developed assets include the Fifty platform designed to manage the factoring product acquired through the merger of Fifty S.r.l. in 2022.

9.3 Intangible assets: other disclosures

The following should be noted:
a) the bank does not have any gains related to revalued intangible assets (IAS 38.124.b));
b) the bank has not acquired intangible assets under government concession (IAS 38.122.c));
c) the bank has not pledged intangible assets to secure its debts (IAS 38.122.d));
d) the bank does not have commitments to acquire intangible assets (IAS 38.122.e));
e) it has not leased any intangible assets.

Section 10 - Tax assets and liabilities – Caption 100 of assets and Caption 60 of liabilities

10.1 Deferred tax assets: breakdown

Deferred tax assets of €28,236 thousand include €24,816 thousand related to carryforward tax losses, €2,354 thousand to the ACE (Aid for Economic Growth) benefit and €899 thousand to other deductible temporary differences that can be used to reduce the tax base in future years.

The deferred tax assets on deductible temporary differences include €458 thousand related to IRES and IRAP, recognised in the 2022 separate financial statements for the first time, for the substitute tax to be paid on the goodwill arising from the 2022 mergers of Fifty and BECM for its tax alignment.

As these tax benefits are potential only, the future taxable profits should be such as to offset the deductible temporary differences, the carryforward tax losses and the ACE benefit. IAS 12.24 provides that a deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Paragraph 34 and following paragraphs of the same standard clarify that a deferred tax asset shall be recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. This shall be ascertained on a prudent basis and by performing a specific probability test to support the underlying assumptions.

Accordingly, and based on the probability test carried out in accordance with IAS 12 and approved by the Board of Directors, the bank recognised deferred tax assets on tax losses and ACE totalling €22,626 thousand at 31 December 2025.

All deferred tax assets, other than those covered by Law no. 214/2011, were tested for probability. The cash flows underlying the quantification of taxable profits are based on the most recent strategic projections for the 2026-2028 three-year period approved by the bank's Board of Directors. The recovery time horizon envisaged at the end of the test is in line with market best practice. This horizon does not take into account the positive outcome of the public tender and exchange offer for the ordinary shares of Banca Sistema S.p.A., which could further accelerate the recovery.

The deferred tax assets recognised in accordance with Law no. 214/2011 relate to impairment losses on loans and receivables and amount to €166 thousand.

10.2 Deferred tax liabilities: breakdown

The bank recognised deferred tax liabilities of €266 thousand, as a balancing entry of the IRES and IRAP recognised on the fair value changes of financial assets at fair value through other comprehensive income (€35 thousand) and on the fair value gain on the intangible assets recognised as a result of the PPA procedure for the Credimi business unit, which is not relevant for tax purposes (€231 thousand).

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

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**5,641**	**5,935**
2. Increases		
2.1 Deferred tax assets recognised in the year		
a) related to previous years	23,916	-
b) due to changes in accounting policies	-	-
c) reversals of impairment losses	292	-
d) other	-	-
2.2 New taxes or increases in tax rates	35	-
2.3 Other increases	-	-
3. Decreases		
3.1 Deferred tax assets derecognised in the year	-	-
a) reversals	(1,617)	-
b) impairment due to non-recoverability	-	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases:		
a) conversion into tax assets, as per Law no. 214/2011	(63)	(150)
b) other	-	(144)
4. Closing balance	**28,204**	**5,641**

10.3 bis Changes in deferred tax assets as per Law no. 214/2011

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**229**	**379**
2. Increases	**0**	**-**
3. Decreases		
3.1 Reversals	-	-
3.2 Conversions into tax assets		
a) arising on the loss for the year	(17)	(111)
b) arising on tax losses	(47)	(39)
3.3 Other decreases	-	-
4. Closing balance	**165**	**229**

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

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**273**	**-**
2. Increases	**-**	**-**
2.1 Deferred tax liabilities recognised in the year		
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	9	322
2.2 New taxes or increases in tax rates	17	-
2.3 Other increases	-	-
3. Decreases		
3.1 Deferred tax liabilities derecognised in the year		
a) reversals	(68)	(48)
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**231**	**273**

10.5 Changes in deferred tax assets (recognised in equity)

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**2**	**-**
2. Increases	**-**	**-**
2.1 Deferred tax assets recognised in the year		
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	31	2
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax assets derecognised in the year		
a) reversals	-	-
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**32**	**2**

10.6 Changes in deferred tax liabilities (recognised in equity)

(€'000)

	31/12/2025	31/12/2024
1. Opening balance	**137**	**55**
2. Increases	**-**	**82**
2.1 Deferred tax liabilities recognised in the year		
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	82
2.2 New taxes or increases in tax rates	5	-
2.3 Other increases	-	-
3. Decreases	**-**	**-**
3.1 Deferred tax liabilities derecognised in the year		
a) reversals	(106)	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**35**	**137**

10.7 Other disclosures

Current tax assets at the reporting date may be analysed as follows:

(€'000)

No.	Description	31/12/2025	31/12/2024
1	Withholdings on current account interest paid on account	7,645	5,506
2	Virtual stamp duty paid on account	3,699	3,302
3	IRAP	74	74
4	Non-current substitute tax paid on account	348	559
5	IRES surtax to be recovered	72	72
6	Tax assets of demerged companies	3	29
7	New operating assets Law no. 178/20	-	8
8	Withholdings	37	-
	Total	**11,878**	**9,551**

The caption mostly consists of the virtual stamp duty paid on account and bi-monthly advance payments and withholdings on current account interest paid on account.

Section 11

Non-current assets held for sale, disposal groups and associated liabilities – Caption 110 of assets and Caption 70 of liabilities

11.1 Non-current assets held for sale and disposal groups: breakdown by asset

None.

11.2 Other disclosures

None.

Section 12

Other assets – Caption 120

12.1 Other assets: breakdown

(€'000)

Transaction type/Amount	31/12/2025	31/12/2024
Guarantee deposits	777	456
Prepayments and accrued income	29,959	2,430
Tax assets purchased from third parties	50,023	17,606
Self-securitisation	806	-
APS compensation	8,834	-
Investment in tax assets	90,910	-
Sundry assets	1,868	2,412
Total	**183,177**	**22,904**

The caption mainly consists of:
• a tax asset arising from a co-investment transaction for the purchase of an IRES asset from a leading operator in the Italian energy sector (€90,910 thousand);
• tax assets of €50,023 thousand purchased from third parties that originated as a result of tax incentive measures granted in the form of tax credits or deductions (the 110% superbonus);
• prepayments and accrued income of €29,959 thousand that include the portion of the premium paid in advance (€26.5 million) but pertaining to future years for the ten-year APS financial guarantee contract; Notwithstanding the absence of indicators of impairment, the bank tested the carrying amount of the premium for impairment in accordance with IAS 36. The test confirmed the recoverability of this asset;
• the APS compensation of €8,834 thousand due for the second half of 2025 under the aforementioned APS contract that was collected in February 2026;
• sundry assets, which mainly comprise items in transit relating to online deposits.

Part A (paragraph on "Other assets") provides information about their classification and measurement.

Liabilities

Section 1

Financial liabilities at amortised cost – Caption 10

1.1 Financial liabilities at amortised cost: Financial liabilities with banks broken down by type

(€'000)

Transaction type/Amount	31/12/2025				31/12/2024			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	**80,038**	**x**	**x**	**x**	**180,016**	**x**	**x**	**x**
2. Due to banks	**228,553**	**x**	**x**	**x**	**253,231**	**x**	**x**	**x**
2.1 Current accounts and demand deposits	-	x	x	x	-	x	x	x
2.2 Term deposits	-	x	x	x	-	x	x	x
2.3 Financing	-	x	x	x	-	x	x	x
2.3.1 Repurchase agreements	228,540	x	x	x	252,942	x	x	x
2.3.2 Other	13	x	x	x	289	x	x	x
2.4 Commitments to repurchase own equity instruments	-	x	x	x	-	x	x	x
2.5 Lease liabilities	-	x	x	x	-	x	x	x
2.6 Other liabilities	-	x	x	x	-	x	x	x
Total	**308,592**	**-**	**-**	**-**	**433,247**	**-**	**-**	**-**

Key:
CA = Carrying amount
L1= Level 1
L2= Level 2
L3= Level 3

Due to central banks of €80,038 thousand relates to advances for open market transactions.

The repurchase agreements of €228,540 thousand refer to funding with government bonds given as security.

The bank does not have any structured liabilities, subordinated liabilities or finance lease liabilities to banks.

1.2 Financial liabilities at amortised cost: Financial liabilities with customers broken down by type

(€'000)

Transaction type/Amount	31/12/2025				31/12/2024			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
1 Current accounts and demand deposits	338,067	x	x	x	324,229	x	x	x
2 Term deposits	1,404,412	x	x	x	1,075,218	x	x	x
3 Financing	-	x	x	x	-	x	x	x
3.1 Repurchase agreements	-	x	x	x	-	x	x	x
3.2 Other	-	x	x	x	-	x	x	x
4 Commitments to repurchase own equity instruments	-	x	x	x	-	x	x	x
5 Lease liabilities	3,267	x	x	x	5,872	x	x	x
5 Other liabilities	196	x	x	x	192	x	x	x
Total	**1,745,942**	**-**	**-**	**-**	**1,405,511**	**-**	**-**	**-**

Key:
CA = Carrying amount
L1= Level 1
L2= Level 2
L3= Level 3

The current accounts and demand deposits include the retail current accounts for which the time deposit letter had to be signed (€12,072 thousand) and sight deposits from retail customers (€325,995 thousand).

The term deposits mainly relate to retail online term deposits ("DOL"). At the reporting date, the liability to DOL customers includes deposits for which the time deposit letter had been signed of €1,262,255 thousand (31 December 2025: €952,715 thousand).

"Lease liabilities" are recognised in accordance with IFRS 16 (€3,267 thousand).

The bank does not have any structured liabilities, subordinated liabilities or finance lease liabilities to customers.

1.3 Financial liabilities at amortised cost: securities issued broken down by type

(€'000)

Transaction type/Amount	31/12/2025				31/12/2024			
	Carrying amount	Fair value			Carrying amount	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. Bonds	25,500	-	-	-	25,464	-	-	-
1.1 structured	-	-	-	-	-	-	-	-
1.2 other	25,500	-	-	25,500	25,464	-	-	25,464
2. Other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	**25,500**	**-**	**-**	**25,500**	**25,464**	**-**	**-**	**25,464**

The caption includes the subordinated bonds with a nominal amount of €25 million issued on 13 October 2023 at an annual interest rate of 14.50%. The bonds qualify as a Tier 2 capital instrument in accordance with the provisions of Regulation (EU) no. 575/2013 ("CRR", Capital Requirements Regulation) and Bank of Italy Circular no. 285 of 17 December 2013.

The subordinated bonds, which were dematerialised and centralised at Euronext Securities Milan (Monte Titoli S.p.A.), were traded on the professional segment of the multilateral trading system Euronext Access Milan organised and managed by Borsa Italiana S.p.A..

1.4 Breakdown of subordinated liabilities/junior securities

Breakdown of subordinated liabilities	31/12/2025	31/12/2024
Due to banks	-	-
Due to customers	-	-
Securities	25,500	25,464
Total	**25,500**	**25,464**

1.5 Breakdown of structured liabilities

None.

1.6. Lease liabilities

Lease liabilities	31/12/2025	31/12/2024
Offices	2,396	5,050
Buildings for residential use	84	137
Company cars	779	671
Printers	8	14
Total	**3,267**	**5,872**

Section 2

Financial liabilities held for trading - Caption 20

2.1 Financial liabilities held for trading: breakdown by type

(€'000)

Transaction type/Amount	31/12/2025					31/12/2024				
	Nominal amount	Fair value			Fair Value	Nominal amount	Fair value			Fair Value
		L1	L2	L3			L1	L2	L3	
A.Liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt instruments	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 structured	-	-	-	-	x	-	-	-	-	x
3.1.2 other	-	-	-	-	x	-	-	-	-	x
3.2 Other securities	-	-	-	-	x	-	-	-	-	x
3.2.1 structured	-	-	-	-	x	-	-	-	-	x
3.2.2 other	-	-	-	-	x	-	-	-	-	x
TOTAL A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial derivatives	-	-	-	-	-	-	-	-	-	-
1.1 Trading	x	8	-	-	x	x	7	-	-	x
1.2 Associated with fair value option	x	-	-	-	x	x	-	-	-	x
1.3 Other	x	-	-	-	x	x	-	-	-	x
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Trading	x	-	-	-	x	x	-	-	-	x
2.2 Associated with fair value option	x	-	-	-	x	x	-	-	-	x
2.3 Other	x	-	-	-	x	x	-	-	-	x
TOTAL B	**-**	**8**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**-**
TOTAL A + B	**-**	**8**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**-**

This caption includes listed trading derivatives (futures) with a negative fair value.

2.2 Breakdown of financial liabilities held for trading: subordinated liabilities

None.

2.3 Breakdown of financial liabilities held for trading: structured liabilities

None.

Section 3

Financial liabilities at fair value through profit or loss - Caption 30

3.1 Financial liabilities at fair value through profit or loss: breakdown by type

(€'000)

Transaction type/Amount	31/12/2025					31/12/2024				
	Nominal or notional amount	Fair value			Fair Value (*)	Nominal or notional amount	Fair value			Fair Value (*)
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-	x	-	-	-	-	x
1.1. Structured	-	-	-	-	x	-	-	-	-	x
1.2. Other including:	-	-	-	-	x	-	-	-	-	x
- loan commitments	-	x	x	x	x	-	x	x	x	x
- financial guarantees given	-	x	x	x	x	-	x	x	x	x
2. Due to customers	-	-	-	-	x	-	-	-	-	x
2.1 Structured	-	-	-	-	x	-	-	-	-	x
2.2 Other including:	2,818	-	-	2,818	x	3,396	-	-	3,396	x
- loan commitments	-	-	-	-	x	-	-	-	-	x
- financial guarantees given	-	-	-	-	x	-	-	-	-	x
3. Debt instruments	-	-	-	-	x	-	-	-	-	x
3.1 Structured	-	-	-	-	x	-	-	-	-	x
3.2 Other	-	-	-	-	x	-	-	-	-	x
TOTAL	**2,818**	**-**	**-**	**2,818**	**-**	**3,396**	**-**	**-**	**3,396**	**-**

The caption includes liabilities for the payment of deferred prices of the portfolios of former Artemide (€1,607 thousand), subsequently transferred to Bramito, and Crediti Fiscali+ (€1,208 thousand), whose due date is consistent with the relevant portfolios.

3.2 Breakdown of “Financial liabilities at fair value through profit or loss”: subordinated liabilities

None.

Section 4

Hedging derivatives - Caption 40

4.1 Hedging derivatives: breakdown by type of hedge and fair value level

None.

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

None.

Section 5

Macro-hedged financial liabilities - Caption 50

5.1 Macro-hedged financial liabilities: breakdown by hedged portfolio

None.

Section 6

Tax liabilities – Caption 60

Tax liabilities of €1,967 thousand? (€484 thousand at 31 December 2024) include current tax liabilities of €1,701 thousand and deferred tax liabilities of €266 thousand recognised on the fair value gain arising on Credimi’s intangible asset following completion of the PPA procedure.

The bank recognised a current tax liability of €1,137 thousand for the substitute tax to be paid, by 30 June 2026, to release the restricted reserves for the windfall tax, recognised with a balancing entry in equity.

Section 7

Liabilities associated with disposal groups - Caption 70

None.

Section 8

Other liabilities – Caption 80

8.1 Other liabilities: breakdown

(€'000)

	31/12/2025	31/12/2024
Remuneration due to employees	3,320	3,279
Social security contributions	1,543	1,347
Sundry guaranteed finance liabilities	1,382	41
Sundry lease liabilities	-	142
Sundry amounts due to SPVs	52	84
Factoring transactions	12,027	4,986
Trade payables	4,829	7,228
Stamp duties	2,295	1,812
Substitute tax	357	373
VAT	23	33
Items in transit (DOL)	3,089	2,881
Deferred income	2,108	4,020
Withholding taxes	7,008	8,550
Amounts due to SPVs for promissory note planning	49	49
Sundry liabilities	1,475	1,211
Total	**39,557**	**36,036**

Sundry liabilities chiefly comprise commissions of €587 thousand charged to guaranteed finance customers to be transferred to SACE and the SME fund.

Section 9

Post-employment benefits – Caption 90

9.1 Post-employment benefits: changes

(€'000)

	31/12/2025	31/12/2024
A. Opening balance	**386**	**481**
B. Increases	**-**	**-**
B.1 Accruals	15	29
B.2 Other increases	112	-
C. Decreases	**-**	**-**
C.1 Payments	(38)	(109)
C.2 Other decreases	(31)	(15)
D. Closing balance	**443**	**386**
Total	**443**	**386**

9.2 Other disclosures

The carrying amount of these benefits is calculated using actuarial methods as provided for by IAS 19.

The main actuarial assumptions are:
- discount rate of 3.90% (31 December 2024: 3.40%);
- expected inflation rate of 1.70% (31 December 2024: 1.90%).

Section 10

Provisions for risks and charges – Caption 100

10.1 Provisions for risks and charges: breakdown

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
1. Provisions for credit risk for loan commitments and financial guarantees given	-	-
2. Provisions for other commitments and other guarantees given	-	-
3. Internal pension funds	-	-
4. Other provisions		
4.1 legal and tax disputes	1,176	459
4.2 personnel	-	-
4.3 other	-	-
Total	**1,176**	**459**

10.2 Provisions for risks and charges: changes

(€'000)

	Provisions for other commitments and other guarantees given	Pension funds	Other provisions	Total
A. Opening balance	**-**	**-**	**459**	**459**
B. Increases				
B.1 Accruals	-	-	973	973
B.2 Changes due to passage of time	-	-	-	-
B.3 Changes due to variations in discount rate	-	-	-	-
B.4 Other increases	-	-	-	-
C. Decreases				
C.1 Utilisations	-	-	(66)	(66)
C.2 Changes due to variations in discount rate	-	-	-	-
C.3 Other decreases	-	-	(190)	(190)
D. Closing balance	**-**	**-**	**1,176**	**1,176**

10.3 Provisions for credit risk for loan commitments and financial guarantees given

None.

10.4. Provisions for other commitments and other guarantees given

None.

10.5 Defined benefit plans

None.

10.6 Provisions for risks and charges - other provisions

These provisions comprise:

Description	Amount
Provision for legal fees	198
Provision for amounts to be returned to courts	20
Provision for litigation	958
Total	**1,176**

Details of the provisions and the related risks are given below.

The provision for legal fees includes the fees for professional services to collect problematic loans and receivables for ongoing legal proceedings. The bank expects to use the entire provision in 2026.

The provision for amounts to be returned to courts refers to amounts collected by the bank as part of court enforcement and insolvency proceedings and court-approved creditor settlements that have not yet been finalised. They may have to be returned following enforcement of the individual voluntary agreement, but it is not known exactly when, as it depends on the courts where the proceedings are being held.

The provision for litigation covers actions for compensation claimed by customers. Once again, it is difficult to estimate when the pending litigation will be settled. The bank cannot objectively calculate an accrual to the provision as it depends on what level the hearing is at and whether an out-of-court settlement may be reached.

At the reporting date, the provision for litigation mainly includes the amount accrued (€928 thousand) for the operating risk associated with tax assets purchased through the consolidated companies Crediti Fiscali + and Fairway for which a tax dispute is pending with the Revenue of Agency.

Pursuant to IAS 37, it decided not to provide for the pending disputes for which management and the legal advisors deem that a negative outcome is only "possible" and not "probable". Management's and the legal advisors' opinion is supported by a number of factors, including the fact that the proceedings are still at an initial stage and the hearings will take place in the coming months, which make it difficult to estimate the possible amounts and timing.

There are four pending disputes for which the legal advisors deem that a negative outcome is "possible". Although the bank's total potential exposure is approximately €1 million, based on the assessments of the legal advisors and the defences advanced in the proceedings, which are supported by evidence and the applicable legal framework, the risk of an adverse outcome is assessed as limited. In any event, certain objections remain and will be further assessed as the proceedings progress.

Section 11

Redeemable shares - Caption 120

None.

Section 12

Equity – Captions 110, 130, 140, 150, 160, 170 and 180

12.1 "Share capital" and "Treasury shares": breakdown

The bank's fully paid-up share capital consists of 39,213,278 ordinary shares (that have one voting right per share) with a unit value of €1.

12.2 Share capital - Number of shares: changes

(€'000)

Captions/T ype	Ordinary	Other
A. Opening balance	**39,213**	**-**
- fully paid-up	39,213	-
- not fully paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	**39,213**	**-**
B. Increases	**-**	**-**
B.1 New issues	-	-
- against payment:	-	-
- business combinations	-	-
- bond conversions	-	-
- exercise of warrants	-	-
- other	-	-
- bonus:	-	-
- for employees	-	-
- for directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other increases	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Repurchase of treasury shares	-	-
C.3 Business transfers	-	-
C.4 Other decreases	-	
D. Outstanding shares: closing balance	**39,213**	**-**
D.1 Treasury shares (+)	-	-
D.2 Closing balance	-	-
- fully paid-up	-	-
- not fully paid-up	-	-

12.3 Share capital: other information

The bank does not have special shares with rights or restrictions, including shares with restrictions to dividend distributions or capital repayment. It does not hold treasury shares nor do its subsidiaries and associates hold its shares. The bank does not have shares reserved for issues with option rights or sales contracts.

12.4 Income-related reserves: other information

This legally-required reserve amounts to €3,233 thousand and must equal at least one fifth of share capital; it was set up in prior years by allocating prior year profits thereto (at least one twentieth). If the reserve decreases, it shall be increased by allocating one twentieth of the profit for the year thereto.

12.5 Equity instruments: breakdown and changes

Equity instruments amount to €39,044 thousand at 31 December 2025. In November 2025, the bank completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million at an interest rate of 12%. The bonds, subscribed by third-party investors, are included in AT1 capital for prudential reporting purposes.

12.6 Other disclosures

In addition to the legal reserve, at the reporting date, reserves include:
• capital injections for future capital increases, which include the injection of €15 million made by the key shareholder Tiber Investments 2 S.à.r.l on 29 April 2025, which was completed in January 2026 with the relevant shareholders' resolution, and the injection of an additional €1.5 million by the non-controlling shareholders;
• the restricted reserves (-€1,137 thousand): given that the recently-approved 2026 Budget Law has introduced significant changes to the provisions of Decree law no. 104/2023, the bank's Board of Directors resolved to release the restricted reserves recognised at 31 December 2025 (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75, equal to 27.5% of the restricted reserves), recognised through an equity reserve.

The share premium amounts to €47,837 thousand.

The valuation reserves amount to €2,474 thousand. They include actuarial gains and losses of €142 thousand on post-employment benefits while the remainder relates to post-tax fair value gains and losses on financial assets at fair value through other comprehensive income.

Other information

1. Loan commitments and financial guarantees given (other than those at fair value)

(€'000)

	Nominal amount of loan commitments and financial				31/12/2025	31/12/2024
	Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
Loan commitments	**100,816**	**263**	**-**	**-**	**101,080**	**39,394**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	4,339
c) Banks	-	-	-	-	-	-
d) Other financial companies	93,201	-	-	-	93,201	28,350
e) Non-financial companies	7,616	263	-	-	7,879	6,705
f) Households	-	-	-	-	-	-
Financial guarantees given	**356,799**	**-**	**-**	**-**	**356,799**	**373,203**
a) Central banks	-	-	-	-	-	-
b) Public administrations	-	-	-	-	-	-
c) Banks	-	-	-	-	-	-
d) Other financial companies	356,799	-	-	-	356,99	373,203
e) Non-financial companies	-	-	-	-	-	-
f) Households	-	-	-	-	-	-

Financial guarantees include those issued by the bank in favour of its subsidiary Crediti Fiscali+ to the tax authorities for reimbursement of the tax assets acquired by the vehicle.

2. Other commitments and other guarantees given

None.

3. Assets pledged to guarantee liabilities and commitments

None.

4. Management and trading on behalf of third parties

(€'000)

Type of service	Amount
1. Execution of customer orders	**-**
a) Purchases	-
1. settled	-
2. unsettled	-
b) Sales	-
1. settled	-
2. unsettled	-
2. Asset management	**-**
3. Securities custody and administration	**767,601**
a) Third party securities held as part of depositary bank services (excluding portfolio management)	-
1. securities issued by the reporting entity	-
2. other securities	-
b) Third party securities on deposit (excluding asset management): other	-
1. securities issued by the reporting entity	-
2. other securities	-
c) Third party securities deposited with third parties	-
d) Securities owned by the bank deposited with third parties	767,601
4. Other	**-**

At 31 December 2025, the following sections were not applicable:
- assets pledged to guarantee liabilities and commitments;
- operating leases;
- financial assets eligible for netting or subject to master netting or similar agreements;
- securities lending transactions;
- jointly controlled operations.

5. Financial assets eligible for netting or subject to master netting or similar agreements

None.

6. Financial liabilities eligible for netting or subject to master netting or similar agreements

None.

7. Securities lending transactions

None.

8. Jointly controlled operations

None.

Part C: Notes to the income statement

Section 1

Interest – Captions 10 and 20

1.1 Interest and similar income: breakdown

(€'000)

Captions/T ype	Debt instruments	Financing	Other transactions	31/12/2025	31/12/2024
1. Financial assets at fair value through profit or loss:	**38,746**	**-**	**-**	**38,746**	**40,054**
1.1 Held for trading	-	-	-	-	13
1.2 Designated at fair value	-	-	-	-	-
1.3 Mandatorily measured at fair value	38,746	-	-	38,746	40,040
2. Financial assets at fair value through other comprehensive income	**1,147**	**-**	**x**	**1,147**	**328**
3. Financial assets at amortised cost:	**13,111**	**69,869**	**-**	**82,980**	**85,046**
3.1 Loans and receivables with banks	-	7,655	x	7,655	5,255
3.2 Loans and receivables with customers	13,111	62,215	x	75,326	79,791
4. Hedging derivatives	x	x	144	144	-
5. Other assets	x	x	2,204	2,204	-
6. Financial liabilities	x	x	x	-	-
Total	**53,004**	**69,869**	**2,348**	**125,222**	**125,428**
including: interest income on credit-impaired financial assets	-	307	-	307	507
including: interest income on finance leases	x	626	x	626	676

Interest income on debt instruments of €53,004 thousand refers to investments made by the bank in ABS (€38,746 thousand) and investments in government bonds (€14,258 thousand).

Interest income of €62,215 thousand on financing mainly relates to guaranteed finance products (€53,630 thousand), factoring products (€7,298 thousand), other loans, financing and self-securitisations (€353 thousand) and investments in the Gimli portfolio (€188 thousand) and leases (€745 thousand).

Interest income on other assets of €2,204 thousand relates to tax assets purchased directly by the bank (€2,030 thousand) and the co-investment in an IRES asset purchased from a leading operator in the Italian energy sector (€174 thousand).

Interest income on hedging derivatives of €144 thousand relates to interest rate swaps entered into as part of the micro fair value hedging strategy. The hedged items are BTPs classified in the HTC portfolio.

Interest income on liquidity invested with banks amounts to €7,655 thousand.

1.2 Interest and similar income: other disclosures

1.2.1 Interest income on foreign currency financial assets

None.

1.3 Interest and similar expense: breakdown

(€'000)

Captions / Type	Liabilities	Securities	Other transactions	31/12/2025	31/12/2024
1. Financial liabilities at amortised cost	54,614	3,662		58,275	63,597
1.1 Due to central banks	640	x	-	640	2,017
1.2 Due to banks	13,408	x	-	13,408	13,086
1.3 Due to customers	40,566	x	-	40,566	44,858
1.4 Securities issued	x	3,662	-	3,662	3,635
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities at fair value through profit or loss	-	-	-	-	-
4. Other liabilities and provisions	x	x	-	-	-
5. Hedging derivatives	x	x	15	15	-
6. Financial assets	x	x	x	-	-
Total	**54,614**	**3,662**	**15**	**58,291**	**63,597**
including: interest expense on lease liabilities	*147*	*x*	*x*	*147*	*204*

Interest expense is the cost of funding to the bank, the most significant of which is that accrued on the online deposits (€37,683 thousand).

1.4 Interest and similar expense: other disclosures

1.4.1 Interest expense on foreign currency liabilities

None.

1.5 Hedging gains and losses

None.

Section 2

Fees and commissions – Captions 40 and 50

2.1 Fee and commission income: breakdown

(€'000)

Type of service/Amounts	31/12/2025	31/12/2024
a) Financial instruments	-	-
1. Securities placement	-	-
1.1. Firm or irrevocable commitment underwriting	-	-
1.2. Without irrevocable commitment	-	-
2. Reception, transmission and execution of customer orders	-	-
2.1. Reception and transmission of orders for one or various financial instruments	-	-
2.2. Execution of customer orders	-	-
3. Other financial instruments-related services	-	-
including: proprietary trading	-	-
including: asset management	-	-
b) Corporate finance	-	-
1. M&A consulting	-	-
2. Treasury services	-	-
3. Other corporate finance-related services	-	-
c) Investment consulting	-	-
d) Clearing and settlement	-	-
e) Custody and administration	-	-
1. Depository services	-	-
2. Other custody and administration-related services	-	-
f) Central administrative services for collective asset management	-	-
g) Fiduciary services	-	-
h) Payment services	-	-
1. Current accounts	-	-
2. Credit cards	-	-
3. Debit and other payment cards	-	-
4. Transfer and other payment orders	-	-
5. Other payment-related services	-	-
i) Distribution of third party services	-	-
1. Collective asset management	-	-
2. Insurance products	-	-
3. Other products	-	-
including: asset management	-	-
j) Structured finance	-	-
k) Servicing services for securitisations	1,225	742
l) Loan commitments	-	-
m) Financial guarantees given	-	-
including: credit derivatives		
n) Lending	8,567	5,584
including: factoring transactions	6,418	4,390
o) Foreign currency transactions	-	-
p) Commodities	-	-
q) Other	2,781	1,262
including: management of multilateral trading systems	-	-
including: management of organised trading systems	-	-
Total	**12,473**	**7,587**

2.2 Fee and commission income: product and service distribution channels

Not applicable.

2.3 Fee and commission expense: breakdown

(€'000)

Type of service/Amounts	31/12/2025	31/12/2024
a) Financial instruments	124	470
including: trading	124	470
including: placement	-	-
including: asset management	-	-
- Own portfolios	-	-
- Third party portfolios	-	-
b) Clearing and settlement	-	-
c) Custody and administration	48	48
d) Collection and payment services	46	38
including: credit, debit and other payment cards	-	-
e) Servicing services for securitisations	-	-
f) Loan commitments	-	-
g) Financial guarantees received	2,863	250
including: credit derivatives	-	-
h) Off-premises distribution of financial instruments, products and	-	-
i) Foreign currency transactions	-	-
j) Other	2,584	1,825
Total	**5,665**	**2,632**

"Other" includes commission expense on the servicing of the bank's legacy portfolio which was outsourced after the demerger (€171 thousand), the fees paid to brokers for factoring (€1,144 thousand) and commissions paid to third parties that assist the bank with its online deposit collection activities (€1,951 thousand). Fee and commission expense also includes the portion of the cost for the year of €1,944 thousand relating to the APS financial guarantee contract.

Section 3

Dividends and similar income – Caption 70

3.1 Dividends and similar income: breakdown

None.

Section 4

Net trading income - Caption 80

4.1 Net trading income: breakdown

(€'000)

Transactions	Unrealised gains (A)	Trading income (B)	Unrealised losses (C)	T rading losses (D)	Net income [(A+B) - (C+D)]
1. Financial assets held for trading	**-**	**-**	**-**	**-**	**-**
1.1 Debt instruments	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 OEIC units	-	-	-	-	-
1.4 Financing	-	-	-	-	-
1.5 Other	1,247	3,638	-	-	4,885
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt instruments	-	-	-	-	-
2.2 Financial liabilities	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange gains (losses)	**x**	**x**	**x**	**x**	**-**
4. Derivatives	**-**	**-**	**-**	**-**	**-**
4.1 Financial derivatives:	-	3,474	785	2,454	235
- On debt instruments and interest rates	-	3,474	277	2,454	743
- On equity instruments and equity indexes	-	-	508	-	(508)
- On currencies and	x	x	x	x	-
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value option	x	x	x	x	-
Total	**1,247**	**7,112**	**785**	**2,454**	**5,120**

This caption includes the net realised loss on the trading of listed financial instruments (futures) (€46 thousand), income on the sale of 110 superbonus tax assets purchased by the bank for resale (€4,883 thousand, including €3,636 thousand already realised and €1,247 thousand unrealised), the realised gain on the trading of options relating to the sale of government bonds (€789 thousand) and the loss on the settlement of the call option acquired in 2018 for the acquisition of BE TC S.r.l. (€507 thousand).

Section 5

Net hedging expense - Caption 90

Amount	31/12/2025	31/12/2024
A. Income:		
A.1 Fair value hedges	175	-
A.2 Hedged financial assets (fair value)	-	-
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Cash flow hedges	-	-
A.5 Foreign currency assets and liabilities	-	-
Total hedging income (A)	**175**	**-**
B. Expense:		
B.1 Fair value hedges	-	-
B.2 Hedged financial assets (fair value)	(176)	-
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash flow hedges	-	-
B.5 Foreign currency assets and liabilities	-	-
Total hedging expense (B)	**(176)**	**-**
C. Net hedging expense (A - B)	(1)	-
including: net income (expense) on hedges of net positions	-	-

Section 6

Net gain from sales/repurchases – Caption 100

6.1 Net gain from sales/repurchases: breakdown

(€'000)

Captions	31/12/2025			31/12/2024		
	Gain	Loss	Net gain	Gain	Loss	Net gain
A. Financial assets						
1. Financial assets at amortised cost	**2,351**	**138**	**2,213**	**1,033**	**-**	**1,033**
1.1 Loans and receivables with banks	-	-	-	-	-	-
1.2 Loans and receivables with customers	2,351	138	2,213	1,033	-	1,033
2. Financial assets at fair value through other comprehensive income	**462**		**462**	**220**		**220**
2.1 Debt instruments	100	-	100	220	-	220
2.4 Financing	362	-	362	-	-	-
Total assets	**2,813**	**138**	**2,675**	**1,253**	**-**	**1,253**
Financial liabilities at amortised cost						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

The caption mostly comprises the net gain of €2,403 thousand on the sale of government bonds included in the HTC and HTCS portfolios before their maturity.

Section 7

Net loss on other financial assets and liabilities at fair value through profit or loss - Caption 110

7.1 Net loss on other financial assets and liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€'000)

Transactions	Unrealised gains (A)	Realised gains (B)	Unrealised losses (C)	Realised losses (D)	Net loss [(A+B) - (C+D)]
1. Financial assets					
1.1 Debt instruments	-	-	-	-	-
1.2 Financing	-	-	-	-	-
2. Financial liabilities					
2.1 Securities issued					
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	952	-	(952)
3. Foreign currency financial assets and liabilities: exchange gains (losses)	**x**	**x**	**x**	**x**	**x**
Total	**-**	**-**	**952**	**-**	**(952)**

The caption is mostly attributable to fair value losses on the deferred price of the Crediti Fiscali+ portfolio (€778 thousand).

7.2 Net loss on other financial assets and liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

(€'000)

Transactions	Unrealised gains (A)	Realised gains (B)	Unrealised losses (C)	Realised losses (D)	Net loss [(A+B) - (C+D)]
1. Financial assets					
1.1 Debt instruments	11,296	-	12,674	-	(1,378)
1.2 Equity instruments	-	-	-	-	-
1.3 OEIC units	-	-	-	-	-
1.4 Financing	-	-	-	-	-
2. Foreign currency financial assets: exchange gains (losses)	**x**	**x**	**x**	**x**	**-**
Total	**11,296**	**-**	**12,674**	**-**	**(1,378)**

The net loss on other financial assets mandatorily measured at fair value amounts to €1,378 thousand. It includes the adverse effect of the review of the business plans underlying the ABS subscribed.

Section 8

Net impairment losses for credit risk - Caption 130

8.1 Net impairment losses for credit risk associated with financial assets at amortised cost: breakdown

(€'000)

Transactions	Impairment losses (1)						Impairment gains (2)				31/12/2025	31/12/2024
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			write-offs	Other	write-offs	Other						
A. Loans and receivables with banks												
- financing	-	-	-	-	-	-	8	-	-	-	8	19
- debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
B. Loans and receivables with customers:												
- financing	(110)	(891)	-	(21,023)	-	(477)	69	323	11	9	(22,089)	(9,749)
- debt instruments	(232)	(8,061)	-	-	-	-	16	244	,	,	(8,034)	(9,836)
C. Total	**(343)**	**(8,952)**	**-**	**(21,023)**	**-**	**(477)**	**93**	**566**	**11**	**9**	**(30,115)**	**(19,566)**

Net impairment losses on financial assets at amortised cost of €30,115 thousand for the year mainly include:
- individual impairment losses of €16,123 thousand on stage 3 loans and other financing;
- individual impairment losses of €4,882 thousand on stage 3 factoring assets;
- collective impairment losses of €8,041 thousand on current accounts. The balance includes individual impairment losses of €7,869 thousand on mezzanine ABS;
- collective impairment losses of €631 thousand on stages 1 and 2 loans and other financing;
- individual impairment losses of €468 thousand on portfolios of POCI exposures;
- collective impairment gains of €65 thousand on stages 1 and 2 factoring assets.

8.2 Net impairment losses for credit risk associated with financial assets at fair value through other comprehensive income: breakdown

Transactions	Impairment losses (1)						Impairment gains (2)				31/12/2025	31/12/2024
	Stage 1	Stage 2	Stage 3		Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
			write-offs	Other	write-offs	Other						
A. Debt instruments	**(19)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**(2)**
B. Financing	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	,	-	-	-
Total	**(19)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19)**	**(2)**

Section 9

Modification gains/losses - Caption 140

None.

Section 10

Administrative expenses – Caption 160

10.1 Personnel expense: breakdown

(€'000)

Type of expense/Amounts	31/12/2025	31/12/2024
1) Employees		
a) wages and salaries	16,627	15,558
b) social security contributions	6,088	5,331
c) termination benefits	-	-
d) pension costs	-	-
e) accrual for post-employment benefits	1,157	1,066
f) accrual for pension and similar provisions:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
h) costs of share-based payment plans	-	-
i) other employee benefits	4,457	4,069
2) Other personnel	-	-
3) Directors and statutory auditors	1,156	968
4) Retired personnel	-	-
5) Cost recoveries for personnel seconded to other companies	-	-
6) Cost reimbursements for personnel seconded to the bank	37	46
Total	**29,522**	**27,038**

10.2 Average number of employees by category

Employees:	
a) managers	20.75
b) junior managers	109.50
c) other employees	87.67
Other personnel	-

At the reporting date, the bank had 215 employees.

10.3 Defined benefit plans: costs and income

None.

10.4 Other employee benefits

(€'000)

	31/12/2025	31/12/2024
MBO bonuses	1,464	1,461
Other bonuses	422	432
Insurance policies	412	390
Healthcare	84	68
Canteen subsidy and lunch vouchers	320	304
Refresher courses	218	311
Other long-term benefits	-	-
Other	1,536	1,104
Total	**4,457**	**4,069**

10.5 Other administrative expenses: breakdown

(€'000)

	31/12/2025	31/12/2024
Business development, ICT development and due diligences	192	498
Taxes and duties	2,592	2,003
Professional services	88	150
Sundry consultancies	4,755	3,253
Insurance	1,397	1,389
Building leases and management fees	498	454
Payroll services	170	107
IT costs	5,239	5,336
Maintenance	185	128
Audit fees	373	352
Posting and telephone	103	294
Cleaning and related supplies	132	117
Information services	1,441	1,530
Advertising	2,475	3,588
Sundry lease costs	64	179
Contribution to the Interbank Deposit Protection Fund	216	1,833
Outsourcing of guaranteed finance service	994	825
Other	84	698
Total	**20,999**	**22,785**

The caption "Taxes and duties" includes stamp duty on online deposits from customers (€2,254 thousand).

Sundry consultancies include costs incurred for the development of the bank's businesses, and in particular the expenses incurred to support the transaction with Banca Sistema.

The caption "Insurance" mostly includes premiums of €1,311 thousand for policies taken out to cover credit risk on the factoring products.

IT costs mainly refer to fees paid for operating management and accounting systems used by the bank (€4,059 thousand) and expenses for the related technical assistance (€1,152 thousand).

Information services include the cost of external providers used for information analyses on financing and factoring customers (Chamber of Commerce reports, ratings, etc.).

The caption "Outsourcing of guaranteed finance service" comprises the costs incurred for external servicers entrusted with the management of the background checks of potential customers, decision-making and monitoring of financing dossiers, which are not comprised in the initial costs to be included in the amortised cost of financing pursuant to IFRS 9.

In accordance with IFRS 16, it is noted that the bank did not recognise costs for short-term leases (IFRS 16.53.c)) or leases of low-value assets (IFRS 16.53.d)) or variable lease payments not included in the measurement of the lease liabilities (IFRS 16.53.e)).

Section 11

Net reversals of (accruals to) provisions for risks and charges - Caption 170

11.1 Net reversals of (accruals to) provisions for loan commitments and financial guarantees given: breakdown

None.

11.2 Net reversals of (accruals to) provisions for other commitments and other guarantees given: breakdown

None.

11.3 Net reversals of other provisions for risks and charges: breakdown

(€'000)

	31/12/2025	31/12/2024
Accrual to the provision for litigation	(973)	-
Reversal of provision for litigation	190	27
Total	**(783)**	**27**

Section 12

Depreciation and net reversals of impairment losses on property, equipment and investment property - Caption 180

12.1 Depreciation and net reversals of impairment losses on property, equipment and investment property: breakdown

(€'000)

Assets	Depreciation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Total (a + b - c)
A. Property, equipment and investment property				
1. Property and equipment				
- owned	428	-	-	428
- right-of-use	1,402	-	308	1,094
2. Investment property				
- owned	-	-	-	-
- right-of-use	-	-	-	-
3. Inventories	X	-	-	-
Total	**1,830**	**-**	**308**	**1,522**

Section 13

Amortisation and net impairment losses on intangible assets - Caption 190

13.1 Amortisation and net impairment losses on intangible assets: breakdown

(€'000)

Captions	Amortisation (a)	Impairment losses (b)	Reversals of impairment losses (c)	Total (a + b - c)
A. Intangible assets	3,446	-	-	3,446
including: software	3,446	-	-	3,446
A.1 Owned	-	-	-	-
- Developed internally	-	-	-	-
- Other	3,446	-	-	3,446
A.2 Right-of-use	-	-	-	-
Total	**3,446**	**-**	**-**	**3,446**

Section 14

Other operating income, net - Caption 200

14.1 Other operating expense: breakdown

(€'000)

	31/12/2025	31/12/2024
Legal disputes	-	-
Charges on tax assets for operating	46	2
Other	371	74
Total	**418**	**75**

14.2 Other operating income: breakdown

(€'000)

	31/12/2025	31/12/2024
Recovery of social security contributions	86	76
Gain from a bargain purchase of Credimi business unit	-	972
Sundry lease income	6	3
Recovery of stamp duty on deposits	1,087	1,070
APS compensation	10,593	-
Compensation for factoring assets	456	-
Other	420	980
Total	**12,647**	**3,103**

Other income includes, inter alia, the compensation of €10,593 thousand paid to the bank under the legacy portfolio financial guarantee contract (APS) and the compensation of €456 thousand for factoring assets.

Section 15

Net losses on equity investments - Caption 220

15.1 Net losses on equity investments: breakdown

(€'000)

Amounts	31/12/2025	31/12/2024
A. Income		
1. Fair value gains	-	-
2. Gains on sales	-	-
3. Impairment gains	-	-
4. Other income	-	-
B. Losses		
1. Fair value losses	-	(56)
2. Impairment losses	-	-
3. Losses on sales	-	-
4. Other losses	-	-
Net losses	**-**	**(56)**

Section 16

Net fair value gains (losses) on property, equipment, investment property and intangible assets - Caption 230

16.1 Net fair value gains (losses) on property, equipment, investment property and intangible assets at fair value (or revalued amount) or estimated realisable value: breakdown

None.

Section 17

Impairment losses on goodwill - Caption 240

17.1 Impairment losses on goodwill: breakdown

None.

Section 18

Net gain (loss) from sales of investments - Caption 250

None.

Section 19

Income taxes - Caption 270

19.1 Income taxes: breakdown

(€'000)

Amounts	31/12/2025	31/12/2024
1. Current taxes (-)	(1,104)	-
2. Change in current taxes from previous years (+/-)	-	-
3. Decrease in current taxes for the year (+)	-	1
3.bis Decrease in current taxes for the year due to tax assets as per Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	22,626	(144)
5. Change in deferred tax liabilities (+/-)	42	(273)
6. Tax benefit (expense) for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**21,565**	**(417)**

Based on the probability test approved by the Board of Directors, at the reporting date the bank recognised deferred tax assets on tax losses and ACE of €22,626 thousand, as well as tax expense on the profit for the year of €1,104 thousand.

19.2 Reconciliation between the theoretical and effective tax expense

The theoretical tax rate is 33.07% (IRES ordinary and surtax rate of 27.5% and IRAP rate of 5.57%).

Section 20

Post-tax profit (loss) from discontinued operations - Caption 290

20.1 Post-tax profit (loss) from discontinued operations: breakdown

None.

20.2 Breakdown of income taxes on discontinued operations

None.

Section 21

Other information

Not applicable.

Section 22

Earnings per share

22.1 Average number of ordinary shares with dilutive effect

Pursuant to IAS 33.70.b), it is noted that the bank only has ordinary shares.

22.2 Other disclosures

Considering the disclosures required by paragraphs 68, 70.a)/c)/d) and 73 of IAS 33, the following is noted:
• there are no discontinued operations that would affect profit (loss);
• there are no instruments that would affect calculation of the basic earnings (loss);
• there are no potential ordinary shares at the reporting date;
• components other than those provided for by IAS 33 were not used.

Part D: Comprehensive income

BREAKDOWN OF COMPREHENSIVE INCOME (EXPENSE)

(€'000)

	Captions	31/12/2025	31/12/2024
10.	**Profit (loss) for the year**	**26,593**	**(9,805)**
	Other comprehensive income (expense) that will not be reclassified to profit or loss	**(1,379)**	**2**
20.	Equity instruments at fair value through other comprehensive income	-	-
	a) Fair value losses	(1,400)	-
	b) Transfers to other equity items	-	-
30.	Financial liabilities at fair value through profit or loss (changes in own credit rating)		
	a) Fair value gains (losses)	-	-
	b) Transfers to other equity items	-	-
40.	Hedges of equity instruments at fair value through other comprehensive income:		
	a) Fair value gains (losses) (hedged instrument)	-	-
	b) Fair value gains (losses) (hedging instrument)	-	-
50.	Property, equipment and investment property	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	21	2
80.	Non-current assets held for sale and disposal groups	-	-
90.	Share of valuation reserves of equity-accounted investees	-	-
100.	Related tax	-	-
	Other comprehensive income (expense) that will be reclassified to profit or loss		
110.	Hedges of investments in foreign operations:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
120.	Exchange gains (losses):		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
130.	Cash flow hedges:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
	including: net gain (loss)	-	-
140.	Hedging instruments (non-designated items)		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
150.	Financial assets (other than equity instruments) at fair value through other comprehensive income:	(125)	163
	a) fair value gains (losses)	(125)	243
	b) reclassification to profit or loss	-	-
	- impairment losses	-	-
	- gains (losses) on sales	-	-
	c) other changes	-	(80)
160.	Non-current assets held for sale and disposal groups:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	c) other changes	-	-
170.	Share of valuation reserves of equity-accounted investees:		
	a) fair value gains (losses)	-	-
	b) reclassification to profit or loss	-	-
	- impairment losses	-	-
	- gains (losses) on sales	-	-
	c) other changes	-	-
180.	Related tax	-	-
190.	**Total other comprehensive income (expense)**	**(1,505)**	**164**
200.	**Comprehensive income (expense) (captions 10 + 190)**	**25,088**	**(9,641)**

Part E: Information on risks and hedging policies

Introduction

Banca CF+ acknowledges the strategic importance of the internal control system, consisting of rules, procedures and structures designed to allow sustainable growth in line with the bank's objectives by properly identifying, measuring, managing and monitoring its risks. The risk culture not only relates to the control functions but is disseminated throughout the bank.

In particular, the bank focuses on its capacity to identify and promptly analyse interrelations between the various risk categories.

As provided for by the current regulations, the Board of Directors, as it is also the body charged with managing the bank, is responsible for defining and approving the bank's risk management policies and it is constantly informed about changes in the bank's and group's business risks. The CEO and General Manager, as the body charged with managing the bank, is responsible for the implementation of the risk governance policies and for the adoption of all necessary measures to ensure the internal control system's compliance with applicable legislation and aids the development and spreading at all levels of an integrated risk culture for all different risk types and across the entire group structure. The Board of Statutory Auditors supervises the completeness, functionality and adequacy of the internal control system and the risk appetite framework (RAF). It also monitors compliance with the regulations governing the banking sector, communicating the need for remedial actions to remedy weaknesses or irregularities, when necessary.

The Supervisory Body as per Legislative decree no. 231/01 checks that the organisational, management and control model, required by law, is operational and compliant.

The Audit Committee supports the Board of Directors with its monitoring of the governance and integrated management of the overall business risks to which the bank is exposed.

This Committee also acknowledges and expresses its opinion on the risk appetite statement (RAS) and risk appetite framework (RAF) and carries out ongoing checks of any changes in business risks and compliance with the various types of risk assumption thresholds.

The Internal Audit Department, which directly reports to the Board of Directors, checks that the business operations are carried out regularly and monitors changes in risks. It also assesses the completeness, functionality and adequacy of the organisational structures and other components of the internal control system. This department informs the internal bodies of any possible improvements, especially to the RAF or to the risk management process as well as to the risk measurement and control instruments.

The second-level control departments (Compliance & AML and Chief Risk Officer – comprising the ICT Risk & Security and Risk Strategy & Management teams) report directly to the CEO and General Manager and to the Board of Directors.

The Compliance & AML Department:
- prevents and manages the risk of incurring judicial or administration sanctions, large financial losses or damage to the bank's reputation due to violations of imperative regulations or self-regulations;
- performs ongoing checks to ensure that the bank's procedures are suitable to prevent and thwart violations of imperative regulations or self-regulations on money laundering and the financing of terrorism;
- is responsible for the outsourced data protection activities.

The Chief Risk Officer's department:
- through the ICT Risk & Security Department, assists with the definition and implementation of the policies to monitor the bank's ICT risks and security. Its remit is to ensure that the banking group's current and future exposure to the various types of ICT and security risks are properly assessed and managed. It also provides the bank's

bodies with the support necessary to promote and disseminate an appropriate ICT risk and security culture within the bank.
- Through the Risk Strategy & Management Department, monitors all types of risk and provides a clear presentation of the group's total risk profile and its financial strength to the Board of Directors. The department assists with the definition and implementation of the RAF, the related risk governance policies, the various stages of risk management and the setting of risk taking limits.

The internal units that define organisational and control checks for cross-bank risks are an important part of the internal control system as are the individual operating offices in charge of implementing risk mitigation measures and achieving the strategic risk objectives, the tolerance threshold and operating limits defined and approved by the Board of Directors.

Section 1 – CREDIT RISK

QUALITATIVE DISCLOSURE

1. General information

Credit risk mostly arises on:
- portfolios being run-off, i.e., securitised non-performing ABS or exposures, deriving from the pre-demerger business. Given that its debt purchasing and debt servicing businesses were demerged on 1 August 2021, the bank has continued to manage ABS and the underlying illiquid and non-performing loans, supported by its servicers;
- the bank's core business (lending to SMEs), which comprises the purchasing of tax assets, factoring services and guaranteed finance business (MCC/SACE-backed loans).

The bank's assumption of credit risk is designed to:
- achieve its growth objective for sustainable lending activities in line with its risk appetite and the creation of value;
- diversify its portfolio, limit its exposure to individual counterparties/groups, business or geographical segments;
- efficiently select economic groups and individual customers by carefully analysing their credit standing in order to take on credit risk in line with its risk appetite.

The bank's continued monitoring of the quality of its loan portfolio includes adopting precise operating methods for each stage of the credit disbursement process.

Its classification of non-performing loans complies with the definition of default set out in the European Regulation on prudential requirements for credit institutions and investment firms (article 178 of Regulation (EU) 575/2013).

In line with the provisions set out in Bank of Italy's Circular no. 285/2013, as subsequently amended, about banking groups and banks with class-3 assets, the bank measures counterparty risk on a current and forward looking perspective in baseline and adverse scenarios using the standard method.

It uses the granularity adjustment method to calculate single name concentration risk and the ABI method to calculate geographical-business sector concentration risk.

2. Credit risk management policies

2.1 Organisational aspects

A fundamental role in managing and controlling credit risk is played by the internal bodies that, properly assisted by the control departments and each according to its duties, ensure the proper monitoring of credit risk. They identify the strategies to be taken and the risk management policies, checking continuously their efficiency and effectiveness. The internal bodies also define the duties and responsibilities of the departments and units involved in the process.

This monitoring and checking of credit quality, ensured by the internal bodies, is reflected in the bank's current organisational structure with the allocation of specific responsibilities that guarantee that risks are managed and monitored at various levels.

The Board of Directors defines the guidelines for taking on risk and the lending policies which include, inter alia, guidance about the guarantees accepted to mitigate risk.

At operating level, the bank's units each cover their own area of expertise and ensure a risk taking approach in line with the relevant policies and a systematic monitoring of credit risk.

The operating departments carry out the first level controls regularly and systematically to ensure that the bank operates correctly. They carry out credit standing checks, checks of the collateral and checks by the unit that approves the lending transaction that the transaction complies with both ruling regulations and internal policies.

Specifically, new risk taking activities mainly relate to the purchase of tax assets, new factoring transactions and the disbursement of new MCC/SACE-backed loans. In this respect, the following checks are carried out:
- with respect to the purchase of tax assets, thorough due diligence activities to confirm the existence of a tax asset, assess the transferor's credit risk and potential claw back risk and forecast collections;
- with respect to new disbursements, an assessment of credit rating (of both the transferors and the transferred debtors for factoring transactions) based on at least an analysis of the counterparty's financial statements, sector and business plan and that of its legal group (if any), an analysis of the credit information centre data, a check of protested bills, prejudicial events and any adverse conditions. Moreover, a check of the counterparty's reporting quality assessment provided by credit rating agencies supports the background checks and credit assessment. In addition, specific transaction-based assessments are carried out (e.g., claw back risk assessment in the case of factoring with transferors with limited access to the banking system).

The bank also monitors the performance of its credit exposures in order to ensure proactive customer relationship management and the prevention of credit deterioration, as well as the classification of the exposures in line with regulations.

The management of non-performing exposures retained after the demerger's completion has been outsourced to specialised servicers reporting to the chief lending officer.

The Chief Risk Officer's department carries out the second level controls:
- it monitors the bank's risk profile on a quarterly basis, identifying any critical issues or deviations from the set risk objectives and reporting them to the internal bodies and the Audit Committee;
- it systematically checks the loan portfolio quality, changes in delinquency and defaulting exposures and the effectiveness of their management, reporting its findings to the internal bodies and the audit committee and checking any irregularities with the relevant internal bodies;
- it verifies that the performance of individual credit exposures is monitored correctly and the adequacy of the related provisioning, the customer due diligences, their classification, business sector concentration, the collection process and the risks of applying credit risk mitigation techniques;
- it monitors compliance with the risk limits defined in line with the bank's risk appetite.

The Internal Audit Department performs the third level controls and makes sure that the entire process is carried out correctly through:
- remote checks, designed to ensure the orderly monitoring and analysis of credit risks as well as spot checks of the exposures' performance and potential risks in order to agree how and when to intervene if necessary;
- on-site checks, designed to check the operating, accounting and administrative procedures are performed correctly and to check the security, correctness and compliance of the staff's conduct and management practices;
- checks of processes and procedures to assist internal bodies introduce the organisational model by performing analyses of its impact on the internal controls.

2.2 Management, measurement and control systems

Credit risk is the risk that the bank may incur losses if its counterparty, beneficiary of a loan or issuer of a financial obligation (bonds, securities, etc.) is unable to meet its commitments (payment of interest and/or repayment of principal on time and any other amounts due) (default risk). Credit risk also includes the potential loss arising from the default of a borrower/issuer or a drop in market value of a financial obligation due to deterioration in its credit quality.

2.3. Measurement of expected credit losses

IFRS 9 introduced three approaches:
1. the general approach, whereby entities recognise 12-month ECL (stage 1) or lifetime ECL (stages 2 and 3);
2. the purchased or originated credit-impaired (POCI) approach, whereby entities recognise the accumulated change in lifetime ECL since initial recognition at each reporting date;
3. the simplified approach for trade receivables or financial assets that do not contain a significant financing component under IFRS 15, whereby entities can elect to recognise lifetime ECL rather than 12-month ECL.

The bank measures the ECL through the following steps:
• staging: this is carried out on a case-by-case basis, except for those financial instruments with common characteristics, for which collective staging is allowed;
• calculation of impairment.

Staging
This is carried out on a case-by-case basis, except for those financial instruments with common characteristics, for which collective staging is allowed.

The purpose of staging exposures is to identify impairment before the occurrence of a default event, i.e., before the exposure becomes non-performing and is, therefore, subject to individual impairment.

Indeed, under IFRS 9, at each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. Specifically, based on the increase in their credit risk during the reporting period, financial assets are classified into the following stages:
• stage 1: this includes all performing financial assets whose credit risk, at the staging date, has not significantly increased since initial recognition. For financial assets in stage 1, entities are required to recognise 12-month ECL;
• stage 2: this includes all performing financial assets whose credit risk, at the staging date, has significantly increased since initial recognition. For financial assets in stage 2, entities are required to recognise lifetime ECL;
• stage 3: this includes all non-performing financial assets.

CF+ only reclassifies assets from stage 1 directly to stage 3 in exceptional cases, i.e., when their credit standing deteriorates dramatically and default is evident before receiving an interim report on credit rating. The bank's business model envisages investments in POCI assets, which are therefore directly classified as stage 3 upon initial recognition.

The bank has defined the trigger events to determine whether its financial assets' credit risk has increased significantly since initial recognition at each reporting date (i.e., at least quarterly). If this is the case for stage 1 performing financial assets, they are reclassified to stage 2. The bank identified the trigger events, which can be used alternatively unless specified otherwise, considering the particular nature of its financial assets.

In the case of ABS not measured at fair value through profit or loss, the trigger events are as follows:
• an ABS is usually classified in stage 1 when it is purchased;
• net collections 20% lower than those forecast in the business plan;
• a 3-notch decrease in the external rating of listed securities, if this decrease does not directly lead to classification as stage 3 (junk grade);
• business plan reviewed downward by over 20% of "net recoveries", if the new business plan does not lead to the

write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3;
• business plan reviewed by extending the recovery timing by over three years, if the new business plan does not lead to the write-off of the junior and mezzanine securities measured at fair value that are part of the same transaction, if any. In this case, the affected financial assets are directly transferred to stage 3.

In the case of government bonds, the trigger events are:
• performing government bonds are usually classified in stage 1 when they are purchased;
• the low risk exemption is subsequently applied, i.e.[11], as long as the bond qualifies as investment grade (from AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notch);
• if the bond is downgraded to speculative grade (i.e., from BB+ to B-), it may be classified at stage 2 only if it is downgraded by at least 3 notches from the origination rate;
• reclassification to stage 3 follows the general rule of IFRS 9 according to which stage 3 includes financial instruments with objective evidence of impairment at the reporting date, i.e., from when they are graded CCC+ or lower.

The trigger events of financial instruments[12] (other than loans and receivables and government bonds) are:
• performing non-government bonds are usually classified as stage 1 when they are purchased;
• the low risk exemption is subsequently applied, i.e.[13], as long as the bond qualifies as investment grade (from AAA to BBB-), it remains in stage 1 (regardless of any downgrading of one or more than one notch);
• after reclassification, a 3-notch decrease from an external rating at origination of BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, leads to classification at stage 2 as long as the downgrading does not directly lead to classification as stage 3;
• analytical risk assessment of the instrument (issuer risk, country risk, etc.).

In the case of customer financing (loans, subsidies, leases, factoring and guaranteed finance), the trigger events are as follows:
• more than 30 days past due (IFRS 9. 5.5.11);
• forborne performing (IFRS 9. 5.5.12);
• evidence of a significant increase in credit risk reported by the Chief Lending Officer's department as part of its monitoring and assessments.

In addition to the above criteria, for guaranteed finance (both traditional financing and digital lending), a quantitative SICR criterion is also applied. It captures the increase in credit risk from origination to the reporting date, measured by the rating-notch delta (assessed via a combined comparison of the notch delta and the absolute rating) and, for certain rating classes, by the PD delta. For migration to stage 2, the delta notch thresholds are differentiated by rating class at the date of origination (in line with IFRS 9.B5.5.9) and are scaled according to the initial rating.

In the case of loans and receivables with banks, the trigger events are:
• a 3-notch decrease if the counterparty's external rating at origination or, where not available, of the counterparty's country, is equal to BBB+ or better, a 2-notch decrease from an external rating at origination of BBB or BBB- and a 1-notch decrease from an external rating at origination of less than BBB-, as long as the downgrading does not directly lead to classification as stage 3 (junk grade);
• analytical risk assessment of the counterparty (issuer risk, country risk, etc.).

In addition to the above trigger events, expert qualitative assessments by the relevant bank's departments are used for all the above categories.

The bank's business model envisages investments in POCI assets, which are therefore directly classified as stage 3 upon initial recognition.

Calculation of impairment
The valuation models are regularly reviewed and possibly updated, in order to continuously improve the bank's ability to intercept the effects of the changing macroeconomic scenario and introduce the necessary additions made necessary by the evolution of its business. The risk parameters used for each type of asset are summarised below:

(11) IFRS 9.5.5.10 states that an entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.
(12) These refer, without limitation, to financial instruments held by the bank under the HTC business model that also pass the SPPI test.
(13) IFRS 9.5.5.10 states that an entity may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

ABS measured at amortised cost, loans and receivables with banks and other financial instruments (other than government bonds, ABS and loans and receivables)
The bank uses both internal inputs (information about its relationship with the borrower) and external inputs. It updates the probability of default (PD) once a year using the studies on default and recovery rates published by rating agencies in the first quarter of the year as a base to estimate the multi-period PD vectors, adjusted on a forward-looking basis by the Chief Risk Officer. Specifically, the PD applied to stage 1 and stage 2 securities was calculated using the average PD for the categories from A+ to B- (average of the central categories on the rating scale of rating agencies) and applied differently depending on their time horizon (one year for stage 1 or lifetime for stage 2), excluding judgements about changes in PD and considering any missing additional information about the borrower's credit standing.

As the bank does not have historical information about actual losses, it used the LGD value of 45% as allowed for senior exposures without eligible collateral for the simplified estimate of LGD (article 161 of Regulation (EU) no. 575/2013).

Government bonds
The bank updates the PD once a year using the studies on default and recovery rates of sovereign counterparties published by rating agencies in the first half of the year as a base to estimate the multi-period PD vectors. In line with the approach adopted for ABS and other securities, and considering the average 12-month migration matrices, it calculates marginal PD vectors, adjusted on a forward-looking basis by the Chief Risk Officer. The bank uses the one-year PD, equal to the rating of the issuing country, for stage 1 bonds.

The entire multi-period PD vector, equal to the issuing country's rating, is used for stage 2 bonds.

The LGD is assumed to be steady over the entire maturity of the financial asset and, in line with market practice, the value of **60%** is applied based on the ranking of the instrument (senior) and the classification of the issuing country (developed economies) for the simplified estimate of LGD.

Tax assets
Lacking meaningful internal historical trends on the write-offs of past positions, the risk parameters used for tax assets arising from the tax asset business line - other than those recognised as other assets - are those adopted to test government bonds for impairment, as these exposures are to the public administration and are already subject to ongoing assessment as part of the business plan update.

Loans and receivables with customers (loans, personal loans granted to employees, subsidies, leases, factoring and guaranteed finance products)
The lifetime PD is estimated using the Weibull function in order to obtain a long-term fitting of the system default rates extrapolated from Bank of Italy's public database. The PD vectors are adjusted on a forward-looking basis by the Chief Risk Officer. The bank uses the one-year PD for stage 1 loans and receivables.

The PD is estimated over the life of the stage 2 loans and receivables. Therefore, in order to determine the impairment loss, the related node on the multi-period PD curve is used for each maturity date.

Given the current and prospective macroeconomic scenario and in line with the approach adopted in 2024, the bank recognised an additional impairment loss at the reporting date to reflect the possible increase in risk of some sectors.

It acquires eligible personal guarantees to mitigate credit risk and potential losses in the case of default for guaranteed finance and factoring products. Due to the characteristics of these products, the estimate of the LGD considers their secured and unsecured components.

As the bank does not have historical information about actual losses for the other products, it used the LGD value of 45% as allowed for senior exposures without eligible collateral for the simplified estimate of LGD (article 161 of Regulation (EU) no. 575/2013).

Exposures with irregular repayments are classified in different categories depending on the risk level.

Non-performing exposures (stage 3) can be split into:
- non-performing overdrawn and/or past due exposures: on and off-statement of financial position exposures other than bad exposures or unlikely to pay exposures that are past due or overdrawn by more than 90 days at the reporting date;
- unlikely to pay exposures: on and off-statement of financial position exposures classified as such given that the bank does not expect the borrower will be able to fully meet its commitments (principal and/or interest) without resorting to actions such as asset foreclosure;
- bad exposures: on and off-statement of financial position exposures to borrowers that are insolvent (even if not legally certified as such) or in substantially similar situations regardless of the bank's estimates about probable losses.

Each of the above categories may also be classified as forborne non-performing exposures.

Both performing and non-performing exposures can be classified as forborne when the following regulatory conditions are met:
- modification of the previous terms and conditions of the contract and/or the total or partial refinancing of the exposure;
- confirmation at the forbearance resolution date that the customer is facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). This condition is automatically deemed to be met in the case of a non-performing exposure but has to be based on a specific valuation of the customer in the case of a performing exposure.

Impairment testing aims at identifying impairment losses due to deterioration in the counterparty's credit rating in a timely manner by using appropriate models to determine their amount.

The bank has recognised a loss allowance for expected credit losses on:
• financial assets at amortised cost: ABS, loans and receivables with customers, including those arising from leases and factoring, and loans and receivables with banks;
• financial assets at fair value through other comprehensive income;
• receivables from contracts with customers covered by IFRS 15. The ECL calculation model requires a quantitative estimate of future cash flows and assumes that these may be reliably estimated.

The impairment model consists of:
• the staging of exposures, based on an assessment of the increase in the exposure's/counterparty's risk;
• using multi-period risk parameters (e.g., lifetime PD, LGD and EAD) to quantify the lifetime ECL on financial instruments whose credit risk has increased significantly since initial recognition.

Non-performing loans and receivables (bad, unlikely to pay and overdrawn or past due) are tested for impairment individually or collectively. The impairment loss is calculated by discounting the expected future cash flows of principal and interest net of recovery costs considering any guarantees.

The bank assesses its credit-impaired exposures analytically depending on the nature of the assessed asset:
• Customer financing: the impairment losses are calculated either **individually** or **collectively** in the case of exposures that, due to their inherent characteristics (immaterial amounts and large numbers), can be tested using prudential but streamlined and low-cost models, capable of guaranteeing uniform results.

In line with the supervisory guidance and market practices, as well as the nature of the products offered, Banca CF+ tests all the UTP and bad exposures exceeding €500 thousand individually in order to achieve an accurate as possible estimate of the more risky positions and to recognise a lump-sum impairment loss for smaller exposures and past due exposures for organisational efficiency purposes, maintaining a prudential approach which envisages a threshold equal to that for the lump-sum impairment loss for individual exposures.

The Chief Lending Officer's staff estimates the lifetime expected credit losses of the individual exposures consid-

ering their specific nature and the minimum impairment percentages. To this end, they firstly decide whether to assess the counterparty using:
- a **going concern** approach, where their assessment focuses on the sustainability of the customer's debt over time based on its estimated cash flows;
- a **gone concern** approach, if recovery is possible through the enforcement of the guarantees and/or liquidation of the company's assets or when there is no reliable information about its estimated future cash flows.

• POCI exposures: the impairment losses are calculated as the difference between the individual portfolios' carrying amount and their expected recoverable amount based on the underlying business plan;
• Tax assets: the impairment losses are calculated as the difference between the individual exposures' carrying amount and their expected recoverable amount based on the underlying business plan. If a tax asset is no longer with the tax authorities but with the transferor, the impairment loss is determined by the Chief Lending Officer based on an estimate of the recoverable amount, in accordance with internal regulations;
• ABS: the impairment losses are the higher of those calculated using the approach described for stages 1 and 2 exposures and their expected recoverable amount based on the underlying business plan;
• leases: the impairment losses are calculated individually by assessing their recoverability considering issuer risk.

Supported by the information provided by the servicers, the bank revises the business plans used for the measurement of the impaired loans and receivables/ABS every six months or more frequently, if appropriate.

The bank checks that the impairment losses on loans is adequate including by comparing its portfolio with the average banking sector data and revising the methods used to calculate recovery forecasts based on the results of its recovery procedures (court-appointed experts' appraisals, prices set for auctions and sales prices at auctions).

Impairment losses on problematic loans and receivables are reversed only when their quality has improved to the point that the bank is reasonably certain that it will recover principal and interest and/or has collected amounts greater than the exposure's carrying amount. Depending on the method used to calculate the impairment loss, the proximity to the deadline for collection of the exposure due to the passage of time gives rise to a reversal of impairment losses as it implies a reduction in the unrealised interest expense previously used to decrease the loans and receivables.

<u>Measurement of expected credit losses</u>
IFRS 9 requires an entity to consider relevant forward looking information when measuring credit impairment and not only historical and current information, as it deems that it can affect the recoverability of the credit exposures.

Accordingly, the bank considered the following:
• its update of the macro-economic scenarios, using a baseline, a best and an adverse scenario:
- **baseline**: based on the 2026-2028 macroeconomic projections for Italy prepared by Bank of Italy's experts as part of the Eurosystem's coordinated exercise (see "Macroeconomic Projections for the Italian Economy (Eurosystem staff macroeconomic projections)", 19 December 2025");
- **adverse**: the December 2025 update of the Bank of Italy's macroeconomic projections does not include an adverse scenario. In light of the above, the bank combined elements from the most severe scenarios in the December edition of the "Eurosystem staff macroeconomic projections for the euro area" to construct the adverse scenario. Specifically, the deviations from the baseline across four worst-case scenarios were aggregated: two relating to ESG and two reflecting alternative scenarios for energy commodity prices and exchange rates:

ESG scenarios
Moreover, in line with the assumptions made at 31 December 2024 and 30 June 2025, the deviation of -0.1% from the GDP baseline scenario resulting from the discretionary implementation of GHG emission reduction policies by member states was maintained, even though the ECB report estimated a maximum deviation of -0.05% (*see BOX 2 - Assessing the impact of climate change transition policies on growth and inflation: Chart A - Impact of national discretionary green fiscal policy measures on the projections baseline*).

In addition, the estimated impact of introducing additional measures to meet the EU's 2030 emissions-reduction targets was reported. The ECB report presents two scenarios for achieving the Fit for 55 target:

• **"Fit for 55" carbon-tax scenario**: the 2030 emissions-reduction target is achieved solely through increases in carbon prices.
• **"Fit for 55" policy-mix scenario**: the target is achieved through a combination of a carbon tax and non-tax measures. Under this scenario, secondary targets for the share of clean energy and for energy consumption are also met.

Considering the current context, the bank has decided to use only the "**Fit for 55" policy-mix scenario**, judging it more plausible than a scenario in which the emissions-reduction targets are achieved solely through increases in carbon prices.

Under the adopted scenario, GDP is not affected in 2026 and 2027 (although the ECB report assumes a marginal increase in 2026, which the bank has not incorporated), while in 2028 GDP is 0.5% below the baseline (*see Chart D, "Impact of climate policy scenarios on real GDP and inflation"*).

Alternative scenarios - price dynamics and exchange rates
The bank has also incorporated the 75th-percentile worst-case impacts arising from:
• alternative paths for energy commodity prices. In the sensitivity analysis, the downside and upside paths are derived from the 25th and 75th percentiles of option-implied neutral densities for both oil and gas prices. The 75th-percentile path implies GDP 0.1% below the baseline in 2026, 2027 and 2028 (*see Table 6 - Alternative energy price paths and their impact on real GDP growth and HICP inflation*);
• market expectations for the exchange rate point to a further appreciation of the Euro, implying downside risks to growth and inflation. In the baseline projections, the technical assumptions for exchange rates are held constant over the forecast horizon. The alternative downside and upside paths have been derived from the 25th and 75th percentiles of the option-implied neutral densities for the USD/EUR exchange rate on 26 November 2025, which were skewed towards a moderate Euro appreciation. The 75th-percentile path implies GDP 0.1% and 0.2% below the baseline in 2026 and 2027, respectively (*see Alternative exchange rate paths Table 7 - Impact on real GDP growth and HICP inflation*).

The sum of the changes resulting from the scenarios is applied to the Italian GDP growth rates of the Bank of Italy's baseline scenario, resulting in the adverse scenario.

- **best scenario**: given the current macroeconomic situation, the bank did not consider the best scenario when estimating the forward-looking factor for the figures at 31 December 2025;

• the review of the business plan for the POCI portfolios, primarily due to the postponement of the collection dates.

2.4 Credit risk mitigation techniques

In order to mitigate credit risk in line with the regulations, the bank and the group use the CRM (Credit Risk Mitigation) techniques, set out in Bank of Italy's Circular no. 285/2013, as subsequently amended, and the CRR.

Specifically, the bank may make use of personal guarantees (sureties, personal guarantees and credit derivatives), financial collateral (liens on cash and/or listed securities and master netting agreements) and property collateral (residential and non-residential property mortgages).

The bank has specific procedures to efficiently manage risk covering the various stages involved (from acquisition of the individual guarantees to their execution as well as the more operational aspects for their management) and to identify the relevant internal process owners.

Even when the exposures are secured, the bank is still required to measure credit risk, focusing on the borrower's capacity to meet its obligations without considering the guarantee.

3. Non-performing exposures

3.1. Management strategies and policies

Exposures with irregular repayments are classified in different categories depending on the risk level.

Non-performing exposures can be split into:
- non-performing overdrawn and/or past due exposures: on and off-statement of financial position exposures other than bad exposures or unlikely to pay exposures that are past due or overdrawn by more than 90 days at the reporting date;
- unlikely to pay exposures: on and off-statement of financial position exposures classified as such given that the bank does not expect the borrower will be able to fully meet its commitments (principal and/or interest) without resorting to actions such as asset foreclosure;
- bad exposures: on and off-statement of financial position exposures to borrowers that are insolvent (even if not legally certified as such) or in substantially similar situations regardless of the bank's estimates about probable losses.

Each of the above categories may also be classified as forborne non-performing exposures.

Non-performing exposures can be classified as forborne when the following regulatory conditions are met:
- modification of the previous terms and conditions of the contract and/or the total or partial refinancing of the exposure;
- confirmation at the forbearance resolution date that the customer is facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). This condition is automatically deemed to be met in the case of a non-performing exposure.

The bank also checks that the impairment loss on loans is adequate by comparing its portfolio with the average banking sector data and revising the methods used to calculate recovery forecasts on portfolios being run off based on the results of its recovery procedures (court-appointed experts' appraisals, prices set for auctions and sales prices at auctions).

Impairment losses on ABS reflect both remeasurement of the investment's value compared to its calculation using the amortised cost method agreed during the underwriting phase as well as available onboarding information.

3.2. Write-offs

The bank reduces the carrying amount of a non-performing exposure when it has no reasonable expectations of recovering it in its entirety or a portion thereof (total/partial write-offs), e.g., in the following cases:
a) irrecoverability, based on certain and precise elements (such as, for example, the debtor being untraceable or destitute, non-recovery from foreclosure of movable and immovable property, unsuccessful seizures, bankruptcy proceedings ended with an incomplete settlement of the bank's claim, if there are no further enforceable guarantees, etc.);
b) transfers;
c) waivers, as a result of unilateral debt forgiveness or residual under settlement agreements;
d) without waivers. In order to avoid retaining in the statement of financial position financial assets that continue to be managed by the credit collection departments but that have a very low chance of being recovered, all or part of their carrying amount is written off due to its irrecoverability even when the related legal case has not been terminated. The write-off may only affect the portion of a financial asset covered by a loss allowance; therefore, each financial asset may be written off to the extent of its carrying amount.

3.3 Purchased or originated credit-impaired financial assets

At the reporting date, the bank's non-performing exposures were either related to default situations of its new business or credit-impaired when it purchased them (bad or UTP exposures, mainly SME property loans), either as part of securitisations carried out by other banks or financial brokers (e.g., lease companies) or purchased directly by the bank.

The bank acquired these financial assets to collect the related cash flows (HTC business model).

As already described, the bank calculates the expected credit losses on POCI exposures as the difference between the net present value of their future cash flows (through credit collection activities less related costs) discounted at the transaction's interest rate (IRR) calculated at inception and the gross amount of the purchased exposures (i.e., the purchase price less collections plus interest calculated using the transaction's IRR).

Supported by the information provided by the servicers, the bank revises the business plans used for the measurement of the financial assets every six months or more frequently, if appropriate.

As the department in charge of performing the second-level controls, the Chief Risk Officer's department:
• on a monthly/quarterly basis, checks the performance of legacy portfolios by investigating the reasons for any reductions in expected collections or expected lengthening of collection times;
• once every six months, checks that the business plan reviews of all portfolios coordinated by the portfolio management office and carried out by external servicers have been carried out using a systematic and accurate review process (individual and/or collective) of collection flow projections;
• on an annual basis, conducts a single-name analysis to check that the adopted evaluation criteria are consistent with the relevant policy, by reviewing the documentary file (e.g., position summary sheet, expert reports, court-appointed expert reports, resolutions, etc.).

During the business plan review's second-level controls, the Chief Risk Officer assesses the underlying assumptions by position clusters (defined according to uniform categories of strategy/recovery phases), where they are applied collectively to all portfolios/positions not pipelined by the manager.

The Chief Risk Officer's department is informed of the above assumptions in special meetings with the portfolio management office and, where it deems it appropriate, carries out an in-depth analysis of certain portfolios/positions, with the aim of checking the effectiveness/completeness of the process and the consistency between the analyses carried out/the resulting evidence and the relevant business plan projections.

4. Renegotiated financial assets and forborne exposures

At 31 December 2025, the bank has renegotiated performing financial assets, mostly related to waivers on covenants granted to creditworthy counterparties, and forborne exposures.

QUANTITATIVE DISCLOSURE

A. CREDIT QUALITY

A.1 Performing and non-performing exposures: carrying amount, impairment losses, performance and business breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amount)

(€'000)

Portfolios/quality	Bad exposures	Unlikely to pay exposures	Non-performing past due exposures	Performing past due exposures	Other performing exposures	Total
1. Financial assets at amortised cost	5,149	40,846	20,356	7,055	1,421,734	**1,495,140**
2. Financial assets at fair value through other comprehensive income	-	-	-	-	41,373	**41,373**
3. Financial assets at fair value through profit or loss	-	-	-	-	-	**-**
4. Other financial assets mandatorily measured at fair value	-	-	-	-	305,335	**305,335**
5. Financial assets held for sale	-	-	-	-	-	**-**
Total 31.12.2025	**5,149**	**40,846**	**20,356**	**7,055**	**1,768,442**	**1,841,848**
Total 31.12.2024	**14,501**	**48,958**	**20,770**	**5,178**	**1,754,718**	**1,844,124**

As established by Bank of Italy's Circular no. 262 of 22 December 2005 (eighth update) for the quantitative disclosure on credit quality, "exposures" do not include equities and OEIC units.

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross amount and carrying amount)

(€'000)

Portfolios/quality	Non-performing				Performing			Total (carrying amount)
	Gross amount	Total impairment losses	Carrying amount	Part ial/ total write-of fs (*)	Gross amount	Total impairment losses	Carrying amount	
1. Financial assets at amortised cost	96,683	(30,333)	66,350	-	1,466,268	(37,478)	1,428,790	**1,495,140**
2. Financial assets at fair value through other comprehensive income	-	-	-	-	41,394	(21)	41,373	**41,373**
3. Financial assets at fair value through profit or loss	-	-	-	-	x	x	-	**-**
4. Other financial assets mandatorily measured at fair value	-	-	-	-	x	x	305,335	**305,335**
5. Financial assets held for sale	-	-	-	-	-	-	-	**-**
Total 31.12.2025	**96,683**	**(30,333)**	**66,350**	**-**	**1,507,662**	**(37,499)**	**1,775,498**	**1,841,848**
Total 31.12.2024	**120,321**	**(36,093)**	**84,228**	**43**	**1,507,323**	**(28,886)**	**1,759,896**	**1,844,124**

Portfolios/quality	Assets with poor credit quality		Other assets
	Accumulated losses	Carrying amount	Carrying amount
1. Financial assets held for trading	-	-	13
2. Hedging derivatives	-	-	938
Total 31.12.2025	**-**	**-**	**951**
Total 31.12.2024	**-**	**-**	**796**

**To be shown for disclosure purposes*

Financial assets at amortised cost classified as non-performing include loans that had already been classified as such and acquired with deep discounts.

A.1.3 Breakdown of financial assets by past due bracket (carrying amounts)

(€'000)

Portfolios/ risk stages	Stage 1			Stage 2			Stage 3			Purchased or originated credit-impaired		
	From 1 to 30 days	From 30 to 90 days	Af ter 90 days	From 1 to 30 days	From 30 to 90 days	Af ter 90 days	From 1 to 30 days	From 30 to 90 days	Af ter 90 days	From 1 to 30 days	From 30 to 90 days	Af ter 90 days
1. Financial assets at amortised cost	-	-	174	-	6,829	52	-	3,574	48,160	-	-	3,081
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2025	**-**	**-**	**174**	**-**	**6,829**	**52**	**-**	**3,574**	**48,160**	**-**	**-**	**3,081**
Total 31.12.2024	**76**	**-**	**-**	**1**	**3,950**	**1,152**	**4,975**	**3,736**	**64,150**	**-**	**-**	**3,773**

A.1.4. Financial assets, loan commitments and financial guarantees given: total impairment losses and provisioning

(€'000)

Reasons/risk stages	Total impairment losses																							Total provisioning on loan commitments and financial				Total
	Stage 1						Stage 2						Stage 3						Purchased or originated credit-impaired financial assets									
	Demand loans and receivables with banks and central banks	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Demand loans and receivables with banks and central banks	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Demand loans and receivables with banks and central banks	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3	Loan commitments and financial guarantees given purchased or originated credit-impaired	
Opening balance	**(66)**	**(3,327)**	**(2)**	**-**	**-**	**(3,396)**	**-**	**(25,557)**	**-**	**-**	**-**	**(25,557)**	**-**	**(15,129)**	**-**	**-**	**(15,129)**	**-**	**(20,963)**	**-**	**-**	**(20,963)**	**-**	**-**	**-**	**-**	**-**	**(65,044)**
Increase in purchased or originated financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	-	-
Cancellations other than write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net impairment losses/gains for credit risk (+/-)	5	(255)	(19)	-	-	(269)	-	(8,386)	-	-	-	(8,386)	-	(21,012)	-	-	(21,012)	-	(468)	-	-	(468)	-	-	-	-	-	(30,115)
Modification gains/losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not directly recognised in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	820	-	-	-	820	-	(773)	-	-	-	(773)	-	21,333	-	-	21,333	-	5,906	-	-	5,906	-	-	-	-		27,285
Closing balance	**(61)**	**(2,762)**	**(21)**	**-**	**-**	**(2,845)**	**-**	**(34,715)**	**-**	**-**	**-**	**(34,715)**	**-**	**(14,808)**	**-**	**-**	**(14,808)**	**-**	**(15,525)**	**-**	**-**	**(15,525)**	**-**	**-**	**-**	**-**		**(67,893)**
Collections of written-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.1.5 Financial assets, loan commitments and financial guarantees given: transfers among the various credit risk stages (gross amount and nominal amount)

(€'000)

Portfolios/ risk stages	Gross/nominal amounts					
	Transfer between stage 1 and 2		Transfer between stage 2 and 3		Transfer between stage 1 and 3	
	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets at amortised cost	146,969	2,906	560	2,793	55,099	5,429
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-
4. Loan commitments and financial guarantees given	-	-	-	-	-	-
Total 31.12.2025	**146,969**	**2,906**	**560**	**2,793**	**55,099**	**5,429**
Total 31.12.2024	**26,527**	**74**	**3,662**	**294**	**44,307**	**470**

A.1.6 On- and off-statement of financial position exposures with banks: gross amount and carrying amount

(€'000)

Types of exposure/amounts	Gross amount					Total impairment losses and provisioning					Carrying amount	Partial/ total writeoffs*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit -impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit -impaired		
A. ON-STATEMENT OF FINANCIAL POSITION												
A.1 DEMAND												
a) Non-performing	**-**	**x**	**-**	**-**	**-**	**-**	**x**	**-**	**-**	**-**		**-**
b) Performing	**153,211**	**153,211**	**-**	**x**	**-**	**(62)**	**(62)**	**-**	**x**	**-**	**153,149**	**-**
A.2 OTHER												
a) Bad exposures	-	x	-	-	-	-	x	-	-	-	-	-
- including: forborne exposures	-	x	-	-	-	-	x	-	-	-	-	-
b) Unlikely to pay exposures	-	x	-	-	-	-	x	-	-	-	-	-
- including: forborne exposures	-	x	-	-	-	-	x	-	-	-	-	-
c) Non-performing past due exposures	-	x	-	-	-	-	x	-	-	-	-	-
- including: forborne exposures	-	x	-	-	-	-	x	-	-	-	-	-
d) Performing past due exposures	-	-	-	x	-	-	-	-	x	-	-	-
- including: forborne exposures	-	-	-	x	-	-	-	-	x	-	-	-
e) Other performing exposures	12,399	12,399	-	x	-	(5)	(5)	-	x	-	12,394	-
- including: forborne exposures	-	-	-	x	-			-	x	-	-	-
TOTAL A	**165,609**	**165,609**	**-**	**-**	**-**	**(66)**	**(66)**	**-**	**-**	**-**	**165,543**	**-**
B. OFF-STATEMENT OF FINANCIAL POSITION	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Non-performing	-	x	-	-	-	-	x	-	-	-	-	-
b) Performing	-	-	-	x	-	-	-	-	x	-	-	-
TOTAL B	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL A+B	**165,609**	**165,609**	**-**	**-**	**-**	**(66)**	**(66)**	**-**	**-**	**-**	**165,543**	**-**

** To be shown for disclosure purposes*

As established by Bank of Italy's Circular no. 262 of 22 December 2005 (eighth update) for the quantitative disclosure on credit quality, "exposures" do not include equities and OEIC units.

Like at the previous year end, the bank does not have non-performing exposures with banks at the reporting date.

A.1.7 On- and off-statement of financial position exposures with customers: gross amount and carrying amount

(€'000)

Types of exposure/amounts	Gross amount					Total impairment losses and provisioning					Carrying amount	Partial/ total write-offs*
		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		Stage 1	Stage 2	Stage 3	Purchased or originated credit-impaired		
A. ON-STATEMENT OF FINANCIAL POSIT ION												
a) Bad exposures	22,998	x	-	4,531	18,467	(17,849)	x		(2,463)	(15,386)	5,149	-
- including: forborne exposures	-	x	-	-	-	-	x	-	-	-	-	-
b) Unlikely to pay exposures	51,852	x	-	51,658	194	(11,006)	x	-	(10,867)	(139)	40,846	-
- including: forborne exposures	9,703	x	-	9,703	-	(1,647)	x	-	(1,647)	-	8,056	-
c) Non-performing past due exposures	21,833	x	-	21,833	-	(1,477)	x	-	(1,477)	-	20,356	-
- including: forborne exposures	2,204	x	-	2,204	-	(39)	x	-	(39)	-	2,165	-
d) Performing past due exposures	7,119	176	6,942	x	-	(64)	(2)	(61)	x	-	7,055	-
- including: forborne exposures	162	162	-	x	-	(1)	(1)	-	x	-	161	-
e) Other performing exposures	1,793,479	1,502,963	290,516	x	-	(37,431)	(2,777)	(34,654)	x	-	1,756,048	-
- including: forborne exposures	18,008	-	18,008	x	-	(432)	-	(432)	x	-	17,575	-
TOTAL A	**1,897,281**	**1,503,139**	**297,458**	**78,022**	**18,662**	**(67,828)**	**(2,779)**	**(34,715)**	**(14,808)**	**(15,525)**	**1,829,453**	**-**
B. OFF-STATEMENT OF FINANCIAL POSIT ION												
a) Non-performing		x					x					
b) Performing	457,879	457,879		x					x		457,879	
TOTAL B	**457,879**	**457,879**									**457,879**	
TOTAL A+B	**2,355,160**	**1,961,018**	**297,458**	**78,022**	**18,662**	**(67,828)**	**(2,779)**	**(34,715)**	**(14,808)**	**(15,525)**	**2,287,332**	**-**

A.1.8 On-statement of financial position exposures with banks: gross non-performing exposures

None.

A.1.8bis On-statement of financial position exposures with banks: gross forborne exposures broken down by credit quality

None.

A.1.9 On-statement of financial position exposures with customers: gross non-performing exposures

(€'000)

Reasons/Categories	Bad exposures	Unlikely to pay exposures	Nonperforming past due exposures
A. Gross opening balance	**34,196**	**64,077**	**22,047**
- including: exposures transferred but not derecognised	-	-	-
B. Increases	**-**	**-**	**-**
B.1 from performing exposures	3,774	35,760	32,060
B.2 from purchased or originated creditimpaired exposures	-	-	-
B.3 transfers from other non-performing categories	27,567	23,632	-
B.4 modification losses	-	-	-
B.5 other increases	9,488	27,122	1,835
C. Decreases	**-**	**-**	**-**
C.1 to performing exposures	-	-	-
C.2 write-offs	(569)	-	-
C.3 collections	(1,358)	(18,655)	(5,744)
C.4 sales	(49,634)	(38,034)	-
C.5 losses on sales	-	-	-
C.6 transfers to other non-performing categories	-	(23,194)	(27,882)
C.7 modification gains	-	-	-
C.8 other decreases	(467)	(18,858)	(484)
D. Gross closing balance	**22,998**	**51,852**	**21,833**
- including: exposures transferred but not derecognised	-	-	-

A.1.9bis On-statement of financial position exposures with customers: gross forborne exposures broken down by credit quality

(€'000)

Description/Quality	Forborne non-performing exposures	Forborne performing exposures
A. Gross opening balance	**24,826**	**3,103**
- including: exposures transferred but not derecognised	-	-
B. Increases	**-**	**-**
B.1 from non-forborne performing exposures	-	20,563
B.2 from forborne performing exposures	530	x
B.3 from forborne non-performing exposures	-	-
B.4 from non-forborne non-performing exposures	-	-
B.5 other increases	19,749	1,402
C. Decreases	**-**	**-**
C.1 to non-forborne performing exposures	-	(32)
C.2 to forborne performing exposures	-	x
C. 3 to forborne non-performing exposures	x	(4,483)
C.4 write-offs	-	-
C.5 collections	(22,067)	(2,381)
C.6 sales	(2,812)	-
C.7 losses on sales	-	-
C.8 other decreases	(8,320)	(0)
D. Gross closing balance	**11,906**	**18,170**
- including: exposures transferred but not derecognised	-	-

A.1.10 On-statement of financial position non-performing exposures with banks: changes in impaired positions

None.

A.1.11 On-statement of financial position non-performing exposures with customers: changes in impaired positions

(€'000)

Reasons/Categories	Bad exposures		Unlikely to pay exposures		Non-performing past due	
	Total	including: forborne exposures	Total	including: forborne exposures	Total	including: forborne exposures
A. Opening balance	**19,696**	**-**	**15,119**	**9,395**	**1,278**	**-0**
- including: exposures transferred but not derecognised	-	-	-	-	-	-
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 from purchased or originated credit-impaired exposures	-	x	-	x	-	x
B.2 other impairment losses	9,935	731	24,478	10,499	1,920	17
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other non-performing categories	2,024	1,487	406	-	-	-
B.5 modification losses	-	x	-	x	-	x
B.6 other increases	1,997	-	1,485	925	37	24
C. Decreases	**-**	**-**	**-**	**-**	**-**	**-**
C.1 fair value gains	(7,361)	-	(455)	(72)	(18)	(2)
C.2 impairment gains due to collections	(1,168)	-	(3,895)	(204)	(444)	-
C.3 gains on sales	-	-	-	-	-	-
C.4 write-offs	(506)	-	-	-	-	-
C.5 transfers to other non-performing categories	-	-	(1,822)	(1,487)	(608)	-
C.6 modification gains	-	x	-	x	-	x
C.7 other decreases	(6,766)	(2,218)	(24,309)	(17,409)	(668)	-
D. Closing balance	**17,849**	**-**	**11,006**	**1,647**	**1,478**	**39**
- including: exposures transferred but not derecognised	-	-	-	-	-	-

As established by Bank of Italy's Circular no. 262 of 22 December 2005 (eighth update) for the quantitative disclosure on credit quality, "exposures" do not include equities and OEIC units.

A.2 Classification of financial assets, loan commitments and financial guarantees given based on external and internal ratings

A.2.1 Breakdown of financial assets, loan commitments and financial guarantees given by external rating class (gross amounts)

(€'000)

Exposures	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets at amortised cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	403,899	818	-	-	764,093	1,167,991
- Stage 2	-	-	2,397	-	-	-	295,062	297,458
- Stage 3	-	-	-	-	-	-	78,022	78,022
- Purchased or originated credit-impaired	-	-	-	-	-	-	18,662	18,662
B. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	41,373	-	-	-	41,373	41,373
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
C. Financial assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
Total (A + B + C)	**-**	**-**	**447,668**	**-**	**-**	**-**	**1,197,211**	**1,603,506**
D. Loan commitments and financial guarantees given	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Stage 1	-	-	-	-	-	-	457,879	457,879
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Purchased or originated credit-impaired	-	-	-	-	-	-	-	-
Total (D)	**-**	**-**	**-**	**-**	**-**	**-**	**457,879**	**457,879**
Total (A + B + C + D)	**-**	**-**	**447,668**	**-**	**-**	**-**	**1,655,090**	**2,061,385**

A.2.2 Breakdown of financial assets, loan commitments and financial guarantees given by internal rating class (gross amounts)

The bank does not use internal ratings.

A.3 BREAKDOWN OF GUARANTEED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 On- and off-statement of financial position guaranteed exposures with banks

None.

A.3.2 On- and off-statement of financial position guaranteed exposures with customers

(€'000)

	Gross amount	Carrying amount	Collateral (1)				Personal guarantees (2)									Total (1)+(2)
							Credit derivatives					Endorsement credits				
								Other derivatives								
			Mortgaged property	Mortgaged Net investments in leases	Securities	Other collateral	CLN	Central counterparties	Banks	Other financial companies	Other	Public administrations	Banks	Other financial companies	Other	
1. On-statement of financial position guaranteed exposures:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1 fully guaranteed	177,124	172,815	7,937	-	2,233	-	-	-	-	-	-	126,668	-	3,595	32,300	172,733
- including non-performing	27,450	23,702	4,123	-	-	-	-	-	-	-	-	17,335	-	585	1,577	23,620
1.2 partly guaranteed	616,148	607,148	755	-	88	-	-	-	-	-	-	-	-	401,482	67,974	470,299
- including non-performing	38,524	32,011	582	-	-	-	-	-	-	-	-	25,906	-	969	-	27,457
2. Off-statement of financial position guaranteed exposures:																
2.1 fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- including non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partly guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- including non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The personal guarantees include those given by MCC and SACE for guaranteed finance products and those given by Allianz Trade for the factoring products. The recovery process includes calling in the guarantee/requesting the loan repayment from the central funds and Allianz Trade directly. The carrying amount of the personal guarantees is the amount guaranteed by MCC, SACE or Allianz Trade.

The guarantees for the bank's original business (pre-demerger) are first level mortgages. The loans are usually recovered through court procedures by selling the property pledged as guarantee. The collateral's carrying amount is the market value of the mortgaged property.

A.4 FINANCIAL AND NON-FINANCIAL ASSETS OBTAINED THROUGH THE ENFORCEMENT OF GUARANTEES RECEIVED

None.

B. BREAKDOWN AND CONCENTRATION OF EXPOSURES

B.1 Breakdown of on- and off-statement of financial position exposures with customers by business segment

(€'000)

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (including: insurance companies)		Non-financial companies		Households	
	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses
A. On-statement of financial position										
A.1 Bad exposures	-	-	1	(7)	-	-	4,945	(15,689)	203	(2,154)
- including: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay exposures	-	-	-	-	-	-	40,602	(10,842)	244	(164)
- including: forborne exposures	-	-	-	-	-	-	7,894	(1,644)	162	(2)
A.3 Non-performing past due exposures	-	-	1,040	(34)	1,040	(34)	19,259	(1,435)	57	(8)
- including: forborne exposures	-	-	-	-	-	-	2,165	(39)	-	-
A.4 Performing exposures	445,072	(221)	485,354	(33,583)	-	-	831,916	(3,685)	760	(5)
- including: forborne exposures	-	-	-	-	-	-	17,737	(433)	-	-
Total (A)	**445,072**	**(221)**	**486,395**	**(33,624)**	**1,040**	**(34)**	**896,722**	**(31,651)**	**1,265**	**(2,332)**
B. Off-statement of financial position										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	450,000	-	-	-	7,879	-	-	-
Total (B)	**-**	**-**	**450,000**	**-**	**-**	**-**	**7,879**	**-**	**-**	**-**
Total (A+B) 31/12/2025	**445,072**	**(221)**	**936,395**	**(33,624)**	**1,040**	**(34)**	**904,601**	**(31,651)**	**1,265**	**(2,332)**
Total (A+B) 31/12/2024	**459,031**	**(209)**	**835,593**	**(25,557)**	**1,380**	**(2)**	**949,259**	**(36,783)**	**1,418**	**(2,421)**

B.2 Breakdown of on- and off-statement of financial position exposures with customers by geographical segment (carrying amounts)

(€'000)

Exposures/Geographical segments	Italy		Other European countries		Americas		Asia		Rest of the world	
	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment	Carrying amount	Total impairment
A. On-statement of financial position										
A.1 Bad exposures	5,109	(17,718)	39	(125)	1	(6)	-	-	-	-
A.2 Unlikely to pay exposures	40,846	(11,006)	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	20,359	(1,477)	-	-	-	-	-	-	-	-
A.4 Performing exposures	1,715,121	(37,458)	44,322	(33)	852	(1)	2,718	(2)	86	(0)
Total (A)	**1,781,435**	**(67,660)**	**44,361**	**(158)**	**853**	**(7)**	**2,718**	**(2)**	**86**	**(0)**
B. Off-statement of financial position										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	457,879	-	-	-	-	-	-	-	-	-
Total (B)	**457,879**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2025	**2,239,314**	**(67,660)**	**44,361**	**(158)**	**853**	**(7)**	**2,718**	**(2)**	**86**	**-**
Total (A+B) 31/12/2024	**2,225,637**	**(64,522)**	**17,683**	**(440)**	**719**	**(7)**	**1,140**	**(2)**	**122**	**-**

B.3 Breakdown of on- and off-statement of financial position exposures with banks by geographical segment (carrying amounts)

(€'000)

Exposures/Geographical segments	Italy		Other European countries		Americas		Asia		Rest of the world	
	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses	Carrying amount	Total impairment losses
A. On-statement of financial position										
A.1 Bad exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay exposures	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	165,543	(66)	-	-	-	-	-	-	-	-
Total (A)	**165,543**	**(66)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Off-statement of financial position										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	13	-	-	-	-	-	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2025	**165,543**	**(66)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total (A+B) 31/12/2024	**106,251**	**(74)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

B.4 Large exposures

(€'000)

Large exposures	31/12/2025	31/12/2024
a) Carrying amount	2,265,909	2,074,937
b) Weighted amount	144,109	144,961
c) Number	17	27

The bank's large exposures at year end comply with the limits set by the supervisory regulations.

Pursuant to the recommendations made in the "Enhancing the risk disclosures of banks" report, a breakdown of the assets and related weighting factors used to calculate credit risk is set out below.

(€'000)

ASSETS	NOMINAL AMOUNT	WEIGHTING	WEIGHTED AMOUNT
Exposures with or guaranteed by central administrations or central banks	1,465,166,606	0%	-
	165,513	100%	165,513
	899,256	250%	2,248,142
Exposures with or guaranteed by local administrations or authorities	11,142,776	100%	11,142,776
Exposures with or guaranteed by public sector bodies	54,812,590	100%	54,812,591
Exposures with or guaranteed by bodies	4,896,803	20%	979,361
	2,018,178	50%	1,009,089
	525,674	75%	394,255
	2,010,724	100%	2,010,724
	46,137,468	30%	13,324,066
Exposures with or guaranteed by companies	450,000,000	0%	-
	22,539,927	20%	4,507,985
	250,192,829	100%	226,793,010
Retail exposures	71,001,702	75%	40,233,945
Exposures guaranteed by mortgages on properties	301,420	20%	60,284
	2,705,212	60%	1,597,198
	846,719	100%	843,409
Defaulting exposures	31,270,004	100%	31,270,004
	4,192,791	150%	6,289,188
Equity instruments	2,600,319	100%	2,600,320
	-	250%	-
Other exposures	90,914,002	0%	-
	815,907	20%	163,182
	47,661,571	100%	47,661,571
	159,554,765	100%	159,554,765
	2,378,940	105%	2,497,887
TOTAL WEIGHTED ASSETS			**610,159,266**
Capital allocated to cover credit and counterparty risk at the reporting date (in Euro)			48,812,741

C. SECURITISATIONS

Qualitative disclosure

Strategies - processes - objectives:
As a bank specialised in the brokerage, management and servicing of impaired or illiquid exposures, pre-demerger Banca CF+ played many roles in securitisation transactions. It acted as arranger, asset manager and servicer, it structured securitisation vehicles (as per Law no. 130/99) and provided all the related portfolio management services.

The bank also acted as sponsor and with the option of taking part of the risk as the direct investor (in accordance with the retention rule set by the regulations).

It acted as asset manager/primary servicer of portfolios on behalf of third parties.

After the demerger, the bank continued to engage in securitisations, focusing on the tax assets business through Crediti Fiscali+ SPV.

Internal risk measurement and control systems
The Portfolio Management Office is responsible, inter alia, for the following in connection with the loan portfolios in which the bank invests:
• monitoring the business plan annual and half yearly reviews, with specific reference to the legacy portfolio, working with the securitisations' servicers to define guidelines, monitor execution (e.g., roll-up) and approve the results;
• ensuring the monitoring of the notes recognised as assets, obtaining information from the securitisations' servicers on the performance of the underlying portfolios (e.g., collection amounts and timing) and analysing the master servicing reports provided for by the contracts for the securitisations in which the bank invests;
• managing the reporting of investments in tax assets, in close coordination with the relevant department;
• ensuring the preparation of management reports for a comprehensive and aggregated view of the performance of the bank's portfolios recognised as assets;
• managing relationships with the servicers involved in order to ensure proper management and an adequate level of service when reviewing the business plans and reporting on the legacy portfolio;
• evaluating the business plan reviews of the legacy portfolio, with the aim of checking the effectiveness/completeness of the process and the consistency between the analyses carried out/the resulting evidence and the relevant business plan projections;

Moreover, as the department in charge of performing the second-level controls, the Chief Risk Officer's department:
• on a monthly/quarterly basis, checks the performance of legacy portfolios by investigating the reasons for any reductions in expected collections or expected lengthening of collection times;
• once every six months, checks that the business plan reviews of all portfolios coordinated by the portfolio management office and carried out by external servicers have been carried out using a systematic and accurate review process (individual and/or collective) of collection flow projections;
• on an annual basis, conducts a single-name analysis to check that the adopted evaluation criteria are consistent with the relevant policy, by reviewing the documentary file (e.g., position summary sheet, expert reports, court-appointed expert reports, resolutions, etc.).

Hedging policies
During the first half of 2025, the bank signed a financial guarantee contract to hedge any losses realised on the ABS recognised in the statement of financial position and deriving from its business model prior to the demerger.

Disclosure on the profit or loss of the securitisations
The profits or losses on securitisations substantially reflect the performance of the underlying portfolios and the related cash flows at the end of the year, considering any prepayments made during the year.

Quantitative disclosure

C.1 Exposures of the main self-securitisations broken down by securitised asset and type of exposure

(€'000)

Type of securitised asset/Exposure	Exposures						Financial guarantees given						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains
A. Fully derecognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bank loans and leases	10,185	(52)	28,177	(32,431)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Partly derecognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

This caption includes the ABS subscribed by the then Credito Fondiario S.p.A. prior to the demerger completed in August 2021 as part of two securitisations.

The balance mainly includes mezzanine ABS and, for the remainder, senior ABS

C.2 Exposures of the main third party securitisations broken down by securitised asset and type of exposure

(€'000)

Type of securitised asset/Exposure	Exposures						Financial guarantees given						Credit facilities					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains	Carrying amount	Impairment losses/gains
Mortgage loans, leases, tax assets and trade receivables	190,094	(1,066)	9,501	-	224,860	-	-	-	-	-	-	-	-	-	-	-	-	-

The bank has not issued guarantees or granted credit facilities for the securitisations.

C.3 Securitisation vehicles

(€'000)

Securitisation name/Special purpose vehicle	Registered office	Consolidation	Assets			Liabilities		
			Loans and receivables	Debt instruments	Other	Senior	Mezzanine	Junior
PONENTE SPV S.R.L.	Rome - Italy	yes	4,646	-	649	885	-	3,774
NEW LEVANTE SPV S.R.L.	Rome - Italy	yes	4,012	-	1,322	3,024	-	1,931
COSMO SPV 1 S.R.L.	Rome - Italy	yes	4,649	-	71	340	-	7,019
CREDITI FISCALI+ S.R.L.	Rome - Italy	yes	162,489	-	777,914	718,002	-	179,428
LIBERIO SPV S.R.L.	Rome - Italy	yes	22,186	-	1,123	2,758	-	-
FAIRWAY 1 SPV S.R.L.	Rome - Italy	yes	1,283	-	809	3,889	-	10,212
FAIRWAY 2 SPV S.R.L.	Rome - Italy	yes	1,638	-	549	-	-	6,957
AVENTINO SPV S.R.L.	Rome - Italy	yes	49	-	174	-	-	815
RESTART SPV S.R.L.	Rome - Italy	equity-accounted	10,586	-	3,770	-	14,800	-
ITALIAN CREDIT RECYCLE SPV S.R.L.	Rome - Italy	equity-accounted	3,503	-	1,295	-	10	-
FEDAIA SPV S.R.L.	Rome - Italy	no	66,594	-	-	-	-	156,325
RIENZA SPV S.R.L.	Rome - Italy	no	61,675	-	-	-	-	10
GARDENIA SPV S.R.L.	Rome - Italy	no	90,099	-	-	-	-	150,900
BRAMITO SPV S.R.L.	Rome - Italy	no	34,270	-	-	27,866	-	25,101
VETTE TV SPV S.R.L.	Rome - Italy	no	15,821	-	-	-	15,960	10,620
APPIA TV SPV S.R.L.	Rome - Italy	no	32,568	-	-	32,615	-	-
PALATINO SPV S.R.L.	Rome - Italy	no	33,947	-	-	47,943	23,400	6,280
DOMIZIA SPV S.r.l.	Rome - Italy	no	41,648	-	-	5,472	86,416	3,391
POP NPLs 2024 S.r.l.	Rome - Italy	no	40,936	-	-	60,060	25,000	10,000

The information in the table is updated to 31 December 2025.

C.4. Non-consolidated securitisation vehicles

(€'000)

Securitisation name/ Special purpose vehicle	Banca CF+ classification			CA			Maximum loss risk
	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior	
FEDAIA SPV S.R.L.	FAAC	N/A	FAFVTPL	-	-	22,707	22,707
RIENZA SPV S.R.L.	N/A	N/A	FAFVTPL	-	-	12,504	12,504
GARDENIA SPV S.R.L.	FAAC	N/A	FAFVTPL	-	-	24,724	24,724
APPIA TV SPV S.R.L.	FAFVTPL	N/A	N/A	1,653	-	-	1,653
BRAMITO SPV S.R.L.	FAAC	N/A	FAFVTPL	27,405	-	5,381	32,786
VETTE TV SPV S.R.L.	FAAC	N/A	FAFVTPL	15,464	-	16	15,480
PALATINO SPV S.R.L.	FAAC	FAAC (B1)/ FAFVTPL (B2)	FAFVTPL	2,379	4,404	-	6,783
DOMIZIA SPV S.r.l.	FAAC	FAAC (B1)/ FAFVTPL (B2)	FAFVTPL	5,437	23,772	-	29,210
ITALIAN CREDIT RECYCLE S.R.L.	FAFVTPL	N/A	N/A	-	1,964	-	1,964
RESTART SPV S.R.L.	FAFVTPL	N/A	N/A	-	7,537	-	7,537
POP NPLs 2024 S.r.l.	FAAC	N/A	N/A	8,239	-	-	8,239

Key:
FAAC: Caption 40. Financial assets at amortised cost: b) loans and receivables with customers
FAFVTPL: Caption 20. Financial assets at fair value through profit or loss: c) other financial assets mandatorily measured at fair value

C.5 Servicer - self-securitisations: collection of securitised loans and redemption of securities issued by the securitisation vehicle

None.

D. Non-consolidated structured entities (other than securitisation vehicles)

Since the bank prepares consolidated financial statements, the information required by Bank of Italy's Circular no. 262 of 22 December 2005 (eighth update) is not presented.

E. Transfers

This section covers assets that have been fully transferred and not derecognised related to self-securitisations or transfers of own loans and receivables. It includes self-securitisations only if the transfer is made to issue covered bonds and the bank is not the lender.

A. Financial assets transferred and not fully derecognised

Qualitative disclosure

The bank has not engaged in transfers to issue covered bonds where it is not the lender.

Quantitative disclosure

E.1 Financial assets transferred and recognised in full and associated financial liabilities: carrying amount

At 31 December 2025, there are no financial assets transferred and not derecognised.

The bank has not engaged in covered bond transactions where the originator and the lender are the same bank.

E.2 Financial assets transferred and partly recognised and associated financial liabilities: carrying amount

None.

E.3 Transfers with liabilities that can solely be covered by the transferred assets not fully derecognised: fair value

None.

B. Financial assets transferred and fully derecognised with recognition of continuing involvement

Qualitative disclosure

None.

Quantitative disclosure

None.

C. Financial assets transferred and fully derecognised

Qualitative disclosure

None.

Quantitative disclosure

None.

D. Covered bond transactions

None.

F. CREDIT RISK MEASUREMENT MODELS

At present, the bank does not use internal portfolio valuation models to measure its exposure to credit risk, apart from that described in the first part of this Section 1.

Section 2 – MARKET RISK

2.1 - Interest rate and price risks - Supervisory trading book
Market risk is the risk of incurring losses generated by operating on the market for financial instruments (assets and liabilities) included in the "Financial assets at fair value through profit or loss" portfolio due to fluctuations in interest rates, exchange rates, the inflation rate, fluctuations in share prices, credit spreads, commodity prices (generic risk) and the issuer's credit standing (specific risk).

The bank can make small investments in the trading book for which it avails of the derogation for small trading book business as per article 94 of the CRR. Although not part of its supervisory trading book, the bank is also exposed to the risk of losses solely with respect to its investments in financial assets managed under the HTC and HTCS business models that do not pass the SPPI test.

The bank does not have foreign currency assets or liabilities on or off the statement of financial position. It does not undertake transactions in Euros indexed to variations in exchange rates or in gold.

QUALITATIVE DISCLOSURE

A. General information

At 31 December 2025, the bank's trading book mostly consisted of interest rate derivatives and purchased tax assets (the 110% superbonus). During the year, the bank also adopted yield enhancement strategies through OTC derivatives (call options).

Its banking book is exposed to interest rate risk, which is the risk that a change therein may negatively affect its net interest income and equity.

B. Management and measurement of interest rate and price risks

As part of its routine checks, the Risk Strategy & Management Department monitors changes in the trading book and the corresponding sensitivity to interest rate risk on a daily basis.

Quantitative disclosure

None.

2.2 - Interest rate and price risks - banking book

QUALITATIVE DISCLOSURE

A. General aspects, management and measurement of interest rate and price risks

The bank is exposed to interest rate risk, which is the risk that a change therein may negatively affect its net interest income and equity.

It uses the method required by the supervisory regulations to measure own funds to cover this risk (simplified method as per annexes C and C-bis to Bank of Italy's Circular no. 285/2013). The method consists of classifying assets and liabilities by time bracket based on their residual life (fixed rate assets and liabilities) or the interest rate renegotiation date (floating rate assets and liabilities), weighing the net exposures in each bracket, adding the weighted exposures of each bracket and calculating the risk indicator (ratio of net weighted exposure to Tier 1).

The EBA guidelines and RTS of 20 October 2022 on interest rate risk and credit spreads, formally adopted by Bank of Italy and enacted with the update of Circular no. 285 issued in June 2024, introduced substantial updates to the methodology for calculating risk. Examples of the main updates impacting the bank are listed below:
• valuation of additional add-ons (option risk related to embedded options, basis risk and market value change);
• behavioural allocation for non-maturing deposits based on the core components defined by Circular no. 285 under various interest rate increase or decrease scenarios and according to the counterparty category;
• allocation of the commercial spread portion of floating-rate items over time, based on contractual terms rather than interest rate renegotiation assumptions.

The calculation is the responsibility of the Chief Risk Officer's department, which ensures consistency between the risk measurement tools and the identified measurement methods and rules.

QUANTITATIVE DISCLOSURE

1. Banking book: breakdown by residual maturity (by repricing date) of financial assets and liabilities

(€'000)

Types/Residual maturity	Demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	From 5 to 10 years	After 10 years	Open term
1. Assets								
1.1 Debt instruments								
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	133,487	133,232	62,662	548,756	29,869	-	-
1.2 Financing to banks	154,426	11,118	-	-	-	-	-	-
1.3 Financing to customers								
- current accounts	-	-	-	-	-	-	-	-
- other financing	-	-	-	-	-	-	-	-
- with early repayment option	41	96	44	2,046	17,492	689	33	-
- other	46,304	194,318	60,412	106,931	456,265	36,597	302	-
2. Liabilities								
2.1 Due to customers								
- current accounts	35	-	-	-	-	-	-	-
- other financing	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	378,095	302,129	280,130	403,767	382,994	1,610	-	-
2.2 Due to banks								
- current accounts	-	-	-	-	-	-	-	-
- other financing	13	307,639	-	-	940	-	-	-
2.3 Debt instruments								
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	25,500	-	-
2.4 Other liabilities								
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ long positions	-	40,000	-	-	-	-	-	-
+ short positions	-	-	-	-	40,000	-	-	-
4. Other off-statement of financial position transactions								
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

The Risk Strategy & Management Department does not base the calculation of the internal capital requirement for interest rate risk on A2 regulatory reporting data, because it must both comply with the regulatory updates introduced by the EBA Guidelines and the RTS endorsed by Bank of Italy in June 2024 (see the section on interest rate risk in the banking book) and measure the residual life of legacy portfolios and core business default positions, which is not immediately available in the A2 data. Specifically, the residual life of legacy portfolios is measured on the basis of the business plans for each portfolio, whereas in the financing segment - given internal position-level forecasts and the expected timing for the enforcement of public guarantees - a one-year recovery period is assumed.

An increase or decrease of 200 basis points in the interest rates would decrease or increase the economic value by approximately €7.30 million and €10.97 million, respectively. Conversely, the same variation would have increased or decreased net interest income by approximately €3.60 million and €5.37 million, respectively. The measures include the regulatory add-ons: option risk for economic value and option and basis risks for net interest income.

2. Banking book: internal models and other methodologies for sensitivity analyses

The bank does not use internal models for its sensitive analyses but the methods provided for by Bank of Italy's Circular no. 285/2013, as subsequently amended.

2.3 Currency risk

The bank does not have foreign currency assets or liabilities on or off the statement of financial position. It did not undertake transactions in Euros indexed to variations in exchange rates or in gold.

A. General aspects, management and measurement of currency risk

None.

B. Hedging of currency risk

Quantitative disclosure

None.

3 – DERIVATIVES AND HEDGING POLICIES

3.1 Trading derivatives

The bank has implemented a fair value hedge accounting strategy using OTC (interest rate swaps) derivatives to hedge fixed-rate bonds. Moreover, it continued its strategy to mitigate its securitised portfolios' exposure to interest rate risk using interest rate derivatives.

A. Financial derivatives

A.1 Trading financial derivatives: reporting date notional amounts

(€'000)

Underlying Without central counterparties asset/T ype of derivatives	31/12/2025				31/12/2024			
	Over the counter				Over the counter			
	Central counterparties	Without central counterparties		Organised markets	Central counterparties	Without central counterparties		Organised markets
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt instruments and interest rates								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	28,289	-	-	-	79,829	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and share indexes								
a) Options	-	-	-	-	-	-	200	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other								
4. Commodities	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	**-**	**28,289**	**-**	**-**	**-**	**79,829**	**200**	**-**

A.2 Trading financial derivatives: gross positive and negative fair value - breakdown by product

(€'000)

Type of derivative	31/12/2025				31/12/2024			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	-	-	-	-	-	-	508	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	13	-	-	-	289	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**13**	**-**	**-**	**-**	**289**	**508**	**-**
1. Negative fair value								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	8	-	-	-	7	-	-
g) Other	-	-	-	-	-	-	-	-
Total	**-**	**8**	**-**	**-**	**-**	**7**	**-**	**-**

A.3 OTC trading financial derivatives - notional amounts, gross positive and negative fair value by counterparty

(€'000)

Underlying asset	Government and central banks	Banks	Other financial companies	Other
Contracts not covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
2) Equity instruments and share indexes				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
4) Commodities				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Other				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	-	28,289	-	-
- positive fair value	-	13	-	-
- negative fair value	-	8	-	-
2) Equity instruments and share indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC trading financial derivatives: notional amounts

(€'000)

Underlying/Residual maturity	Up to 1 year	1 to 5 years	After 5 years	Total
A.1 Financial derivatives on debt instruments and interest rates	28,289	-	-	28,289
A.2 Financial derivatives on equity instruments and share indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2025	**28,289**	**-**	**-**	**28,289**
Total 31.12.2024	**80,029**	**-**	**-**	**80,029**

B. Credit derivatives

B1. Credit derivatives: reporting date notional amounts

None.

B.2 Trading credit derivatives: gross positive and negative fair value - breakdown by product

None.

B.3 OTC trading credit derivatives - notional amounts, gross positive and negative fair value by counterparty

None.

B.4 Residual life of OTC trading credit derivatives: notional amounts

None.

B.5 Credit derivatives associated with the fair value option: changes

None.

3.2 Hedging

QUALITATIVE DISCLOSURE

A. Fair value hedges

The bank's hedging transactions aim to reduce overall interest rate risk exposure arising from movements in the interest rate curve. Specifically, the bank designates micro fair value hedges of the interest rate risk of fixed-rate securities in the HTC banking book. The hedged items are BTPs that meet the IFRS 9 SPPI criterion.

The bank applies IAS 39 hedge accounting and, at the reporting date, uses only individual (micro) fair value hedges and not portfolio (macro) fair value hedges.

B. Cash flow hedges

None.

C. Hedges of investments in foreign operations

None.

D. Hedged items

The hedging instruments used are OTC derivatives, specifically interest rate swaps (IRS) designated as being in micro fair value hedging relationships.

E. Hedged items

At the reporting date, the main types of hedged items are fixed-rate securities in the banking book.

To assess hedge effectiveness, the bank applies both prospective and retrospective effectiveness tests, measured by the ratio of the change in fair value of each hedging instrument to the change in fair value of the related hedged item attributable to the hedged component. Effectiveness tests are performed ex ante by the first-level operating departments when the hedging relationship is designated and are monitored on an ongoing basis by the CRO Department.

QUANTITATIVE DISCLOSURE

A. Hedging financial derivatives

A.1 Hedging financial derivatives: reporting date notional amounts

(€'000)

Type of derivative	31/12/2025				31/12/2024			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt instruments and interest rates								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	40,000	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and share indexes								
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold								
a) Options	-	-	-	-	-	-	-	
b) Swaps	-	-	-	-	-	-	-	
c) Forwards	-	-	-	-	-	-	-	
d) Futures	-	-	-	-	-	-	-	
e) Other	-	-	-	-	-	-	-	-
4. Commodities								
5. Other								
Total	**-**	**40,000**	**-**	**-**	**-**	**-**	**-**	**-**

A.2 Hedging financial derivatives: gross positive and negative fair value - breakdown by product

(€'000)

Type of derivative	Positive and negative fair value								Change in fair value (ineffectiveness)	
	31/12/2025				31/12/2024					
	Over the counter			Organised markets	Over the counter			Organised markets		
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties				
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements		31/12/2025	31/12/2024
Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	938	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**-**	**938**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

A.3 OTC hedging financial derivatives - notional amounts, gross positive and negative fair value by counterparty

(€'000)

Underlying asset	Central counterparties	Banks	Other financial companies	Other
Contracts not covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
2) Equity instruments and share indexes				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
3) Currencies and gold				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
4) Commodities				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
5) Other				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
Contracts covered by netting agreements				
1) Debt instruments and interest rates				
- notional amount	40,000	-	-	-
- positive fair value	938	-	-	-
- negative fair value	-	-	-	-
2) Equity instruments and share indexes				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Commodities				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging financial derivatives: notional amounts

(€'000)

Underlying/Residual maturity	Up to 1 year	From 1 to 5 years	After 5 years	Total
A.1 Financial derivatives on debt instruments and interest rates	-	40,000	-	40,000
A.2 Financial derivatives on equity instruments and share indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2025	**-**	**40,000**	**-**	**40,000**
Total 31.12.2025	**-**	**-**	**-**	**-**

B. Hedging credit derivatives

B.1 Hedging credit derivatives: reporting date notional amounts

None.

B.2 Hedging credit derivatives: gross positive and negative fair value - breakdown by product

None.

B.3 OTC hedging credit derivatives - notional amounts, gross positive and negative fair value by counterparty

None.

B.4 Residual life of OTC hedging credit derivatives: notional amounts

None.

C. Non-derivative hedging instruments

C.1 Non-derivative hedging instruments: breakdown by portfolio and type of hedge

None.

D. *Hedged items*

D.1 Fair value hedges

None.

D.2 Cash flow hedges and hedges of net investments in foreign operations

None.

E. Effects of hedging on equity

E.1. Reconciliation of equity items

None.

Section 4 – LIQUIDITY RISK

QUALITATIVE DISCLOSURE

A. General aspects, management and measurement of liquidity risk

Liquidity risk is the risk that the bank is unable to meet its payment commitments due to its inability to raise funds on the market (funding liquidity risk) and/or to disinvest its assets (market liquidity risk).

The bank manages and monitors its liquidity levels to ensure its short-term structural stability, finance its growth and mitigate its liquidity risk.

The Finance & Investment Department handles the bank's liquidity.

Banca CF+ uses different tools to measure and monitor its liquidity risk. The main tool is the maturity ladder.

Measurement of the bank's exposure to operating liquidity risk is based on the projection of expected cash inflows and outflows and the related shortfalls or surpluses in the various maturity brackets included in the maturity ladder.

Structural liquidity risk management aims at ensuring a balanced liquidity profile in the long term (after 12 months) and its matching to short-term liquidity management.

The bank monitors early warning ratios and indicators for the timely identification of any vulnerabilities in its financial position. In addition, it regularly develops stress scenarios and has defined a contingency funding and recovery plan.

Funding requirements are met using term, unrestricted and demand deposits with mainly retail customers in the domestic and European market as well as deposits with corporate customers, funding repos and OMOs with the central bank and, on a residual basis only, short-term funding (up to six months) and other types of secured funding.

The Chief Risk Officer's department carries out the second level controls and checks compliance with the defined limits, as well as the development and updating of behavioural models for funding, with specific reference to the analysis of demand deposit outflows and renewal rates of customer deposits. In addition, the department periodically analyses the stability of European customers' deposits.

At the reporting date, the bank's liquidity covers its short and long-term requirements. It also has liquidity reserves consisting of highly liquid assets or the possibility to access the funds of the ECB.

QUANTITATIVE DISCLOSURE

1. Breakdown of financial assets and liabilities by residual contractual maturity

The figures presented in the "Demand" column do not consider the behavioural models adopted for regulatory purposes.

(€'000)

Captions/Time buckets	Demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	After 5 years	Open term
Assets										
A.1 Government bonds	-	-	-	-	35,000	65,000	-	330,000	10,000	-
A.2 Other debt instruments	-	-	-	26,237	72,370	67,903	62,705	214,603	19,709	-
A.3 OEIC units	-	-	-	-	-	-	-	-	-	-
A.4 Financing										
- banks	9,787	-	-	-	-	-	-	-	-	11,122
- customers	49,401	2,692	16,490	58,012	123,837	68,971	127,200	480,195	35,817	-
Liabilities										
B.1 Deposits and current accounts										
- banks	-	-	80,000	-	-	-	-	-	-	-
- customers	377,832	37,740	39,921	48,714	173,192	272,095	401,964	349,440	-	-
B.2 Debt instruments	-	-	-	-	-	-	-	-	25,000	-
B.3 Other liabilities	212	3,868	166,176	24,204	-	5,400	254	31,761	1,610	-
Off-statement of financial position transactions										
C.1 Financial derivatives with exchange of principal										
- long positions	-	-	-	-	28,289	-	-	38,083	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and financing to be received										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Firm loan commitments										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Section 5 – OPERATIONAL RISK

QUALITATIVE DISCLOSURE

A. General aspects, management and measurement of operational risk

Main sources and nature of operational risk
Operational risk is the risk of losses arising from shortcomings, malfunctioning or weaknesses in internal procedures, human resources and systems or due to external factors.

It includes losses deriving from fraud, human error, business disruptions, systems unavailability, contractual defaults and natural disasters. It does not include strategic or reputation risks but does include legal risk (i.e., the risk created by violations or non-compliance with laws and regulations or scant transparency about the rights and obligations of counterparties in a transaction) and conduct risk (i.e., the risk of losses resulting from the inappropriate supply of financial services and the resulting litigation costs, including wilful or negligent conduct).

This risk also comprises exposure to fines, warnings and sanctions as a result of measures taken by the supervisory authority or private transactions.

Operational risk is one of the factors that can trigger the second level reputation risk. This is a current or prospective risk of a downturn in profits or capital due to the negative perception of the bank by its customers, counterparties, shareholders, employees, investors or regulators.

The internal consequences include employee dissatisfaction.

Reputation risk can be measured as part of the ICAAP process although actual or possible internal capital is not calculated or estimated, respectively.

Reputation risk is managed and monitored with an integrated process involving various internal bodies at different levels and depending on their expertise.

The Board of Directors decides the organisational and risk appetite strategies.

At operational level, the operating and control departments ensure a comprehensive overview of reputation risk, each in their own area of expertise.

Operational risk control unit
The operating departments perform the first level controls while the Chief Risk Officer (both in relation to Risk Strategy & Management and ICT Risk & Security, for the ICT and security risk component), Compliance & AML and Internal Audit Departments carry out the second and third level controls.

Internal operational and reputation risk measurement, management and control systems
The bank applies the standardised approach set out in article 312 and subsequent articles of CRR III to measure the regulatory capital requirement for operational risk.

The procedures define in-depth first level controls designed to protect the formal and substantial correctness of the bank's operations.

The bank adopts risk-self-assessment systems for all business processes in order to identify risks (mainly operational and compliance) inherent in the processes and define action plans for their continuous improvement. This is complemented by the ongoing loss data collection process.

Similarly, it holds special training courses, especially for employees with new duties or about new procedures or about significant changes in the regulatory or legislative framework.

Assessments of the operating performance
The bank manages legal risks by recognising a specific provision, which amounted to €1.2 million at the reporting date, part of which relates to tax disputes arising within the tax asset management business. The first level control units also monitor this risk on an ongoing basis as do the second and third level control units.

The bank adopts risk-self-assessment systems for all business processes in order to identify risks (mainly operational and compliance) inherent in the processes and define action plans for their continuous improvement. This is complemented by an ongoing operational loss data collection process through which the bank identifies operational risk types, assesses the severity of associated losses and determines preventive controls to minimise their occurrence.

Similarly, it holds special training courses, especially for employees with new duties or about new procedures or about significant changes in the regulatory or legislative framework.

QUANTITATIVE DISCLOSURE
Based on its observation of the relevant indicator for application of the basic indicator approach and calculation of the operational risk, the capital requirement to cover this risk at a stand-alone level is €7.9 million at the reporting date.

Part F: Information on equity

SECTION 1 – EQUITY

A. Qualitative disclosure

The bank manages its capital requirements by constantly analysing the components and performance of the activities in which its capital is employed. As part of its Risk Appetite Framework, the bank has four capital adequacy indicators calculated on the basis of its consolidated figures.

The risk capacity indicator is the limit set by current regulations while the risk appetite indicator reflects the activities to be carried out in accordance with the business plan and profit objectives. With respect to the risk tolerance indicator, the bank has provided for the possibility that it may exceed its normal risk appetite in certain circumstances to exploit opportunities available on the market in exceptional circumstances that will be unlikely to be repeated with a recovery plan in line with the risk appetite.

The bank monitors the indicators on a quarterly and, as already mentioned, consolidated basis.

Quantitative disclosure

The main components of equity are:
• share capital of €39,213 thousand;
• share premium of €47,838 thousand;
• reserves of €17,096 thousand;
• equity instruments of €39,044 thousand;
• valuation reserve of €2,474 thousand;
• profit for 2025 of €26,593 thousand.

In addition to the legal reserve of €3,233 thousand, at 31 December 2025, the reserves comprise capital injections for future capital increases, which include the €15 million injection made by Tiber Investments 2 S.à.r.l on 29 April 2025 for a capital increase completed in January 2026. They also include a negative reserve of €1,137 thousand for the release of the restricted reserves pursuant to Decree law no. 104/2023 concerning the windfall tax.

At their meeting convened to approve the separate financial statements at 31 December 2023, the bank's shareholders resolved to avail of the option provided for by article 26.5-bis of Decree law no. 104/2023 (as amended by Law no. 136/2023) and approved the establishment of a non-distributable reserve of €4,135,250, in lieu of payment of the windfall tax introduced by the aforementioned Decree law. This amount was drawn from existing reserves, by placing a restriction on the legal reserve and, for the excess amount, on the share premium. Given that the recently-approved 2026 Budget Law has introduced significant changes to the provisions of Decree law no. 104/2023, in December 2025, the bank's Board of Directors resolved to release them (amounting to €4,135,250) by recognising a liability for the substitute tax (€1,137,193.75, equal to 27.5% of the restricted reserves), recognised through an equity reserve.

Equity instruments amount to €39,044 thousand at 31 December 2025. In November 2025, the bank completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million at an interest rate of 12%. The bonds, subscribed by third-party investors, are included in AT1 capital for prudential reporting purposes.

As required by article 2427.1.7-bis of the Italian Civil Code, the following table summarises the equity captions, showing their origin and possible use and distribution. The line "of which: unavailable" already reflects the above proposal to the shareholders.

(Euros)

	31/12/2025	Possible use	Available portion	Use in the last three years
Equity-related reserves:				
Share premium	47,837,867	A, B, C	46,935,965	(58,034,561)
Other equity-related reserves	15,000,000	A, B	-	-
Income-related reserves:	-	-	-	-
Legal reserve	3,233,349	B	3,233,349	-
Other reserves	-	-	-	-
Restricted reserves for substitute tax as per article 26 of Decree law no. 104/2023	(1,137,194)	-	-	-
Total	**64,934,022**		**50,169,314**	**-**
of which: unavailable	19,135,250	-	-	-
of which: available	46,935,965	-	-	-
Equity instruments	39,043,631	-	-	-
Share capital	39,213,278	-	-	-
Valuation reserve	2,474,211	-	-	-
Profit for the year	26,592,502	-	-	-
Total equity	**172,257,643**	**-**	**-**	**-**

Key:
A = capital increase
B = to cover losses
C = for dividends

B. Quantitative disclosure

B.1 Equity: breakdown

(€'000)

Captions/Amounts	31/12/2025	31/12/2024
1. Share capital	39,213	39,213
2. Share premium	47,838	57,643
3. Reserves		
- income-related		
a) legal	3,233	3,233
b) statutory	-	-
c) treasury shares	-	-
d) other	-	-
- other	13,863	-
4. Equity instruments	39,044	-
5. (Treasury shares)		
6. Valuation reserves		
- Equity instruments at fair value through other comprehensive income	2,392	3,695
- Hedges of equity instruments at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) at fair value through	(60)	163
- Property and equipment and investment property	-	-
- Intangible assets	-	-
- Hedges of investments in foreign operations	-	-
- Cash flow hedges	-	-
- Hedging instruments (non-designated items)	-	-
- Exchange gains (losses)	-	-
- Non-current assets held for sale and disposal groups	-	-
- Financial liabilities at fair value through profit or loss (changes in own credit rating)	-	-
- Actuarial gains on defined benefit pension plans	142	122
- Share of valuation reserves of equity-accounted investees	-	-
- Special revaluation laws	-	-
7. Profit (loss) for the year	26,593	(9,805)
Total	**172,258**	**94,264**

B.2 Fair value reserves: breakdown

(€'000)

Assets/Amounts	31/12/2025		31/12/2024	
	Fair value gains	Fair value losses	Fair value gains	Fair value losses
1. Debt instruments	4	63	2	5
2. Equity instruments	2,392	-	3,695	-
3. Financing	-	-	248	82
Total	**2,395**	**63**	**4,223**	**366**

B.3 Fair value reserves: changes

(€'000)

	Debt instruments	Equity instruments	Financing
1. Opening balance	**(3)**	**3,695**	**166**
2. Increases			
2.1 Fair value gains	-	-	114
2.2 Impairment losses for credit risk	19	x	-
2.3 Reclassification of fair value losses to profit or loss on sale	1	x	-
2.4 Transfers to other equity reserves (equity instruments)	-	-	-
2.5 Other increases	31	97	82
3. Decreases			
3.1 Fair value losses	(6)	(1,400)	-
3.2 Impairment gains for credit risk	-	-	-
3.3 Reclassification of fair value gains to profit or loss: on sale	(101)	x	(362)
3.4 Transfers to other equity reserves (equity instruments)	-	-	-
3.5 Other decreases	-	-	-
4. Closing balance	**(60)**	**2,392**	**-**

The fair value gains on equity instruments relate to a participating financial instrument, net of related tax, whose fair value has been measured considering the best information available at the preparation date of this report, with the assistance of independent experts. The bank recognised fair value losses of €1,400 thousand on this instrument in 2025.

B.4 Actuarial reserves: changes

At the reporting date, the bank has an actuarial reserve for defined benefit plans of €142 thousand. The net gain arising on the actuarial valuation of the liability was €21 thousand in 2025.

SECTION 2 – OWN FUNDS AND REGULATORY RATIOS

2.1 Own funds

A. Qualitative disclosure

1. Common Equity Tier 1 – CET1

Common Equity Tier 1 is comprised of the following elements.

3. Additional Tier 1 – AT1

In November 2025, the bank completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million (€39,044 thousand net of issue costs) at an interest rate of 12%. The bonds, subscribed by third-party investors, are included in AT1 capital for prudential reporting purposes.

4. Tier 2 – T2

In 2023, the bank completed the issue of subordinated bonds with a nominal amount of €25 million at an annual interest rate of 14.50%. These bonds qualify as a Tier 2 capital instrument in accordance with the provisions of the CRR and Bank of Italy Circular no. 285 of 17 December 2013.

The subordinated bonds, which were dematerialised and centralised at Euronext Securities Milan (Monte Titoli S.p.A.), were traded on the professional segment of the multilateral trading system Euronext Access Milan organised and managed by Borsa Italiana S.p.A..

5. Quantitative disclosure

(€'000)

	31/12/2025	31/12/2024
A. Common Equity Tier 1 (CET1) before application of prudential filters	133,274	94,267
including CET1 instruments covered by transitional measures	-	-
B. CET1 prudential filters (+/-)	(417)	(295)
C. CET1 including elements to be deducted and the effects of the transitory regime (A +/-B)	132,857	93,972
D. Elements to be deducted from CET1	33,348	11,260
E. Transitory regime - Impact on CET1 (+/-)	-	-
F. Total Common Equity Tier 1 (CET1) (C-D+/-E)	**99,509**	**82,711**
G. Additional Tier 1 (AT1) including elements to be deducted and the effects of the transitory regime	39,044	-
including AT1 instruments covered by transitional measures	-	-
H. Elements to be deducted from AT1	-	-
I. Transitory regime - Impact on AT1 (+/-)	-	-
L. Total Additional Tier 1 (AT1) (G-H+/-I)	39,044	-
M. Tier 2 (T2) including elements to be deducted and the effects of the transitory regime	25,000	25,000
including T2 instruments covered by transitional measures	-	-
N. Elements to be deducted from T2	-	-
O. Transitory regime - Impact on T2 (+/-)	-	-
P. Total Tier 2 (T2) (M-N+/-O)	**25,000**	**25,000**
Q. Total own funds (F+L+P))	**163,552**	**107,711**

6. Capital adequacy

A. Qualitative disclosure

The bank develops forward-looking calculations to reflect developments in its business so as to monitor capital adequacy, including in the case of changes in its operations or significant changes in its revenue and expenses.

The projections prepared in the last few years always considered the capital adequacy.

B. Quantitative disclosure

(€'000)

Category/Amounts	Unweighted amounts		Weighted amounts/ requirements	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
A. EXPOSURES				
A.1 Credit and counterparty risk	**2,724,752**	**2,403,209**	**610,159**	**540,207**
1. Standardised method	2,562,818	2,209,733	448,107	346,593
2. IRB approach	-	-	-	-
2.1 Basic	-	-	-	-
2.2. Advanced	-	-	-	-
3. Securitisations	161,934	193,477	162,053	193,615
B. CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk	**-**	**-**	**48,813**	**43,217**
B.2 Risk of adjustments to assessment of credit	**-**	**-**	**-**	**-**
B.3 Regulation risk	**-**	**-**	**-**	**-**
B.4 Market risk	**-**	**-**	**-**	**-**
1. Standard method	-	-	-	-
2. Internal models	-	-	-	-
3. Concentration risk	-	-	-	-
B.5 Operational risk	**-**	**-**	**7,860**	**8,563**
1. Basic method	-	-	7,860	8,563
2. Standardised method	-	-	-	-
3. Advanced method			-	-
B.6 Other calculation elements			**-**	**37**
B.7 Total prudential requirements			**56,673**	**51,817**
C. EXPOSURES AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**708,413**	**647,712**
C.2 CET 1 / Risk-weighted assets (CET 1 capital ratio)			**14,047%**	**12,77%**
C.3 Tier 1 / Risk-weighted assets (T1 capital ratio)			**19,558%**	**12,77%**
C.4 Total own funds / Risk-weighted assets (Total capital ratio)			**23,087%**	**16,63%**

Part G: Business combinations

SECTION 1 - COMBINATIONS PERFORMED DURING THE YEAR

On 1 February 2025, the bank finalised the acquisition of a business unit of Be TC S.r.l. ("BE TC"), a company active in the financial and business management consulting sector and operating in the negotiation and signing of contracts for the purchase of tax assets or portfolios of tax assets.

The acquisition is the last step of the tax claim project, launched by CF+ (then Credito Fondiario) in partnership with BE Holding S.r.l. (then BE Finance S.r.l., the parent of BE TC) ("BEH") in 2018. The project aimed at consolidating and expanding CF+'s market position in the tax assets sector.

The business unit consists of the assets and liabilities identified in BE TC's statement of financial position as at 28 January 2025 (the "reference statement of financial position"), including: (i) the employment contracts with 11 employees, (ii) the employees' post-employment benefits, (iii) the electronic machines and office furniture (net of the relevant accumulated depreciation), including the equipment and devices in use by employees, (iv) the customer list, (v) the licence to use the application software adopted by the business unit and (vi) the fee letter signed by BE TC and Crediti Fiscali+ S.r.l. (then Convento SPV S.r.l.) (the "SPV") on 9 December 2020, which governs BE TC's fees for services provided to the SPV in connection with the securitisation carried out by the SPV in December 2018.

The consideration for the acquisition is €320,000, which was determined also considering the appraisal issued by an independent expert. The business unit's acquisition date is 1 February 2025, i.e., the acquisition's effective date.

The acquisition meets the definition of a business combination and has, therefore, been accounted for in accordance with the purchase price allocation (PPA) procedure as per IFRS 3 (revised).

This standard requires that the purchase price be allocated to the fair value of the assets acquired and liabilities assumed.

The business unit's assets and liabilities at 1 February 2025 and the related purchase price allocation are set out below. The PPA procedure, carried out with the support of an independent expert, led to the recognition of goodwill of €500 thousand.

BE TC €'000	Carrying amounts at the reference date (28/01/2025)
Assets	**7**
Property, equipment and investment property	7
Liabilities	**187**
Due to employees	74
Post-employment benefits	113
Equity	**(180)**
Purchase price + adjustment	**320**
Goodwill	**500**

The business unit was measured using the income method, based on the 2025-2027 financial projections provided by management.

The terminal value was determined based on the last year of explicit projections (2027), grown at the long-term inflation rate for Italy as estimated by the International Monetary Fund (IMF, October 2024).

The cash flows were discounted at a cost of capital ("Ke") of 14.9%, calculated using the capital asset pricing model ("CAPM") method, and estimated to be equal to the rate of return on the risk-free assets ("Rf") - long-term government bonds - increased by the sector-specific risk premium ("ERP").

This premium was calculated by considering the β coefficient, which measures a specific entity's risk, in relation to the variability of its return compared to the market risk.

This process resulted in a fair value range for the business unit of between €326 thousand and €346 thousand.

In addition, the replacement cost method was applied as a control method to assess the suitability of the main valuation method. The additional method corroborated the results of the income approach.

SECTION 2 – COMBINATIONS PERFORMED AFTER THE REPORTING DATE

On 30 June 2025, by means of a communication pursuant to article 102.1 of the Consolidated Finance Act and article 37 of the Issuers' Regulation, the bank announced that it had launched a voluntary tender and exchange offer pursuant to article 102 and following articles of the Consolidated Finance Act for 80,421,052 ordinary shares of Banca Sistema, as resolved by its board of directors at the meeting held on 29 June 2025.

The offer covers the bank's acquisition of all the shares of Banca Sistema (the "shares") traded on Euronext Milan, Euronext STAR Milan segment, organised and managed by Borsa Italiana S.p.A.. It is not aimed at the delisting of Banca Sistema's shares. Banca CF+ will merge into Banca Sistema as soon as this is feasible. The bank will benefit from the full financial support of its key shareholder to pursue the growth and development plans resulting from the completion of the offer:

Terms of the offer

The initial terms established payment by the bank of a total consideration of €1.80 for each share tendered to the offer as follows: a) €1.382 in cash and b) €0.418 by allocating 21 shares of KK, a subsidiary of Banca Sistema whose shares are traded on the multilateral trading system Euronext Growth Milan, organised and managed by Borsa Italiana S.p.A.. The KK shares will be allocated after a share split has been carried out using a ratio of 1:98 for each share tendered.

Subsequently, on 18 February 2026, the bank, pursuant to articles 36 and 43 of the Issuers' Regulation, announced that its Board of Directors had resolved to increase the consideration from a maximum total of €1.80 to a maximum total of €1.89, corresponding to a maximum increase of €0.09 per Banca Sistema share (+5%), of which €0.05 in cash and a maximum of €0.04 in KK shares, with a total consideration of a maximum of €1.89 per share represented by the following components:
a) €1.432 in cash (the "initial consideration"), to be paid on the trading day agreed with Borsa Italiana (i.e., 6 March 2026), subject to any extensions or other changes to the offer that may occur in accordance with applicable laws or regulations (the "initial consideration payment date"); and
b) a maximum of €0.458 to be paid within six months of the initial consideration payment date (the "deferred consideration payment date") through the allocation of 23 KK shares, after the splitting of KK's outstanding shares on the basis of a ratio of 1:98, for each share tendered.

The bank will use the 17,371,795 KK shares held by Banca Sistema, representing 70.59% of the relevant share capital, to pay the deferred consideration. Therefore, if, on the basis of the number of shares tendered, it is not possible for the bank to pay the deferred consideration, in whole or in part, using the KK shares, the shareholders of the company accepting the offer will be paid €0.0199 in cash for each unassigned KK share, after splitting.

The bank's Board of Directors determined this increase in the consideration on the basis of assessments updated with the support of its financial advisors. In particular, it updated the assessments in a manner as consistent as possible with the valuation process carried out at the offer announcement date in order to take into account, inter alia: (i) Banca Sistema's updated financial position at 31 December 2025 and performance for the year then ended as reported in the press release published by Banca Sistema on 6 February 2026; and (ii) the overall capital requirements (SREP), effective as of 31 March 2026, set by Bank of Italy as reported in the press release published by Banca Sistema on 13 January 2026.

The offer's final results and effectiveness

Once all regulatory authorisations had been received from the competent authorities and the relevant documents had been published, the acceptance period for the offer started. Pursuant to article 40.2 of the Issuers' Regulation and as agreed with Borsa Italiana, the acceptance period was set to run from 8.30 a.m. (Italian time) on 26 January 2026 to 5.30 p.m. (Italian time) on 27 February 2026 (inclusive) (the "acceptance period").

On 4 March 2026, the final results of the offer were announced: in particular, 56,883,308 shares of Banca Sistema were tendered, representing approximately 70.732% of the shares subject to the offer and approximately 70.732% of the share capital of Banca Sistema, equal to approximately 69.047% of the relevant voting rights. On the basis of the offer's final results at the end of the acceptance period, the bank also confirmed, as announced in the press release on the provisional results of the offer issued on 27 February 2026, that the threshold condition to which, inter alia, completion of the offer was subject had been satisfied.

Payment of the initial consideration took place on 6 March 2026, i.e., on the fifth trading day following the end of the acceptance period, at the same time as the transfer of title to the shares to the bank.

Reopening of terms

On the basis of the above results of the offer, the reopening of the terms took place pursuant to article 40-bis.1a) of the Issuers' Regulation. Accordingly, the acceptance period was reopened for five trading days starting from the trading day following the initial consideration payment date and, therefore, for the trading days of 9, 10, 11, 12 and 13 March 2026. As a result, Banca Sistema's shareholders that had not accepted the offer during the acceptance period were able to accept it during the reopening of terms period. The bank will pay the initial consideration to the shareholders that tendered their shares on the payment date of the reopening of the terms (i.e., 20 March 2026).

It will pay the tendering shareholders the deferred consideration within six months from the initial consideration payment date at the terms and conditions and in the manner more fully described in the offer document.

Definitive results of the reopening of terms

Based on the definitive results communicated by the Milan branch of UniCredit Bank GmbH (as the coordinator of the tendered shares), during the reopening of terms period, which ended on 13 March 2026, 8,057,549 Banca Sistema shares were tendered, representing approximately 10.019% of the shares subject to the offer and approximately 10.019% of the share capital of Banca Sistema, equal to approximately 9.781% of the relevant voting rights.

Taking into account (i) the 56,883,308 Banca Sistema shares, representing approximately 70.732% of its share capital, already tendered during the acceptance period and (ii) that, between the date of the offer document and 18 March 2026, the bank did not acquire any Banca Sistema shares outside of the offer, as a result of the offer (including the reopening of terms period), on the initial consideration payment date, following the reopening of terms, the bank will hold a total of 64,940,857 Banca Sistema shares, representing approximately 80.751% of its share capital, corresponding to approximately 78.827% of the relevant voting rights.

(€m)

Company	Transaction date	Transaction cost	Interest percentage with voting rights at general meetings	Group's share of total revenue*	Group's share of profit for the year**
Banca Sistema SpA	March 2026	€ 122.7 million	78.827%	€ 242 million	€ 67 million

* The group's share of total revenue is equal to the sum of the Banca CF+ Group's 2025 total income and Banca Sistema's 2025 consolidated total income derived from the information available on its website at the date of preparation of this report.
** The group's share of profit for the year is equal to the sum of the Banca CF+ Group's 2025 profit and Banca Sistema's 2025 consolidated profit derived from the information available on its website at the date of preparation of this report.

The transaction cost indicated above was calculated by multiplying the 64,940,857 shares tendered by the maximum total consideration of €1.89 per share, which will be paid as indicated above.

At the date of preparation of this report, the transaction had just been completed. It will be accounted for in accordance with IFRS 3 and regulatory requirements. The above therefore is the most up-to-date information available.

For further information on the offer, reference should be made to the offer document, the prospectus and the press releases, available, inter alia, on Banca CF+'s website (www.bancacfplus.it).

SECTION 3 – Retrospective adjustments

None.

Part H: Related party transactions

1. Key management personnel's remuneration

Pursuant to IAS 24.16, a table showing the total fees of the bank's Board of Directors, the Board of Statutory Auditors and key management personnel for 2025 is set out below:

(€'000)

	Directors	Statutory auditors	Other key management personnel
a) Short-term benefits	751	254	3,448
b) Post-employment benefits	-	-	274
c) Other long-term benefits	-	-	-
d) Termination benefits	-	-	-
e) Share-based payments	-	-	-
Total	**751**	**254**	**3,722**

Benefits payable to key management personnel (€637.5 thousand) and fees due to the Board of Statutory Auditors (€273 thousand) at the reporting date are recognised under "Other liabilities".

2. Related party transactions

	Consolidated SPVs	%
Assets	662	0.03%*
Liabilities	47,839	2.08%*
Revenue	3,882	4.90%**
Costs	371	0.47%**
Endorsement credits	356,799	NA
Commitments on endorsement credits	93,201	NA

(*) % of total assets
(**) % of total income

The table shows the assets and liabilities with consolidated companies at the reporting date. Revenue includes servicing fees and commissions paid to the bank by Crediti Fiscali+ in connection with its servicing and brokerage services for securitisations (€2,215.1 thousand) and sureties issued by the bank for tax asset reimbursements by the Revenue of Agency (€1,667 thousand).

The bank's endorsement credits include sureties of €356,799 thousand given on behalf of Crediti Fiscali+, out of a total ceiling granted of €450,000 thousand.

No atypical or unusual related party transactions took place during the year that would have affected the bank's financial position and performance, given their materiality. All transactions with related parties were conducted at arm's length and are part of the bank's operations.

In addition to the above, the following information is provided given the bank's numerous related parties.

On 13 October 2023, the bank completed the issue of subordinated bonds with a nominal amount of €25 million at an annual interest rate of 14.50%. These bonds qualify as a Tier 2 capital instrument in accordance with the provisions of the CRR and Bank of Italy Circular no. 285 of 17 December 2013. The subordinated bonds, which were dematerialised and centralised at Euronext Securities Milan (Monte Titoli S.p.A.), were traded on the professional segment of the multilateral trading system Euronext Access Milan organised and managed by Borsa Italiana S.p.A..

Orado Investments S.à r.l., a related party given that it is part of the Elliott Group, subscribed bonds for €13.8 million while other related parties (linked to directors of the bank) subscribed €0.7 million.

On 1 February 2025, the bank completed its acquisition of a business unit from Be TC S.r.l., a company belonging to the Be Finance Group. As detailed in the "Business combinations" section, the consideration for the acquisition was determined at €320,000. The bank has recognised a financial liability measured at fair value with Be TC S.r.l. of €1.8 million for the deferred purchase price ("DPP") relating to the tax assets purchased by Crediti Fiscali+.

As detailed in the "Legacy portfolio" section of the Directors' report, in 2025, the bank signed a financial guarantee contract ("APS") with two counterparties belonging to the group headed by the key shareholder. The contract has a term of 10 years and is intended to mitigate the possible effects on profit or loss of any impairment losses on the legacy portfolio. It establishes the guarantors' obligation to make - at the bank's request and in the case of specific contractually foreseen circumstances ("notes event") - a payment under the guarantee to cover any loss incurred by it.The portion of the upfront premium paid by the bank that pertains to the period amounts to €2 million and has been recognised under fee and commission expense, while the portion relating to future years has been deferred under other assets. For this contract, the bank claimed and received compensation of €10.6 million, which has been recognised under other operating income.

In 2025, commission expense of €0.6 million was paid to the doValue Group for the servicing activities that the bank outsourced to it.

As described in the "Development of the new bank's business lines - Guaranteed finance" paragraph of the "Operations and key events of 2025" section of the Directors' report, in December 2025, the bank formalised the non-recourse assignment of a portfolio of non-performing loans originated by it and backed by a direct guarantee provided by MCC and SACE, with a gross carrying amount of €88 million, against the subscription of units, worth €64 million, of a newly established closed-end alternative investment fund ("Lounge Rises Fund" or the "fund") specialising in the management and enhancement of loans.

The Lounge Rises Fund is managed by Gardant Investor SGR, a doValue Group fund manager specialising in alternative investments in the Italian credit sector. Based on publicly available information, doValue S.p.A.'s shareholder base includes entities related to Elliott. In addition to Banca CF+, two other major Italian banks participated in the transaction organised by the Lounge Rises Fund, which was carried out at market terms, applied uniformly to all independent participants.

At the reporting date, there is a credit facility (of which €2.5 million has been drawn down) agreed in 2020 with Leviticus Reoco S.r.l., a subsidiary of European Investment Holding (a related party). The credit facility's original amount was €5 million which was decreased to €4.5 million in 2025.

MANAGEMENT AND COORDINATION ACTIVITIES PURSUANT TO ARTICLE 2497 AND FOLLOWING ARTICLES OF THE ITALIAN CIVIL CODE

At the reporting date, the bank was not managed or coordinated by another company pursuant to article 2497 and following articles of the Italian Civil Code.

Fees for audit and non-audit services pursuant to article 2427.1.16-bis of the Italian Civil Code

Pursuant to article 2427.1.16-bis of the Italian Civil Code, the contractually-agreed fees for the statutory audit of the bank's separate and consolidated financial statements and other services provided by the independent auditors in 2024 are set out below.

The amounts are net of VAT and out-of-pocket expenses.

(€'000)

Type of service	Provider: independent auditors or entity of their network	Fees
Audit services (bank)		
- Audit of the separate financial statements, including checks that the accounting records are kept correctly, and the consolidated financial statements	EY S.p.A.	208
- Review of the condensed interim separate and consolidated financial statements	EY S.p.A.	26
- Comfort letter as per art. 26.(2) of Regulation (EU) no. 575/2013	EY S.p.A.	8
- Attestation services on tax returns	EY S.p.A.	8
- Check of translation into English of the annual report	EY S.p.A.	5
Non-audit services (bank)		
- Issue of comfort letter for the purpose of the issue of "Additional Tier 1 Notes" by Banca CF+ S.p.A.	EY S.p.A.	60
Total		**315**

Part I: Share-based payments

Qualitative disclosure

1. Description of share-based payments

No new incentive plans had been approved at 31 December 2025.

Quantitative disclosure

1. Changes

No options for the shares were exercised during the year.

Part L: Segment reporting

Segment reporting is presented in section L of the notes to the consolidated financial statements, to which reference is made.

Part M: Leases

SECTION 1 - LEASES AS LESSEE

Qualitative information

Pursuant to IFRS 16.59/60, it is noted that, as a lessee, the bank leases buildings for office use in Rome and Milan, buildings for residential use of employees, company cars used by employees and printers. Moreover, during the year, the bank was not exposed to: i) variable lease payments; ii) extension or termination options; iii) residual value guarantees; and iv) leases not yet commenced to which the lessee is committed. In addition, there are no restrictions or covenants imposed by leases and sale and leaseback transactions. As a lessee, the bank has not accounted for short-term leases or leases of low-value assets during the year.

Quantitative information

Reference should be made to:
– the information on right-of-use assets set out in Part B, Assets;
– the information on lease liabilities set out in Part B, Liabilities;
– the information on interest expense on lease liabilities and other expenses relating to right-of-use assets, gains or losses from sale and leaseback transactions and income from subleasing right-of-use assets set out in Part C.

The main figures relating to the bank's leasing activities are summarised in the following table:

(€'000)

Lessee captions	Office premises	Buildings for residential use	Company cars	Printers	Total 31/12/2025
a) depreciation of right-of-use assets	666	69	354	6	**1,094**
b) interest expense on lease liabilities	119	4	23	1	**147**
c) costs for short-term leases (IFRS 16.6)	-	-	-	-	**-**
d) costs for leases of low-value assets (IFRS 16.6)	-	-	-	-	**-**
e) variable lease payments not included in the measurement of lease liabilities	-	-	-	-	**-**
f) income from subleasing right-of-use assets	-	-	-	-	**-**
g) total cash outflows for leases	1,291	109	359	6	**1,765**
h) additions to right-of-use assets	-	-	-	-	**-**
i) gains or losses from sale and leaseback transactions	-	-	-	-	**-**
j) closing balance of right-of-use assets	1,826	116	768	8	**2,717**

Depreciation, interest and cash outflows include those related to the leased offices in Rome and Milan, buildings for residential use, company cars and printers.

The bank did not take on any commitments for short-term leases during the year.

SECTION 2 - LEASES AS A LESSOR

Qualitative information

The bank recognised three lease portfolios in its separate financial statements, two of which meet the definition of POCI assets. It constantly monitors the related cash flows and manages the risk associated with the rights it retains in underlying assets though credit collection activities and/or by enforcing the residual value guarantees.

There are no operating leases.

Quantitative information

1. Statement of financial position and income statement

Reference should be made to the information on interest income on the net investment in the lease and other income relating to finance leases set out in Part C.

2. Finance leases

2.1 Breakdown of lease payments receivable by due date and reconciliation with the net investment in the lease recognised under assets

(€'000)

Time bands	31/12/2025 Lease payments receivable	31/12/2024 Lease payments receivable
Up to 1 year	2,107	2,130
From 1 to 2 years	2,303	1,964
From 2 to 3 years	2,280	2,394
From 3 to 4 years	515	2,189
From 4 to 5 years	2,349	527
After 5 years	-	2,349
Total lease payments receivable	**9,555**	**11,554**
RECONCILIATION WITH NET INVESTMENT IN LEASES		
Unaccrued interest income (-)	-1,732	-2,725
Unguaranteed residual value (-)	-	-
Net investments in leases	**7,823**	**8,829**

2.2 Other disclosures

None.

3. Operating leases

3.1 Breakdown of lease payments receivable by due date

None.

3.2 Other disclosures

None.

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS PURSUANT TO ARTICLE 2429 OF THE ITALIAN CIVIL CODE

(Translation from the Italian original which remains the definitive version)

BANCA CF+ CREDITO FONDIARIO S.p.A.

Dear shareholders,

Our duty is to report to the shareholders of Banca CF+ Credito Fondiario S.p.A. ("CF+" or the "bank") called, inter alia, to approve the bank's separate financial statements as at and for the year ended 31 December 2025. We report on our supervisory activities and any omissions or objectionable actions identified pursuant to article 2429.2 of the Italian Civil Code.

The separate financial statements comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows (prepared using the indirect method) and notes thereto, accompanied by the Directors' report. They are presented in accordance with Legislative decree no. 38 of 28 February 2005 and are prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136 of 18 August 2015 as subsequently amended.

During the year, we held 22 meetings, participated in 25 Board of Directors' meetings and attended the shareholders' meeting of 18 April 2025. We performed our mandatory duties in accordance with the Italian Civil Code, Legislative decree no. 385 of 1 September 1993 (the Consolidated Banking Act) and related implementing measures, the bank's bylaws, other special legislative requirements and the provisions issued by the Italian and EU regulations. We carried out our supervisory duties and obtained pertinent information to allow us to perform our general supervisory and control activities by *(i)* analysing the bank's and the group's complex information system, *(ii)* participating in the Board of Directors' meetings and the bank's shareholders' meetings, *(iii)* meeting with the CEO and general manager, the internal control departments, the chief financial officer ("CFO"), the independent auditors, the chief lending officer ("CLO"), the chief operating officer ("COO"), the chief commercial officer ("COO") and the heads of the other business and back office departments and *(iv)* the other checks performed during our meetings, which are usually attended by the bank's internal audit manager.

We have been entrusted with the duties of the supervisory body set up as per Legislative decree no. 231/2001 to comply with the provisions about companies' administrative liability.

1. Operations and main events of the year

The bank's activities, as summarised by the directors (see the "Operations and key events of 2025" section in the Directors' report), consist of: (i) the "new" business lines, factoring and financing, commenced after the demerger of the debt purchasing and debt servicing businesses in August 2021; (ii) the tax asset business, active since 2018; and (iii) finance and investments; in addition to these business lines, there is (iv) the legacy portfolio, represented by securitisation notes, partly consolidated, and the loans and receivables arising from the activities carried out prior to the demerger of the Gardant Group in 2021, managed through specialised servicers (including the Gardant Group, now doValue), which was intended to support the bank's income statement in the first few years after the demerger, in order to finance the development of the new businesses.

As noted by the directors in their report, the bank continued to implement its post-demerger business refocusing strategy in 2025.

The more traditional financing business (medium to long-term loans backed by SACE and the SME Guarantee Fund), launched in 2022 and distributed almost exclusively through brokers and agents, saw a contraction in disbursements and stock, together with a significant increase in the proportion of non-performing exposures, partly due to changes in the regulations on public guarantees. As a result of non-recurring transactions involving the sale of non-performing assets, the NPE ratio decreased to 6% from 8.7% at the end of the previous year. In December 2025, the bank sold NPE with a gross carrying amount of €87 million as part of a multi-originator transaction, after which it subscribed 49% of the units of a reserved alternative investment fund which, in turn, purchased the exposures sold by the bank. The transaction qualifies for derecognition according to the independent auditors.

Digital lending disbursements increased, partly thanks to a broadening of eligibility criteria for companies and transactions (as the minimum turnover threshold for eligible companies and the minimum amount of subsidies under state-backed schemes were reduced). The bank entered this segment in 2024 following the acquisition of the former Credimi S.p.A. business unit.

Factoring activities, which started in 2021 through recourse and non-recourse assignments of trade receivables, recorded an increase in advances granted, as well as a slight increase in the closing outstanding balance in 2025.

The tax asset business saw an increase in volumes, due mostly to a co-investment with a larger bank to purchase a low-yield IRES asset, as well as purchases of superbonus tax assets, partly for offsetting purposes and partly for resale to third parties.

The finance and investments business mostly consisted of the management of the banking book created to optimise the returns on assets. Disposals of securities belonging to the HTC/HTCS portfolios were also made during the year within the limits set by internal policies.

With respect to the legacy portfolio, given the results achieved in previous years (significantly slower-than-expected amortisation of the portfolio; losses on remeasurement to market return rates and lower collection forecasts), the bank signed a ten-year financial guarantee contract (asset protection scheme, “APS”) with two counterparties belonging to the group headed by the key shareholder (the guarantors) in March 2025. The contract was subsequently supplemented in June 2025 by the signing of a specific addendum to cover an additional part of the portfolio. The maximum guaranteed amount is €256.7 million (out of a total of €279 million of financial assets and ABS included in the portfolio). The guarantee fee, paid upfront, amounted to €28.5 million and is amortised on a straight-line basis over the term of the guarantee. In 2025, against net fair value losses and impairment losses on the legacy portfolio, the bank collected compensation of €10.6 million recognised under “Other operating income”. Amortisation of the premium paid, amounting to about €2 million, is recognised under fee and commission expense.

In this regard, the bank is still looking for a clear operating focus and a growth driver; growth remains below the potential offered by its current operating and organisational structure. Moreover, its underlying level of profitability remains insufficient to provide an adequate return on risk capital. To this end, with the support of its key shareholder, it launched a voluntary tender and exchange offer for all the shares of the listed Banca Sistema S.p.A. (“Banca Sistema”), announced to the market on 30 June 2025, aimed at maintaining its listing on the stock exchange - in order to facilitate any future market consolidation - and to be followed by a reverse merger of the bank into Banca Sistema. Following the obtaining of the required regulatory authorisations and the publication of the offer documents, the acceptance period for the offer took place on the trading days between 26 January and 27 February 2026. At the end of this first acceptance period, the bank had acquired 70.732% of Banca Sistema’s share capital (equivalent to 69.05% of the voting rights), with settlement taking place on 6 March 2026, the date from which the bank obtained de jure control of Banca Sistema. Pursuant to article 40-bis of the Issuers’ Regulation, the offer was reopened for the five trading days from 9 to 13 March 2026, at the end of which Banca Sistema shares amounting to 80.75% of the target’s share capital had been tendered. The terms of the offer, as amended on 18 February 2026, provide for the initial payment of €1.432 per share and a deferred consideration, to be paid within six months of completion of the offer through the allocation of 23 shares of Kruso Kapital S.p.A. (a subsidiary of Banca Sistema and listed on Euronext Growth Milano), after their splitting, for each Banca Sistema share tendered. Reference is also made to Part G: Business combinations, section 2 “Combinations performed after the reporting date” in the notes to the consolidated financial statements for more information.

On 28 January 2026, the bank’s Board of Directors approved the 2026 budget (without considering the possible outcome of the tender and exchange offer) and the 2027 and 2028 financial projections, which factor in more conservative estimates of growth volumes in financing activities against a steady and significant development of the other two businesses, with an expected large reduction in the cost of credit risk, significant growth in operational efficiency and sizeable revenue from the tax asset trading business.

Based on these projections, moreover, the bank's Board of Directors resolved to recognise deferred tax assets of €22.6 million on prior year tax losses, ACE and other temporary differences in the 2025 separate financial statements. The total deferred tax assets recognised in the separate financial statements in accordance with IAS 12 amount to €28.2 million (i.e., not discounted for the time value of money). They were tested for probability (which included a sensitivity analysis) based on the above-mentioned projections that consider a similarly favourable and linear evolution of the business over the next ten years. The independent auditors reviewed the test and the process, with the assistance of their specialists, and did not report any findings or observations. In this regard, we have no further matters to report, although we note that the tax assets can be used over a long period of time; however, the merger with Banca Sistema could accelerate their utilisation.

On 23 January 2026, the bank's capital increase of €16.6 million approved by the Board of Directors on 11 February 2025 and by the shareholders on 7 January 2026 was completed. It was fully subscribed. The key shareholder had already injected €15 million (equal to its share of the increase) in April 2025.

With respect to the tender and exchange offer for Banca Sistema, on 29 June 2025, the bank's Board of Directors approved a capital increase against payment to be offered with rights of first refusal to the shareholders pursuant to article 2441 of the Italian Civil Code. It subsequently increased this amount in March 2026 to account for greater future requirements.

Lastly, in November 2025, the bank completed the issuance of Additional Tier 1 ("AT1") bonds for €40 million at an interest rate of 12%. They were subscribed by third-party investors and are fully eligible for inclusion in the bank's equity as additional tier 1 (pursuant to article 51 of Regulation (EU) no. 575/2013). The bank also issued subordinated bonds of €25 million, traded on the MTF for professional investors of Euronext Milan, bearing a rate of 14.50%.

2. The bank's financial position and performance

Net interest income for 2025 amounts to €66.9 million and increased by €5.1 million compared to 2024 thanks to lower interest expense. Net fee and commission income amounts to €6.8 million compared to the prior year figure of €5.0 million. Thanks to net trading income of €5.1 million (almost entirely earned on the trading of superbonus tax assets), net gains of €2.7 million on the sale of HTC/HTCS securities and the fair value gains of €0.5 million on financial assets and liabilities measured at fair value (mainly notes in the legacy portfolio), total income comes to €79.2 million compared to €62.1 million in 2024.

The cost of credit risk (excluding the legacy portfolio) was €30.1 million, higher than in 2024, however given the net realised and unrealised gains, net financial income increased from €42.6 million in 2024 to €49.1 million in 2025.

Administrative expenses of €50.5 million (€49.8 million in 2024) consist of (i) personnel expenses of €29.5 million (€27.0 million in 2024), up due to the merger of the subsidiary BE TC S.r.l. in February 2025) including variable remuneration and the related social security contributions of €2.3 million and (ii) other administrative expenses of €21.0 million (€22.8 million in 2024). These expenses decreased due to the smaller contribution to the Interbank Deposit Protection Fund and advertising costs, partly offset by the cost of the tender and exchange offer for Banca Sistema's shares.

After depreciation and amortisation (€4.9 million), accruals to provisions for risks (€0.8 million) and other operating income, net (€12.2 million, largely related to compensation from the APS, as already described), the bank recognised a pre-tax profit of €5.0 million, including non-recurring costs related to the tender and exchange offer of €1.8 million, compared to a pre-tax loss of €9.4 million in 2024, which was still affected by large losses for the legacy portfolio.

With respect to the bank's financial position, total assets grew by €300 million to €2,298 million at 31 December 2025 from €1,999 million at 31 December 2024), mainly driven by the increase in financial assets at fair value (including the investment in the alternative investment fund described earlier) and other assets (co-investment in tax assets and recognition of deferred tax assets discussed earlier).

The bank's funding of €2,051 million mainly consists of on-line retail deposits of €1,600 million (80% of the total).

Equity increased to €163.6 million at 31 December 2025 from €107.7 million at 31 December 2024, mostly due to (i) the capital injection of €15 million by the key shareholder (April 2025) and (ii) the AT1 issue of €40 million (November 2025). Following the increase in regulatory capital to €56.7 million at 31 December 2025 from €51.8 million at 31 December 2024, the CET 1 ratio is 14.05% (12.8% at 31 December 2024), while thanks to additional tier 1 capital, the total capital ratio is 23.09% against 16.6% at 31 December 2024. The increase in own funds made it possible to reduce the leverage ratio, while waiting to determine the effect of the acquisition of control of Banca Sistema and the related further capital strengthening transactions planned for the bank.

3. Compliance with the law and the by-laws

Based on our supervisory activities, as described above, and the procedures performed as the supervisory body, we monitored the compliance of the resolutions taken by the governing bodies with applicable legislation, regulations and by-laws. We did not identify any material non-compliance.

Based on the information available and obtained, we can reasonably believe that the key transactions carried out by the bank were, in all material respects, in compliance with principles of proper administration, the law and the by-laws, were not manifestly imprudent, risky or contrary to the resolutions taken by the shareholders nor such as to jeopardise the bank's assets. One of us attended the audit committee's meetings, improving the efficiency of our supervisory duties. We noted that the corporate bodies and departments carried out their activities, in all material respects, in accordance with the principles of proper administration and with a view to protecting the bank's assets.

We obtained independent experts' analyses and valuations of the key aspects of the significant transactions, including the tender and exchange offer, identified and managed by management team with the support of the key shareholder.

The bank's directors have described the key events of the year (discussed in section 1 of this report) in the "Operations and key events of 2025" and "Other events that took place during the year" sections of their report to which reference is made.

We have no further comments to make on the above. We reiterate, however, the importance of providing us with complete information in a timely manner before our meetings, of the involvement of the entire board in assessing possible strategic projects and of the information provided by the delegated bodies.

4. Going concern, risks and uncertainties

The directors have prepared the separate financial statements at 31 December 2025 on a going concern basis as there are no doubts about the bank's ability to continue as a going concern in the foreseeable future and for beyond 12 months from the reporting date.

In the "Business opportunities and going concern" section of the Directors' report, the directors stated that: (i) the bank continued the growth path undertaken following the demerger; (ii) equity was strengthened with the issue of AT1 bonds and the injection of €15 million by the key shareholder; (iii) the bank has achieved pre-tax profitability, thanks to the sterilisation of the negative effects of the fair value losses and impairment losses of the legacy portfolio, achieved with the agreement of the APS; (iv) their expectations are also supported by the prospects deriving from the positive outcome of the tender and exchange offer for Banca Sistema.

Part E of the notes (Information on risks and hedging policies) provides information about the main risks and uncertainties faced by the bank. Section 10 of Part B - Liabilities of the notes (Provisions for risks and charges) discloses details of the liabilities and risks the bank is exposed to.

We have no objections to make in this respect. However, we deem it appropriate to point out that the main risks to which the bank is exposed include, inter alia:

- the high proportion of online retail funding, including foreign funding, with a short-term maturity profile, sensitive to customer preferences, market reputational events and general macroeconomic conditions, as well as the continued segmentation of the banking market by country;
- the strategic risk of the bank's core business, which is exposed to: (i) corporate customers' investment plans, which are, in turn, influenced by a highly uncertain macroeconomic and geopolitical context; (ii) the risk of renewed inflationary pressures and heightened tensions in international trade; (iii) disruptions in commodities and services markets linked to ongoing wars and regional disputes; (iv) the bank's customer profile (small and very small businesses for the digital lending business and SMEs with medium/low ratings for the factoring and financing businesses);
- the high leverage assumed;
- the execution risks relating to the merger with Banca Sistema;
- the credit risk associated with existing exposures and its evolution (in particular as regards the financing business).

5. Events after the reporting date and outlook

In the "Events after the reporting date" section of their report, the directors stated that no adjusting events (as per the definition of IAS 10.8) took place in the period from the reporting date to the date of approval of the separate financial statements (18 March 2026) by the Board of Directors that would have required the bank to adjust the amounts recognised in the separate financial statements. Reference is made to other sections of their report for information on the outcome of the tender and exchange offer for Banca Sistema and the merger of the bank's former parent, Tiber Investments 2 S.À R.L., into its parent European Investments Holding Company S.À R.L. (EIHC).

6. Suitability of the organisational structure and internal procedures

To the extent of our duties, we obtained information about and checked that the bank's organisational structure is suitable.

We also investigated, when appropriate or opportune, the proposed transactions and their effects not only on the bank's financial position, financial performance but also on its organisation and operations by participating in Board of Directors' meetings and carrying out our procedures.

The "Developments and investments in technology" section of the Directors' report provides a description of the activities carried out by the bank with regard to its move towards the digitisation and automation of processes. During the year, the bank continued its technological evolution project connected to digital innovation and service automation in accordance with the guidelines defined in the 2025 ICT Plan and DORA. Given the launch of the tender and exchange offer for Banca Sistema, the project was revisited in the second half of the year, with several initiatives put on hold as they may hinder the merger with Banca Sistema.

Bank of Italy carried out an audit of the bank from 24 February to 9 May 2025 in accordance with articles 54 and 68 of Legislative decree no. 385 of 1 September 1993. On 17 July 2025, Bank of Italy notified the bank of its audit report which did not identify any critical elements. The bank developed a remediation plan, mainly consisting of formalising processes and introducing additional procedures and policies, and we constantly monitored its progress throughout the year.

7. Internal controls and risk management

We checked the adequacy of the internal controls by *(i)* meeting the bank's senior management to examine the internal control and risk management system and its planned development, *(ii)* meeting the control departments (internal audit, risk strategy & management, ICT risk & security, compliance & AML and DPO) to assess how they plan their work, based on the identification and valuation of the main risks inherent in the processes and departments and by checking the controls and regular reports prepared by the control departments and *(iii)* reviewing the monitoring activities and the implementation of identified remedial actions by the departments.

The bank has established internal rules for *(i)* policies for each internal control department and information flows and interaction with the internal controls, *(ii)* the internal control system, the roles and responsibilities of the corporate bodies and control departments and *(iii)* coordination among these departments in compliance with the model set out in Bank of Italy's Circular no. 285/2013.

In view of the central role played by the bank's technological platform and the significant risk posed by cyber security breaches, including threats to the protection of corporate data, the Board of Directors has focused on the management of ICT and security risks. In 2024, the second-level control department, ICT risk & security, was placed under the supervision of the chief risk officer, to whom the risk strategy & management department also reports. This change has been made to achieve a closer connection between ICT risk management and the risk appetite framework (RAF). The concentration on ICT governance aspects and the management of related risks is demonstrated by the creation of a specific unit within the COO's department which focuses on the governance and implementation of the IT strategy. The entry into force of the Digital Operational Resilience Act (DORA) has encouraged the bank to define actions to strengthen the internal ICT regulatory framework and the definition of a digital resilience testing programme aimed at strengthening operational resilience and improving the management of IT and security risks and ultimately business continuity.

The outsourcing of important parts of the financing process (customer documentation due diligence, preparation of loan dossier investigations and improvement of relationships, as well as management of the life cycle of public guarantees) affecting the bank's medium and large financing tickets (and partly digital lending) activities and online funding, exposes the bank to risks that require ongoing, careful monitoring even if they are mitigated by the controls in place and the procedures to transfer risks. This is also true of its resort to third party distribution networks, which include mono-mandate agents and credit brokers and expose the bank to the risk of changes in the quality and quantity of financing opportunities. Calibration of digital lending processes is also complicated and required several interventions during the year.

The overall picture that emerged from the system of internal controls indicates that internal processes and procedures are largely adequate, despite the need for a number of implementation actions, whose timely completion will further strengthen the control environment.

During the year, we continued to monitor the bank's prompt response to the regulator's requests. We also checked the introduction of the measures implementing the general or specific recommendations made by the regulator. We have no comments to make in this respect.

Based on our assessments, we confirm our opinion on the self-assessment performed by the internal control departments with respect to the overall qualitative and quantitative adequacy of the bank's operating and control departments and the overall appropriateness (in terms of its size and working) of the internal control structure in a framework which requires however the introduction of some measures to fine-tune and strengthen the system, which have already been identified and planned, including the recent hire of a professional with prior ICT audit experience for the third level control department.

Specifically, the qualitative and quantitative systems of the internal control departments need to evolve concurrently with the growth in the business volumes and complexity and the risks faced by the bank. This implies that they need to be reassessed continuously.

We monitored the process to define *(i)* the risk appetite and related ceilings and indicators (RAF, RAS), *(ii)* the regulatory capital planning and liquidity (ICAAP/ILAAP), as well as *(iii)* the consistency of their indicators and parameters and their compliance with the supervisory limits.

We also checked compliance with the RAF and the supervisory requirements during the year. The bank's reporting-date total capital ratio was above the limits set by the supervisory regulations.

8. Administrative accounting system and financial reporting process

We checked the adequacy of the administrative and accounting system and its reliability in correctly presenting the bank's operations by *(i)* obtaining information from the competent department heads, *(ii)* reviewing the more important internal documents and *(iii)* analysing the results of the work performed by the independent auditors, EY S.p.A., and the internal audit department.

Given our duties with respect to financial reporting, we worked closely with the CFO and the accounting, tax, regulatory reporting, planning & control and portfolio management departments as well as the independent auditors, with which we analysed the basis of preparation of the separate and consolidated financial statements, as well as especially the use of accounting estimates including:

- the analyses of the management and assessment of the legacy portfolio;
- the classification, measurement and monitoring of financial assets related to the business lines;
- the analysis of solutions for the partial mitigation of the possible effects on profit or loss of the legacy portfolio's performance and the working and accounting treatment of the financial guarantee agreement;
- the implementation of measurement policies as a result of the post-audit remediation plan;
- the impairment tests of intangible assets and the analyses of the recoverability of the deferred tax assets.

Management of the legacy portfolio is outsourced to specialised servicers that initially liaised with the chief lending officer but now work with a director, who has operating experience as they used to be a senior manager, while the chief risk officer carries out the second level controls. Supported by the information provided by the servicers, the bank revises the business plans used to measure the impaired loans and receivables/ABS every six months. The bank uses portfolio assessment procedures that take into account the different type of governance it has in relation to the notes held, which allows for greater servicer guidance and management in the case of exposures/notes included in the financial statements. We consider that the business plan and the fair value measurements require more frequent review, particularly in light of the bank's prospective stock exchange listing.

With respect to the recoverability of deferred tax assets and indefinite-life intangible assets, during preparation of the separate financial statements at 31 December 2025, the Board of Directors approved, respectively, the probability test as per IAS 12 and the impairment test of the factoring and tax assts CGUs as per IAS 36, considering the cash flows included in the 2026 budget and the revisited financial projections for the 2027-2028 two-year period. More information is available in sections 10 (impairment test) and 11 (probability test) of Part B - Assets of the notes.

Following the acquisition of the Be TC S.r.l. business unit in February 2025, which qualifies as a business combination under IFRS 3, the bank completed the allocation procedure for the price of €0.3 million, recognising goodwill of €0.5 million. More information is available in section 1 - Combinations performed during the year in Part G - Business combinations of the notes.

The bank integrated several subsystems used for accounting and administration purposes, as its applications, processes and systems designed specifically for its different business lines are obviously not wholly integrated nor are the various processes in order to contain the related operating risks.

We do not have any comments and/or remarks to make with respect to the administrative management of the bank nor does any other of the internal control bodies.

During the year, the bank refined a segment reporting process (core business lines, legacy and corporate centre) rolled out at the end of 2023, based on an internal transfer pricing system which contributes to its management reporting system. This will make it easier to analyse the bank's business and take decisions based on timely and granular data, thus facilitating the bank which operates in an extremely dynamic and complex market.

The independent auditors checked the administrative and accounting procedures and did not identify any issues with their reliability. They also checked the correctness of the accounting entries and the completeness of the information and accounting policies applied to prepare the separate and consolidated financial statements. They did not identify any issues to be brought to the bank's attention.

Although we are not required to perform the statutory audit as per Legislative decree no. 39/2010, as this is performed by the independent auditors, we note that, based on the information provided by the independent auditors, the CFO and the accounting, tax & regulatory department head, the administrative and accounting system as a whole is adequate and reliable and the bank's operations are correctly recorded on a timely basis.

9. Atypical and/or unusual transactions with related parties and conflicts of interest

The bank has a group policy to manage related party transactions and transactions giving rise to conflicts of interest (which it refreshed during the year) to monitor the risk that the proximity of certain parties to its decision-makers could compromise the objectivity and impartiality of decisions about the granting of loans and other transactions with those parties. This could affect the allocation of resources, the bank's exposure to risks that are not sufficiently measured or monitored and potential damage to deposit holders and shareholders. The policy is also designed to ensure that the bank adopts all reasonable measures to avoid conflicts of interest that could harm its customers' interests.

We acknowledged the statements made in accordance with article 2391 of the Italian Civil Code and did not identify any irregularities.

Part H of the notes shows that no atypical and/or unusual transactions with related parties took place during the year that would have affected the bank's financial position and performance, given their materiality. All transactions with related parties took place on an arm's length basis and are part of the bank's operations. Moreover, no atypical and/or unusual transactions with third parties or subsidiaries took place.

The same section of the notes provide extensive information about other transactions with related parties and their related parties. As far as we are aware, these transactions were performed in the bank's interests and we do not have any comments about their suitability as they were part of the bank's normal operations.

We have no further comments to make on the above.

10. Statutory audit

In accordance with article 19 of Legislative decree no. 39 of 27 January 2010, in our capacity as the "Audit committee", we carried out the required oversight of the independent auditors' work. We analysed and approved the audit plan, monitored its implementation and, as far as was relevant to our duties, supervised the financial reporting process, checked the efficiency of the internal controls over quality, the internal audit and risk management related to this information, the statutory audit of the separate and consolidated financial statements and the independence of the auditors, including as provided for in Regulation (EU) 537/2014.

We regularly met the independent auditors for the mutually-profitable exchange of information. In particular, we checked *(i)* the audit plan, *(ii)* the application of the accounting policies, *(ii)* the recognition and presentation of the main separate financial statements captions from a financial and equity point of view, *(iii)* the process used to assess the loans and receivables and legacy portfolios and the results thereof, *(v)* the accounting treatment of the financial guarantee agreement, *(iv)* the audits of the consolidated vehicles and *(vi)* the impact of the non-recurring transactions. Overall, we did not identify any irregularities, critical issues or omissions to be brought to the shareholders' attention based on our discussions with the independent auditors.

Pursuant to Legislative decree no. 39 of 27 January 2010 and Regulation (EU) 537/2014, the shareholders appointed Ernst & Young S.p.A. ("EY") as the bank's independent auditors for the statutory audit of its separate financial statements for the nine-year period from 2022 to 2030 at their meeting of 27 April 2022, based on the proposal of this board.

The audit fees are detailed in Part H of the notes. We authorised the non-audit services in accordance with Regulation (EU) 537/2014. Given their nature, these services did not affect the auditors' independence.

On 3 April 2026, EY issued its audit report on the separate financial statements pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014, which is unqualified and does not include any emphasis of matter paragraphs. The independent auditors stated that the separate financial statements give a true and fair view of the bank's financial position as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulations implementing article 43 of Legislative decree no. 136 of 18 August 2015. They also stated that the Directors' report which accompanies the separate financial statements is consistent with the separate financial statements and has been prepared in compliance with the law. They did not identify any material misstatement in the Directors' report, based on their knowledge and understanding of the entity and its environment obtained through the audit.

In accordance with the applicable regulations, the audit report refers to the auditing standards applied, the audit procedures performed and sets out the key audit matters that were identified during the audit, i.e., (i) measurement of instruments related to the securitisations classified as other financial assets mandatorily measured at fair value and (ii) classification and measurement of loans and receivables with customers recognised under assets at amortised cost. The audit report specifies the audit procedures performed for these matters. The independent auditors also stated that, during the year, they did not provide any non-audit services that are prohibited pursuant to article 5.1 of Regulation (EU) no. 537/2014 and that they remained independent of the bank throughout the audit engagement. Finally, they stated that their audit opinion is consistent with the information provided in the additional report to us.

On 3 April 2026, EY provided us with its report as per article 11 of Regulation (EU) 537/2014, which did not mention any material deficiencies in the internal controls over financial reporting and/or the accounting system or other material issues related to actual or alleged non-compliance with laws, regulations or the bank's by-laws. No other significant matters were identified that needed to be brought to our attention.

We do not deem that critical issues exist with respect to EY's independence or incompatibility as per articles 10 and 17 of Legislative decree no. 39 of 27 January 2010 and articles 4 and 5 of Regulation (EU) 537/2014.

The bank is not required to prepare a sustainability statement for 2025 as per Legislative decree no. 125 of 6 September 2024 (which transposed Directive (EU) 2022/2464, the CSRD, as amended by Directive (EU) 2025/794, into Italian law).

11. Complaints, statements, reports and opinions

We did not receive any complaints as per article 2408 of the Italian Civil Code during the year or up until the date of this report. We did not receive any statements or other forms of complaints from the bank's shareholders, stakeholders or qualified creditors during the year as per the Italian Business Crisis and Insolvency Code.

With respect to the requirements of article 52-bis of the Consolidated Banking Act and Bank of Italy's related instructions, the bank has set up a whistleblowing system, which is also compliant with Legislative decree no. 24 of 10 March 2023 and the applicable regulations.

During 2025 and up to the date of this report, we expressed our opinion, where required by law, on the bank's by-laws, supervisory regulations and internal procedures. The opinions and comments made in compliance with supervisory requirements include the assessment of the ICAAP and ILAAP 2025 process, comments on the report on outsourced essential or important operating functions, comments on the planning of activities by the internal control bodies and the opinions required by Bank of Italy (for example, on the updating of the financial outlook for 2025 and 2026 and the related funding plan, on the quality of the customer due diligence phase and the monitoring and enforcement of guarantees relating to state-backed exposures).

12. Conclusions

Dear shareholders,

We confirm that we performed our activities with the full collaboration of the corporate bodies, management, the heads of the administration and operating departments, the control departments, the independent auditors, the department in charge of financial reporting and the other internal control departments.

We did not identify any omissions, objectionable actions, imprudent or other situations that would require your attention or that of the regulators or mention herein nor did we identify the need to make recommendations to the shareholders.

As stated in the Directors' report and in the notes, and considering that set out above about the completion of the capital increase in January 2026 and the positive outcome of the tender and purchase offer for Banca Sistema, no events have taken place after the reporting date that would have required changes to the approved data or the results or additional information to be provided. Specifically, no significant events have taken place in the period from the reporting date to the date of publication of the separate financial statements that would have affected the bank's financial position, financial performance and cash flows.

Reference should be made to the directors' report accompanying the separate financial statements for information on the main risks and uncertainties faced by the bank, its ability to continue as a going concern and its outlook. 4.

The separate financial statements show total assets of €2,298,262 thousand (€1,999,252 thousand at 31 December 2024), a profit for the year of €26,592 thousand (a loss of €9,805 thousand for 2024) and equity (including the profit for the year) of €172,258 thousand (€94,263 thousand at 31 December 2024).

The separate financial statements have been prepared on a going concern basis. The bank did not make any departures from the accounting policies and the independent auditors expressed unqualified opinions without emphasis of matters on the financial statements. We have no issues to report in this respect.

At a stand-alone and consolidated level, the bank and the group have complied with the prudential requirements at year end.

In their meeting called to approve the separate financial statements, the shareholders are requested to authorise, as a specific agenda item to be discussed before the approval of the separate financial statements, the release of the reserve set up as per Decree law no. 104/2023 (for the windfall tax of €4,135,250) and the consequent payment of the substitute of €1,137,193.75, already provided for in the separate financial statements.

The directors have proposed that the profit for the year of €26,592,502 be allocated as follows: (i) €7,922,807.75 to the legal reserve; (ii) €1,137,193.75 to the aforementioned reserve to cover the substitute tax due on the release of the restricted reserves pursuant to Decree law no. 104/2023; (iii) €17,532,500.50 to retained earnings.

In conclusion, we have no comments to make about your approval of the separate financial statements at 31 December 2025 as they stand or the proposals about the allocation of the profit for the year and the authorisation to release the restricted reserves pursuant to Decree law no. 104/2023.

Lastly, the chairman of the Board of Statutory Auditors resigned on 24 March 2026. The shareholders are invited to pass the necessary resolutions to reconstitute this board in accordance with the law and the by-laws.

Milan and Rome, 3 April 2026

Board of statutory auditors

Antonio Mele (chairman)

Giuseppina Pisanti (standing statutory auditor)

Franco Vezzani (standing statutory auditor)

Banca CF+

INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010 AND AR TICLE 10 OF EU REGULATION N. 537 / 2014

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(Translation from the original Italian text)

To the Shareholders of
Banca CF+ S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Banca CF+ S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2025, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the related explanatory notes, 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, 2025, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matters	Audit Response
Valuation of financial instruments related to securitization transactions classified as financial assets mandatorily measured at fair value	
The financial assets mandatorily measured at fair value which are reported in line item 20 c) of the Balance Sheet attributable to securitization transactions amount to approximately Euro 305 million and represent approximately 13% of total assets of the financial statements as at December 31, 2025. The related economic effects are reflected in line item 110 of the income statement. The financial assets mandatorily measured at fair value included in line item 20 c) of the balance sheet, based on the outcome of the SPPI test required by IFRS 9, refer exclusively to financial instruments related to securitization transactions for which there is no quoted price in an active market nor a quoted price for sufficiently comparable financial assets. For the valuation of these financial instruments, the Bank employs complex models that are consistent with market valuation practices (market multiples models or *discounted cash flow* models based on projected future cash flows derived from the relevant securitization *business plans*). These models are supplied with directly observable market data or, if unavailable, internally estimated based on qualitative and quantitative assumptions. The related disclosures are provided in Part A – Accounting policies, Part B - Information on the balance sheet, Part C - Information on the income statement and Part E – Information on risks and related hedging policies of the notes to the financial statements.	In relation to this aspect, our audit procedures, also conducted with the assistance of our experts in financial instrument valuation techniques, have included, among others: • understanding and analyzing the company's processes and internal controls regarding the operational methods employed for conducting SPPI tests and the monitoring activities aimed at reviewing the changes in estimates of expected cash flows related to financial instruments connected to securitization operations; • verifying the fair value through the analysis of valuation models, assessing the reasonableness of key qualitative and quantitative assumptions used, and evaluating input parameters; • analysis, for a sample of securitization transactions loans for which the Company holds all or the majority of Junior Notes, of the reasonableness of the estimated expected cash flows by examining the data relating to collection flows, valuation of guarantees, as well as the related recovery times; • performing comparative analysis procedures to identify the most significant differences compared to the previous fiscal year; • analysis of the disclosures provided in the notes to the financial statements.

Key Audit Matters	Audit Response
Classification and valuation of financial loans and receivables with customers measured at amortized cost Loans and receivables with customers represented by loans measured at amortized cost and financial instruments related to securitization transactions, which are reported in line item 40 b) of the balance sheet assets, amount to Euro 1.079 million. As at December 31, 2025 loans and receivables with customers represent 47% of total assets. The related economic effects are reflected in line item 130 of income statement. The classification and valuation of loans and receivables with customers are relevant for the audit due to the significance of the amount of the loans to the financial statements as a whole and in consideration of the fact that the recoverable amount is determined by the Directors through the use of estimates that have a high degree of complexity and subjectivity, that involve specific factors aimed at reflecting the current uncertainty over the evolution of the macro-economic scenario. Amongst the aspects that assume particular importance in the credit estimation processes for loans include: • the identification and calibration of the parameters for determining the significant increase in credit risk compared to the date of initial recognition, for the purpose of allocating the non-defaulted loan exposures (Stage 1 and Stage 2); • the definition of the models and valuation parameters regarding the *Probability of Default*, *Loss Given Default* (LGD) and *Exposure at Default* (EAD) used for the calculation of one year expected losses (ECL – *Expected Credit Losses*) for exposures classified in Stage 1 and *lifetime* for exposures classified in Stage 2 including forward looking information, such as macroeconomic factors; • identification of evidence that may lead to assess that the carrying amount of the loan is not fully recoverable (impairment indicators), with related classification of the exposures in defaulted loans (Stage 3);	In relation to this aspect, our audit procedures, also conducted with the assistance of our experts, primarily on the subject matter of risk management specialists and information systems, included amongst others: • understanding and analyzing the company's processes and internal regarding the classification and valuation of financial loans and receivables with customers and performing tests over key controls, including those concerning IT systems for the purpose of verifying their operating effectiveness; • the execution, on a sample basis, of substantive procedures aimed at verifying the correct classification and measurement of credit exposures; • understanding the methodologies used in relation to statistical valuations and the reasonableness of the assumptions used including the macroeconomic scenarios and their weightings; • assessment of the contract and understanding of the operating mechanisms of the financial guarantee, as well as verification of the correct recognition in the financial statements of the accounting impacts arising from the activation of the protection mechanism covering net impairment losses recognized on the securitized portfolio; • performing compliance and testing procedures, which were aimed at verifying the appropriate determination of the valuation parameters *Probability of Default* (PD), *Loss Given Default* (LGD) and *Exposure at Default* (EAD) applied in calculating the Expected Credit Losses (ECL)for the purpose of determining the impairment provisions; • performing comparative analysis procedures for the loan portfolio regarding the coverage levels with respect to the most significant differences compared to the closing balances of the preceding year end; • analysis of the disclosures provided in the notes to the financial statements.

- for loans classified in Stage 3, the determination of the criteria for estimating the expected cash flows according to the recovery strategy;
- for the financial guarantee contract, the so-called Asset Protection Scheme, the correct accounting recognition and financial statement presentation of the neutralisation of net impairment losses on the securitized portfolio resulting from the intervention of this guarantee.

The related disclosures are provided in Part A – Accounting policies, Part B - Information on the balance sheet, Part C - Information on the income statement and Part E – Information on risks and related hedging policies of the notes to the financial statements.

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.

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.

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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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by international standards on auditing (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.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/2014

The shareholders of Banca CF+ S.p.A., in the general meeting held on April 27, 2022, appointed us to perform the audits of the separate financial statements for each of the years ending December 31, 2022 to December 31, 2030.

We declare that we have not provided prohibited non-audit services, referred to article 5, paragraph 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

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 Banca CF+ S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Banca CF+ S.p.A. as at December 31, 2025, including their consistency with the related financial statements and their 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 statement;
- express an opinion of the compliance with the laws and regulations of the Report on Operations;
- issue a statement on any material misstatement in the Report on Operations.

In our opinion, the Report on Operations and the above-mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Banca CF+ S.p.A. as at December 31, 2025 and comply 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.

Milano, April 3, 2026

EY S.p.A.
Signed by: Davide Lisi, Auditor

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


Banca CF+